OFFERING MEMORANDUM

US$115,000,000

ANDINO INVESTMENT HOLDING S.A.A.

http://www.oblible.com

11.000% Senior Notes due 2020

We are offering US$115,000,000 aggregate principal amount of our 11.000% senior notes due 2020. The notes will mature at par on November 13, 2020. The notes will accrue interest at a rate of 11.000% per year. We will pay interest on the notes semi-annually in arrears on May 13 and November 13 of each year, commencing on May 13, 2014.

We may redeem the notes, in whole but not in part, on or after November 13, 2016 at the applicable redemption prices set forth in this offering memorandum, plus accrued and unpaid interest. Before November 13, 2016, we may also redeem the notes, in whole but not in part, at a redemption price based on a "make-whole" premium, plus accrued and unpaid interest. In addition, prior to November 13, 2016, we may redeem up to 35% of the notes at a redemption price equal to 111.000% of their principal amount, plus accrued and unpaid interest, using the proceeds of certain equity offerings. In the event of certain changes in the applicable withholding tax treatment relating to payments on the notes, we may redeem the notes in whole, but not in part, at a price equal to 100% of their principal amount plus accrued and unpaid interest to the redemption date.

If a specified change of control event as described in this offering memorandum occurs that results in a ratings decline, unless we have previously exercised our option to redeem the notes, we will be required to offer to purchase the notes at 101% of their principal amount, plus accrued and unpaid interest.

The notes will be fully and unconditionally guaranteed (each, a "guarantee") on a senior unsecured basis by certain of our current and future subsidiaries. We refer to these subsidiaries as the "guarantors." The notes and the related guarantees (i) will rank equal in right of payment with all of our and the guarantors' existing and future senior unsecured indebtedness (other than obligations preferred by statute or by the operation of law); (ii) will be effectively junior to all of our and the guarantors' existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness; and (iii) will be structurally subordinated to all of the existing and future liabilities of each of our subsidiaries that do not guarantee the notes.

There is currently no public market for the notes. Application has been made to list the notes on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market of the Luxembourg Stock Exchange.

Investing in the notes involves risks. See "Risk Factors" beginning on page 18 for a discussion of certain risks that you should consider in connection with an investment in the notes.

Offering price: 100% plus accrued interest, if any, from November 13, 2013.

We have not and will not register the notes (or the guarantees) under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or under any state securities laws or the securities laws of other jurisdictions except as set forth in the next paragraph. We are offering the notes solely (1) to qualified institutional buyers (as defined in Rule 144A under the Securities Act) and (2) to persons outside the United States in compliance with Regulation S under the Securities Act. See "Transfer Restrictions."

Application has been made to register the notes with the Foreign Investment and Derivative Instruments Registry (*Registro de Instrumentos de Inversión y de Operaciones de Cobertura de Riesgo Extranjeros*) of the Peruvian Banks, Insurance and Private Pension Fund Managers Superintendency (*Superintendencia de Banca, Seguros y Administradoras Privadas de Fondos de Pensiones*, or "SBS") in order to make the notes eligible for investment by private pension funds as required by Peruvian law. The notes may not be offered or sold in Peru or any other jurisdiction except in compliance with the securities laws thereof.

The notes will be ready for delivery in book-entry form only through the facilities of The Depository Trust Company ("DTC") for the accounts of its direct and indirect participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear"), and Clearstream Banking, société anonyme ("Clearstream"), on or about November 13, 2013.

This Offering Memorandum constitutes a Prospectus for the purpose of Luxembourg law dated July 10th, 2005 on Prospectus for Securities, as amended. This Prospectus may only be used for the purposes it has been published.

Joint Book-Running Managers and Joint Lead Managers

BofA Merrill Lynch **Goldman, Sachs & Co.**

Joint Lead Manager

Credicorp Capital

Peruvian Local Placement Agent

Credibolsa SAB S.A.

The date of this offering memorandum is November 28, 2013

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Neither we nor the initial purchasers have authorized anyone to provide you with any information other than that contained in this offering memorandum. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We and the initial purchasers are offering to sell the notes only in jurisdictions where offers and sales are permitted.

You should assume that the information appearing in this offering memorandum is accurate as of the date on the front cover of this offering memorandum only. Our business, financial condition, results of operations and prospects may have changed since that date. Neither the delivery of this offering memorandum nor any sale made hereunder shall under any circumstances imply that the information herein is correct as of any date subsequent to the date on the cover of this offering memorandum.

This offering memorandum is intended solely for the purpose of soliciting indications of interest in the notes from qualified investors and does not purport to summarize all of the terms, conditions, covenants and other provisions relating to the terms of the notes contained in the indenture being entered into in connection with the issuance of the notes as described herein and other transaction documents described herein.

The market information in this offering memorandum has been obtained by us from publicly available sources deemed by us to be reliable. We accept responsibility for correctly extracting and reproducing such information. Notwithstanding any investigation that the initial purchasers may have conducted with respect to the information contained in this offering memorandum, the initial purchasers accept no liability in relation to the information contained in this offering memorandum or its distribution or with regard to any other information supplied by us or on our behalf.

This offering memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, any notes offered hereby by any person in any jurisdiction in which it is unlawful for such person to make an offer or solicitation. You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell the notes or possess or distribute this offering memorandum and must obtain any consent, approval or permission required for your purchase, offer or sale of the notes under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales, and neither us nor any of the initial purchasers will have any responsibility therefor.

You acknowledge that:

- you have been afforded an opportunity to request from us, and to review, all additional information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained in this offering memorandum;
- you have not relied on the initial purchasers or their agents or any person affiliated with the initial purchasers or their agents in connection with your investigation of the accuracy of such information or your investment decision; and
- no person has been authorized to give any information or to make any representation concerning us or the notes other than those as set forth in this offering memorandum. If given or made, any such other information or representation should not be relied upon as having been authorized by us, the initial purchasers or their agents.

The notes offered through this offering memorandum are subject to restrictions on transferability and resale, and may not be transferred or resold in the United States except as permitted under the Securities Act and applicable United States state securities laws pursuant to registration under, or exemption from, such laws. By purchasing the notes, you will be deemed to have made certain acknowledgments, representations, restrictions and agreements as set forth under "Transfer Restrictions."

You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. In making an investment decision, prospective investors must rely on their examination of us and the terms of this offering, including the merits and risks involved. These notes have not been approved or recommended by any United States federal or state securities commission or any other United States, Peruvian or other regulatory authority. Furthermore, the foregoing authorities have not passed upon or endorsed the merits of the offering or confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense in the United States.

Notwithstanding anything in this document to the contrary, except as reasonably necessary to comply with applicable securities laws, prospective investors (and each of their employees, representatives or other agents) may disclose to any and all persons, without limitation of any kind, the United States federal income tax treatment and tax structure of the offering and all materials of any kind (including opinions or other tax analyses) that are provided to them relating to such tax treatment and tax structure. For this purpose, "tax structure" is limited to facts relevant to the United States federal income tax treatment of the offering.

Neither we, the initial purchasers nor any of our or their respective affiliates or representatives are making any representation to any offeree or purchaser of the notes offered hereby regarding the legality of any investment by such offeree or purchaser under any applicable law. Each prospective investor should consult with its own advisors as to legal, tax, business, financial and related aspects of a purchase of the notes.

NOTICE TO RESIDENTS OF NEW HAMPSHIRE

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

PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO RESIDENTS OF PERU

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH OR APPROVED BY THE PERUVIAN CAPITAL MARKETS SUPERINTENDENCY (*SUPERINTENDENCIA DEL MERCADO DE VALORES* OR "SMV") OR THE LIMA STOCK EXCHANGE (BOLSA DE VALORES DE LIMA OR "BVL"). ACCORDINGLY, THE NOTES CANNOT BE OFFERED OR SOLD IN PERU, EXCEPT IF SUCH OFFERING IS CONSIDERED A PRIVATE OFFERING UNDER THE SECURITIES LAWS AND REGULATIONS OF PERU. THE PERUVIAN SECURITIES MARKET LAW ESTABLISHES THAT ANY PARTICULAR OFFER MAY QUALIFY AS PRIVATE IF IT IS DIRECTED EXCLUSIVELY TO INSTITUTIONAL INVESTORS.

THE NOTES ARE EXPECTED TO BE REGISTERED IN THE FOREIGN INVESTMENT AND DERIVATIVE INSTRUMENTS REGISTRY (*REGISTRO DE INSTRUMENTOS DE INVERSIÓN Y DE OPERACIONES DE COBERTURA DE RIESGO EXTRANJEROS*) OF THE SBS SO THAT PERUVIAN PRIVATE PENSION FUNDS MAY INVEST IN THE NOTES, AS REQUIRED BY PERUVIAN LAW.

NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA

This offering memorandum has been prepared on the basis that any offer of notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of notes. Accordingly, any person making or intending to make an offer in that Relevant Member State of notes which are the subject of the offering contemplated in this offering memorandum may only do so in circumstances in which no obligation arises for any of the issuer, the guarantors or the initial purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive, in relation to such offer.

Neither the issuer, the guarantors nor the initial purchasers have authorized, nor do they authorize, the making of any offer of notes in circumstances in which an obligation arises for the issuer, the guarantors or the initial purchasers to publish or supplement a prospectus for such offer. The expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

AVAILABLE INFORMATION

For so long as any notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, we will, during any period in which we are neither subject to Section 13 or Section 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser or subscriber of such restricted securities designated by such holder or beneficial owner upon the request of such holder, beneficial owner or prospective purchaser or subscriber, the information required to be delivered to such persons pursuant to Rule 144A(d)(4) under the Securities Act (or any successor provision thereto).

Our common shares are registered with the Public Registry of Securities (*Registro Público del Mercado de Valores*) of the SMV and are listed on the Lima Stock Exchange (*Bolsa de Valores de Lima*). Accordingly, as long as our common shares are registered and listed therein, we are required to furnish certain information, including quarterly, annual and current reports (*hechos de importancia*), to the SMV and the Lima Stock Exchange. Such information is not incorporated by reference in this offering memorandum, and the initial purchasers do not assume any responsibility for the accuracy or completeness of or for updating any such information made publicly available by the issuer.

FORWARD-LOOKING STATEMENTS

This offering memorandum contains statements that constitute forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the U.S. Securities Exchange Act of 1934. These statements appear throughout this offering memorandum, principally in "Summary," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business." Such estimates and forward-looking statements are primarily based on current expectations and projections about future events and financial trends that affect, or may affect, our business, financial condition, results of operations and prospects.

There are many significant risks, uncertainties and assumptions that might cause our business, financial condition, results of operations and prospects to differ materially from those set out in our estimates and forward-looking statements. Forward-looking statements include, but are not limited to, statements regarding our or our officers' intent, belief or current expectations with respect to, among other things, the use of proceeds of the offering, our financing plans, trends affecting our business, the impact of competition and future plans and strategies. These statements reflect our views with respect to such matters and are subject to risks, uncertainties and assumptions, including, among other factors:

- global macroeconomic conditions, including economic, political and social conditions in Peru;
- major changes in Peruvian government policies at the national, regional or municipal levels, including in connection with infrastructure concessions and investments in infrastructure;
- interest rate fluctuations, inflation and devaluation or appreciation of the *nuevo sol* in relation to the U.S. dollar (or other currencies in which we receive revenue);
- reforms to Peruvian tax laws, including recent reforms related to the Peruvian income tax, value added tax, and tax code that have recently been approved, which may increase our overall costs;
- social conflicts in Peru that could disrupt infrastructure projects, including terrorism and labor unrest;
- significant competition in each of our markets, as well as the entry of new competitors into the market we serve;
- the loss of a shipping line as a client, which would result in the loss of cargo transport fees stemming from that line;
- performance under contracts, where a failure to meet schedules, cost estimates or performance targets on a timely basis could result in reduced profit margins or losses and impact our reputation;
- our dependence on levels of foreign trade, mining, and construction activities;
- the risk that we may not be successful in obtaining new concessions due to competition, or debarment from government bidding processes;
- our ability to obtain financing on favorable terms;
- our ability to recover on claims against clients for payment, as well as obtain distributions from our subsidiaries;
- developments, some of which may be beyond our control, that affect our reputation in our markets, including a deterioration in our safety record, our record of on-time delivery, and our reputation for reliability;
- unpredictable natural disasters, such as floods and earthquakes;

- our exposure to potential liability claims and contract disputes, including litigation relating to labor, environmental issues, and health and safety matters, among others; and

- our ability to retain and attract skilled employees.

The words “believe,” “could,” “may,” “estimate,” “continue,” “potential,” “anticipate,” “intend,” “expect,” “will,” “should” and “plan,” among others, are intended to identify forward-looking statements. Forward-looking statements speak only as of the date they were made and neither we nor the initial purchasers undertake to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

In light of these risks and uncertainties, the forward-looking information, events and circumstances discussed in this offering memorandum might not occur. Any such forward-looking statements are not guarantees of future performance. As a result, prospective investors should not make an investment decision based on the forward-looking statements contained in this offering memorandum.

SERVICE OF PROCESS AND ENFORCEABILITY OF CIVIL LIABILITIES

We are a company organized under the laws of Peru and substantially all of our assets are located outside the United States. In addition, all of our directors and officers and certain other persons named in this offering memorandum reside outside the United States and all or a significant portion of their assets are located outside the United States. As a result, it may be difficult or impossible for investors to effect service of process within the United States upon such persons or to enforce against them or our company judgments of courts of the United States, whether or not predicated upon the civil liability provisions of the federal securities laws of the United States or other laws of the United States or any state thereof.

We have been advised by our Peruvian counsel, Miranda & Amado Abogados, that any final and conclusive judgment for a fixed and final sum obtained against us in any foreign court having jurisdiction in respect of any suit, action or proceeding against us for the enforcement of any of our obligations under the Notes, which are governed by New York law, will, upon request, be deemed valid and enforceable in Peru through an exequatur judiciary proceeding (which does not involve the reopening of the case), provided that: (1) there is a treaty in effect between the country where said foreign court sits and Peru regarding the recognition and enforcement of foreign judgments; or (2) in the absence of such a treaty, the following conditions and requirements are met:

- the judgment does not resolve matters under the exclusive jurisdiction of Peruvian courts (and the matters contemplated in respect of this offering memorandum or the Notes are not matters under the exclusive jurisdiction of Peruvian courts);
- such foreign court had jurisdiction under its own private international conflicts of law rules and under general principles of international procedural jurisdiction;
- we received service of process in accordance with the laws of the place where the proceeding took place, were granted a reasonable opportunity to appear before such foreign court and were guaranteed due process rights;
- the judgment has the status of *res judicata* as defined in the jurisdiction of the court rendering such judgment;
- no pending litigation in Peru between the same parties for the same dispute was initiated before the commencement of the proceeding that concluded with the foreign judgment;
- the judgment is not incompatible with another judgment that fulfils the requirements of recognition and enforceability established by Peruvian law, unless such foreign judgment was rendered first;
- the judgment is not contrary to Peruvian public policy or good morals; and
- it is not proven that such foreign court denies enforcement of Peruvian judgments or engages in a review of the merits thereof.

We have no reason to believe that any of our obligations relating to the Notes would be contrary to Peruvian public policy, good morals or international treaties binding upon Peru or generally accepted principles of international law.

The United States does not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters with Peru. Therefore, unless the above-mentioned requirements are satisfied, a final judgment for payment of money rendered by a federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws, may not be enforceable, either in whole or in part, in Peru. However, if the party in whose favor such unenforced final judgment was rendered brings a new suit in a competent court in Peru, such party may submit to the Peruvian court the final judgment rendered in the United States. Under such circumstances, a judgment by a federal or state court of the United States against our company may be regarded by a Peruvian court only as evidence of the outcome of the dispute to which such judgment relates, and a Peruvian court may choose to re-hear the dispute. In addition, awards of punitive damages in actions brought in the United States or elsewhere are unenforceable in Peru. In the past, Peruvian courts have enforced judgments rendered in the United States based on legal principles of reciprocity and comity.

We and the guarantors will appoint CT Corporation System, as agent to receive service of process under the indenture governing the Notes, including with respect to any action brought against us or any guarantor in the Supreme Court of the State of New York in the County of New York or the United States District Court for the Southern District of New York under the federal securities laws of the United States.

PRESENTATION OF FINANCIAL AND CERTAIN OTHER INFORMATION

Certain Definitions

All references to "we," "us," "our," "our company," "AIH" and "Andino Investment Holding" in this offering memorandum are to Andino Investment Holding S.A.A, a publicly-held corporation (*sociedad anónima abierta*) organized under the laws of Peru and, unless otherwise indicated or the context requires otherwise, its consolidated subsidiaries.

The term "U.S. dollar" and the symbol "US$" refer to the legal currency of the United States; and the term "*nuevo sol*" or "*nuevos soles*" and the symbol "S/." refer to the legal currency of Peru.

Financial Information

Our consolidated financial statements included in this offering memorandum have been prepared in *nuevos soles* and in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Our annual audited consolidated financial statements included in this offering memorandum have been audited in accordance with International Accounting Standards as approved by the Board of Deans of the Public Accountants Professional Association (*Junta de Decanos del Colegio de Contadores Públicos del Perú*). Our audited consolidated financial statements as of and for the years ended December 31, 2010, 2011 and 2012, as well as our unaudited condensed interim financial statements as of and for the six months ended June 30, 2013 are included as part of this offering memorandum.

Non-GAAP Measures

In this offering memorandum, we present Adjusted EBITDA, which is a financial measure not recognized under IFRS. We define Adjusted EBITDA as profit (loss) for the period *plus*, without duplication, income tax, exchange difference, net, financial cost, depreciation and amortization, *less* the non-cash portion of profit (loss) attributable to jointly controlled businesses. A financial measure not in conformity with IFRS is generally defined as one that purports to measure financial performance, financial position or cash flows but excludes or includes amounts that would not be so adjusted in the most comparable IFRS measure. We present Adjusted EBITDA because we believe it provides the reader with a supplemental measure of the financial performance of our core operations that facilitates period-to-period comparisons on a consistent basis. Our management also uses Adjusted EBITDA from time to time, among other measures, for internal planning and performance measurement purposes. Adjusted EBITDA should not be construed as an alternative to profit or operating profit, as indicator of operating performance, as an alternative to cash flow provided by operating activities or as a measure of liquidity (in each case, as determined in accordance with IFRS). Adjusted EBITDA, as calculated by us, may not be comparable to similarly titled measures reported by other companies. For a calculation of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to the most directly comparable IFRS financial measure, see "Selected Financial Data."

Convenience Translation

We have translated some of the *nuevos soles* amounts contained in this offering memorandum into U.S. dollars for convenience purposes only. Unless the context otherwise requires, the rate used to translate *nuevos soles* amounts to U.S. dollars was S/.2.783 to US$1.00, which was the exchange rate reported on June 30, 2013, by the SBS. The Federal Reserve Bank of New York does not report a noon buying rate for *nuevos soles*. The U.S. dollar equivalent information presented in this offering memorandum is provided solely for convenience of the reader and should not be construed as implying that the *nuevos soles* amounts represent, or could have been or could be converted into, U.S. dollars at such rates or at any other rate. See "Exchange Rate Information" for information regarding historical exchange rates of *nuevos soles* to U.S. dollars.

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

Market Information

We make estimates in this offering memorandum regarding our competitive position and market share. We have made these estimates on the basis of our management's knowledge and statistics and other information from the following sources: the Central Bank of Peru (*Banco Central de Reserva del Perú*); the National Statistical Institute of Peru (*Instituto Nacional de Estadística e Informática* or INEI); and ADUANET, a website administered by the Peruvian Tax Superintendency (*Superintendencia Nacional de Administración Tributaria* or SUNAT). We believe these estimates to be accurate as of the date of this offering memorandum.

SUMMARY

This summary highlights information contained elsewhere in this offering memorandum. It does not contain all of the information that an investor should consider before making a decision to invest in the notes. For further information on our business and this offering, this summary must be read together with this entire offering memorandum, in particular the information included in "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" and our consolidated financial statements and related notes included elsewhere in this offering memorandum.

Overview of our Conglomerate

We are a leading conglomerate provider of fully integrated logistics services in Peru[1]. Our conglomerate is divided into three business lines: Logistics Services, Maritime Services and Infrastructure. Through these businesses, we render services to shipping lines, diverse operators in the oil and gas industry, importers and exporters, and we also develop and operate public ports and airport facilities through public concessions as well as private projects. We are listed on the Peruvian Stock Exchange under the ticker AIHC1. As of June 30, 2013, we had a market capitalization of S/. 368.4 million (US$132.4 million).

AIH was incorporated on June 17, 2005, it is registered in File No. 11772090 of the Public Registry for Companies of Lima and its duration is indefinite. AIH is a public limited liability company (*sociedad anónima abierta*) organized under the laws of the Republic of Peru and its main corporate purpose is to engage as the holding company of our conglomerate.

The subsidiaries that will guarantee the payment of the notes are: Neptunia S.A. ("Neptunia"), Triton Transports S.A. ("Triton Transports"), Multitainer S.A. ("Multitainer"), Almacenes Financieros S.A. ("Almafin"), Cosmos Agencia Marítima S.A.C ("Cosmos"), Triton Maritime Services S.A.C. ("Trimser"), Penta Tanks Terminals S.A. ("Penta Tanks"), Agencia Marítima Augusto Farfán S.A.C. ("Afarsac") and Andino Servicios Compartidos S.A.C. ("Anserco").

AIH, either directly or indirectly, owns 100% of the capital stock of the guarantor subsidiaries and consequently we consolidate their financial statements. For further information on the distribution of the shares issued by the guarantor subsidiaries please refer to our corporate chart under this section (See "Our Corporate Structure").

Neptunia, Triton Transports, Multitainer, Almafin and Penta Tanks are limited liability companies (*sociedades anónimas*) organized under the laws of the Republic of Peru. Cosmos and Trimser are closely-held limited liability companies (*sociedades anónimas cerradas*) organized under the laws of the Republic of Peru. Neptunia, Triton Transports, Multitainer, Almafin, Penta Tanks, Cosmos and Trimser are operating companies which business activities are described in detail under the "Business Section" of this offering memorandum.

Afarsac is a closely-held limited liability company (*sociedad anónima cerrada*) organized under the laws of the Republic of Peru. Afarsac is a maratime services company which operations were based mainly in the port of Supe. As of the date of this offering memorandum Afarsac is no longer operative and we are planning to merge such company into Cosmos in the near future.

Anserco is a closely-held limited liability company (*sociedad anónima cerrada*) organized under the laws of the Republic of Peru. Anserco's sole business purpose is to provide back-office support to the entities that compromise our conglomerate.

The information concerning the registered offices of AIH and the guarantor subsidiaries is provided in this section under "Our Information".

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[1] Based on container traffic, which is measured in twenty-foot equivalent units ("TEUs") and metric tons of non-container cargo transported.

Our Logistics Services

Through our logistics services business, we provide our clients all necessary services required to bring cargo into the three ports where we operate (Paita, Callao and Matarani), we assist in all aspects of cargo handling while at port and we provide transport services to or from warehouses and to wholesale points of sale throughout the coastal, mountain and jungle regions of Peru and, in certain cases, 10 retail points primarily concentrated in the greater area of Lima (including El Callao). Our logistics services include (i) the transportation of containers, bulk and liquid cargo to and from port facilities and customer warehouses, (ii) transportation and receipt of containers at our premises and sorting and storage of goods and merchandise, and (iii) labeling and preparation of cargo according to clients' requests and specifications. We also provide packaging, loading, sorting and distribution of our clients' cargo. Through our subsidiary Neptunia, we handled: (i) 152,968 container units and 8,374 metric tons of bulk cargo in 2010, (ii) 148,132 container units and 18,809 metric tons of bulk cargo in 2011, (iii) 158,294 container units and 16,256 metric tons of bulk cargo in 2012 and (iv) 65,755 container units and 9,571 metric tons of bulk cargo as of June 30, 2013. For the six months ended June 30, 2013, our logistics services business accounted for 60.8% of our consolidated revenues.

Our subsidiaries in our logistics services business are: Neptunia, Triton Transports, Multitainer and Almafin.

Our Maritime Services

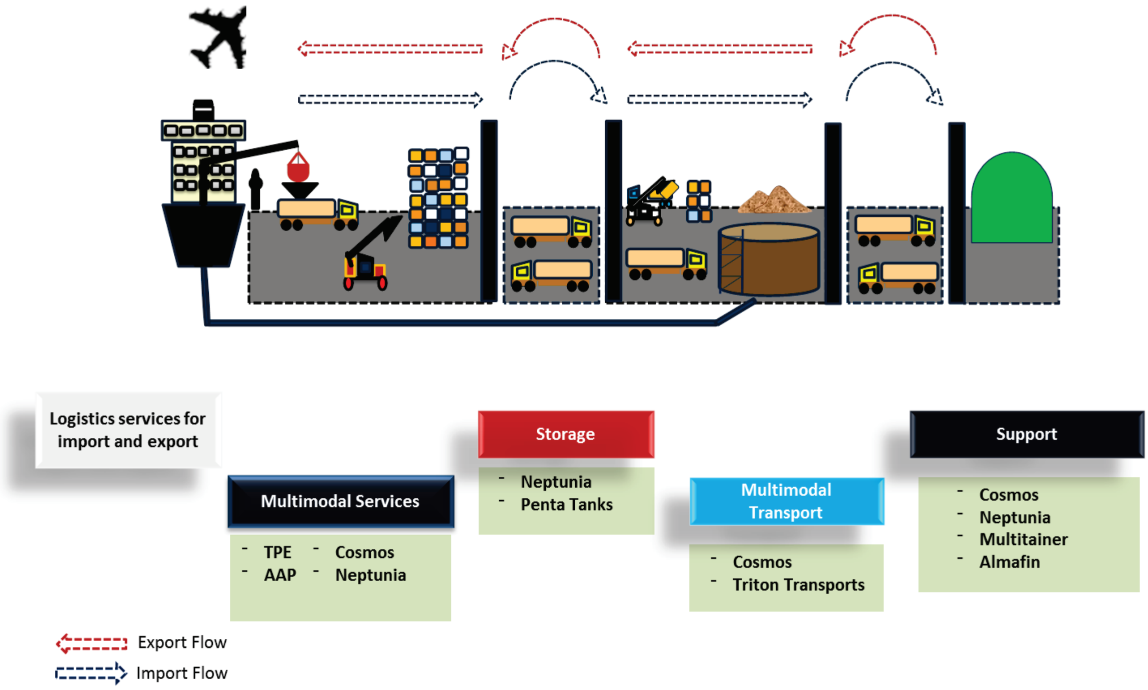
Through our maritime services business, we offer services to shipping lines such as chartering, agency services, husbandry (which is the management and provision of a vast array of resources to a ship, including equipment and spare parts), stevedoring (which is the loading and unloading of cargo), pilotage, towage (which is pulling and pushing ships with a tug boat to and out of port), launches, mooring services and underwater operations to inbound and outbound vessels, cargo related services (such as customs documentation management) and oil and gas services (such as logistic support to oil rigs, port operations, fleet operation, personnel and cargo transportation, oil storage and underwater services). For the six months ended June 30, 2013, our maritime services business accounted for 37.9% of our consolidated revenues. Our subsidiaries and joint-ventures in our maritime services business are: Cosmos, Trimser, Nautilius S.A. ("Nautilius"), Svitzer Andino S.A. ("Svitzer Andino") and Afarsac.

Our Infrastructure Business

Through our infrastructure business, we develop and operate public port and airport facilities through public concessions and private projects. Our largest operation in this business is conducted through Penta Tanks, which we expect to provide storage to all ethanol produced by Maple Ethanol S.R.L. ("Maple") for the next 20 years.

In addition, we are developing two infrastructure projects through two joint-ventures in which we hold a 50% equity interest. Terminales Portuarios Euroandinos Paita S.A. ("TPE") entered into a thirty year concession agreement with the Peruvian government to build, develop and operate the Port of Paita under which the Peruvian government guarantees TPE an annual minimum income. In 2012, TPE obtained US$110 million of financing to 25 years through the issuance of a bond in the international capital markets (144A/Reg S format). Aeropuertos Andinos del Perú S.A. ("AAP") entered into a twenty-five year concession agreement to operate five airports in the southern region of Peru. Under this concession, AAP has the obligation to invest US$50 million. For the six months ended June 30, 2013, our infrastructure business accounted for 1.0% of our consolidated revenues. Our subsidiaries and joint-ventures in our infrastructure business are: TPE, AAP, Penta Tanks, Inmobiliaria Terrano S.A. ("Terrano"), Operadora Portuaria S.A. ("Oporsa"), Inversiones Portuarias S.A. ("Inversiones Portuarias") and Proyecta & Construye S.A. ("Proyecta & Construye").

"**Graphic Representation of our Integated Services**"



The above diagram explains how our logistics, maritime services and, in certain cases, infrastructure businesses offer an integrated value chain as a one-stop shop. We first begin providing our services when a vessel enters Peruvian waters, by engaging the vessel as its representative. Once a vessel arrives on port, we handle all the paperwork and administrative procedures related to the vessel and its cargo. Second, we render stevedoring services at port premises, if required. Third, we transport cargo to and from our facilities through different means of transport (i.e., multimodal transport) in order to store and handle both container and non-container (liquid or bulk) cargo. Lastly, we transport cargo either to our clients' facilities or to any other destination at our clients' request.

The table below sets forth selected financial information relating to our business.

	For the six month period ended June 30,			**For the year ended December 31,**			
	2013	**2013**	**2012**	**2012**	**2012**	**2011**	**2010**
		(unaudited)					
	(in millions of US$, except ratios) (1)	**(in millions of S/., except ratios)**		**(in millions of US$, except ratios)(1)**	**(in millions of S/., except ratios)**		
Revenues from Services Rendered.........	100.3	279.1	232.1	185.8	517.0	465.6	402.4
Adjusted LTM EBITDA(2)	25.7	71.5	51.1	20.9	58.1	53.4	43.4
Profit for the period	(4.0)	(11.2)	4.1	5.8	16.1	5.2	13.4
Cash	8.9	24.8	17.4	6.1	16.9	19.2	26.9

Net debt(3).......................	100.9	281.0	270.8	93.0	258.7	291.3	127.4
Net debt/ Adjusted EBITDA ratio (2) (4)	3.9	3.9	5.3	4.4	4.4	5.5	2.9
Interest Coverage Ratio (4)(5)	2.0	2.0	1.7	1.7	1.7	1.8	3.6

(1) Calculated based on an exchange rate of S/.2.783 to US$1.00 as of June 30, 2013.
(2) We define Adjusted EBITDA (which may be different from similarly titled measures reported by other companies in the logistics, maritime services or infrastructure businesses or otherwise) as profit (loss) for the period *plus*, without duplication, income tax, exchange difference, net, financial cost, depreciation and amortization, *less* the non-cash portion of profit (loss) attributable to jointly controlled businesses. Adjusted EBITDA is not a measurement of our financial performance under IFRS. We believe that Adjusted EBITDA is useful to investors as it provides a meaningful basis for reviewing the results of our operations by eliminating the effects of financing and investing decisions, as well as excluding the impact of activities not related to our ongoing operating business. Adjusted EBITDA is not defined under IFRS, should not be considered in isolation or as substitute for measures of our performance prepared in accordance with IFRS and not indicative of income from operations as determined under IFRS. Adjusted EBITDA has limitations as an analytical tool, and you should not consider Adjusted EBITDA either in isolation or as a substitute for net income loss, cash flows or other methods of analyzing our results as reported under IFRS. Because not all companies use identical calculations, our presentation of Adjusted EBITDA may not be comparable to other similarly titled measures of other companies. Adjusted EBITDA presented in tables containing information for the six months ended June 30, 2013 and 2012 included in this offering memorandum is calculated using Adjusted EBITDA for the twelve months ended June 30, 2013 and 2012, respectively. See “Selected Financial Data”.
(3) Total debt minus cash and cash equivalents.
(4) Ratios as of and for the six months ended June 30, 2013 and 2012 are calculated using Adjusted EBITDA for the twelve months ended June 30, 2013 and 2012, respectively.
(5) Ratio of Adjusted EBITDA to net interest expense.

Our Market

We believe that Peru offers us attractive opportunities because of its strong macroeconomic outlook, stable political environment, solid public finances, increased private and public investments and growing middle class. Peru has experienced uninterrupted economic growth over the last 13 years (including in 2009 despite the global economic crisis). It has been South America’s fastest growing economy as measured by real gross domestic product (“GDP”) growth and one of only six investment grade countries worldwide with average annual real GDP growth over 6.5% from 2008 to 2012. According to the International Monetary Fund (“IMF”), as of April 2013, the Peruvian economy was projected to grow at rates of 6.3% and 6.1% in 2013 and 2014, respectively. However, the IMF, as of October 2013, revised its forecast and projected real GDP growth of 5.4% and 5.7% in 2013 and 2014, respectively. Furthermore, as a result of a reduction in exports in the first six months of 2013, in August of 2013 the Peruvian Central Bank revised its projections for growth in 2013 to 5.5%-6.0% from 6.0%-6.5%.

The main drivers of Peru’s recent economic performance have been strong domestic demand and increased private and public investment, with private and public investment having grown at compound annual growth rates (“CAGR”) of 7.1% and 11.3%, respectively, from 2008 to 2012. We believe that there is significant planned public and private investment in key sectors such as mining and infrastructure in Peru.

We believe we are well positioned to benefit from the continued growth of our client base in Peru’s current macroeconomic environment. From 2010 to 2012, the CAGR of our consolidated revenues and Adjusted EBITDA was 13.4% and 16.0%, respectively, compared to a CAGR of 6.6% in Peru’s GDP for that same period.

Our Competitive Strengths

We believe that our main competitive strengths include the following:

Integrated services portfolio that creates value for our clients

We offer an integrated portfolio of services that we believe addresses our clients’ needs along the entire logistics chain. We act as a one-stop shop, providing integrated services that we believe allows our clients to benefit from reduced operating costs, increased efficiency and time savings, among others. In turn, this allows us to cross-sell complementary services to our diverse base of clients, expanding and diversifying our revenue sources. We believe this differentiates us from our competitors in Peru who are not able to offer clients a service and logistical support package as comprehensive as ours. As a result, the renewal ratio of the contracts with our clients is outstanding.

Largest provider of fully-integrated logistics services in Peru

As the largest provider of fully-integrated logistics services in Peru, we benefit from economies of scale that we believe result in operating efficiencies and reduced operating costs, which, in turn, allow us to pass on the cost savings to our clients and offer them competitive prices without compromising quality. For example, we use high-end equipment such as rubber tire gantry (“RTG”) and state-of-the-art computer software at the port of Paita and at our off-dock facilities in Callao, which allow us to handle higher volumes of cargo more efficiently and in less time than if we used more traditional equipment. In the case of Callao, the RTGs used in our off-dock facilities allow us to handle up to seven containers per tier while maneuvering each container in an average of three moves, as compared to an average of five moves for traditional reach stackers. Furthermore, we believe our size gives us scalability which allows us to increase the volume of services we can provide to our clients without requiring significant additional capital expenditures and our leading industry position in Peru gives us bargaining power that we believe allows us to obtain competitive terms from suppliers.

Broad diversification of our client base, client industry coverage and geographic reach

We have a broadly diversified client base, with no single client accounting for more than 2% of our consolidated revenues and our top ten clients accounting for less than 10% of our consolidated revenues. Moreover, our client base is spread across various economic sectors of the Peruvian economy. Such variables tend to function as a natural hedge against economic cycles and seasonality that affects certain industries more than others. In addition, we are geographically diversified within Peru as we conduct operations in three regions: (i) in the coast (with emphasis at the ports of Callao, Paita and Matarani), (ii) in the mountain region (essentially through our transport services) and (iii) in the jungle, which we believe allows us to benefit, among other factors, from the location of the different exporters, which tend to use the port which is closest to their respective production sites.

Strategic real estate portfolio in Peru

Our strategic real estate portfolio consists of more than 529,125 square meters and is valued at more than US$253.2 million, based on the most recent appraisal we commissioned in 2012 which was made by Ing. Guillermo Sarria S.A. Ingenieros Tasadores. Our portfolio includes strategic holdings in Callao and Paita. The strategic location and size of our real estate holdings in Callao, Peru’s principal water port, creates a barrier to entry for existing and new competitors, as similarly situated and sized properties are not readily available. Furthermore, as Peru’s economy continues to expand, we expect demand for our services to increase alongside the increase in cargo volumes. We expect that the current installed capacity of the port of Callao will not be sufficient to address the expected increase in demand and we believe we will be strategically positioned to take advantage of that opportunity by using our real estate to expand our other operations.

Independent provider of logistics services

We are not vertically integrated with companies that are part of conglomerates operating businesses outside the logistics services industry. Many of our competitors are integrated with companies which compete with many of our clients in their respective businesses. For example, the fact that one of our main competitors is the producer of certain of the cargo that it handles through its logistics services business may deter other producers of the same type of product from hiring our competitor’s logistic services due to their concern that they may be unwillingly disclosing strategic business information. We believe that being an independent entity better positions us to compete for clients’ existing and emerging demand for our services.

Strong and experienced management team

Our management team is composed of experienced professionals with extensive knowledge of the lines of business in which we operate. We believe our management team’s capabilities and core understanding of our business enable us to operate efficiently and manage risk effectively. Our management team, which consists of 19 professionals at the executive level, has an average of 10 years of experience in the logistics services, maritime services and infrastructure businesses.

Our Strategy

Our main goal is to position ourselves as our clients' preferred choice for integrated logistics solutions and to continue to consolidate our position as the largest provider of logistics services in our markets. We intend to achieve this objective through the following principal strategies:

Further expand our client penetration to increase our economies of scale and improve our operating efficiency

We offer high quality services to our clients and seek to cross-sell our complementary services, continuously striving to attract new clients. Increasing our penetration of both our existing client base and attracting new clients to whom we can offer our integrated services will allow us to consolidate our position while increasing economies of scale, which we believe enable us to improve our operating efficiencies and results of operations. We also expect to leverage our existing installed capacity to expand revenues without incurring significant additional capital expenditures. For example, we currently use approximately 75% of our installed capacity and we estimate that with minor investments of approximately US$2 million, we would be able to increase our terminal storage capacity from five to seven tiers (i.e. containers are stacked vertically and a given number of " tiers" makes reference to the number of containers stacked on top of each other).

Expand our service offerings to match our clients' needs and act as one-stop logistics services shop

We seek to expand our service offerings in integral and innovative ways, adapting our services to our clients' existing and evolving needs. For example, we have increased the reach of our delivery of clients' cargo from wholesale to retail points of sale by expanding pick-up and packaging alternatives. We evaluate potential complementary services integrally related to our current service offerings that our clients may require, in an on-going effort to improve our service offerings and function as a one-stop-shop for our clients. We leverage our experience and know-how in the industries in which we operate and our long-term relationships with our clients, which position us to understand and anticipate our clients' needs. Expanding the services we offer to keep up with our clients' needs helps us consolidate our client base and leading position in the logistics and maritime services industry.

Continue to improve our IT platform

Our state-of-the-art IT platform has been critical to our ability to improve our core services and is a key factor contributing to further improvements in our efficiency and quality standards. Our logistics and maritime services businesses have benefitted from advanced software such as Warehouse Management System (used for optimizing the process of receiving, picking and dispatching cargo and optimizing the control of inventory), Navis (used for managing workflow, managing and controlling the location of containers and optimizing container stacking), Blue Ship (used for managing documentation from cargo handled, invoicing, controlling mobilization of cargo for specific oil and gas clients, recording movements and operations of ships receiving our services, among others) and Maximo (used for recording all maintenance activities for Cosmos equipment and for monitoring preventive maintenance and logistics support). Furthermore, we expect to strengthen our commercial operations during 2014 through the implementation of Customer Relation Management ("CRM") software to improve our interaction with existing and prospective clients, as well as Enterprise Resource Program ("ERP") software over the following two years to automate, facilitate and standardize the flow of data between our different businesses for our back-office functions. We believe these developments in our IT platform will contribute to reduce the time invested in processing and managing information as well as the likelihood or frequency of human errors associated with such tasks. In addition, for Triton Transport's operations, we are assessing the acquisition of an ERP used in transport services which would allow us to monitor each vehicle as a business unit (track revenues, costs, performance metrics) enhancing the quality of our services. In the case of Multitainer's operations, we are evaluating acquiring a new ERP specialized in budget control.

Improve our financial structure by centralizing our fundraising at the AIH level

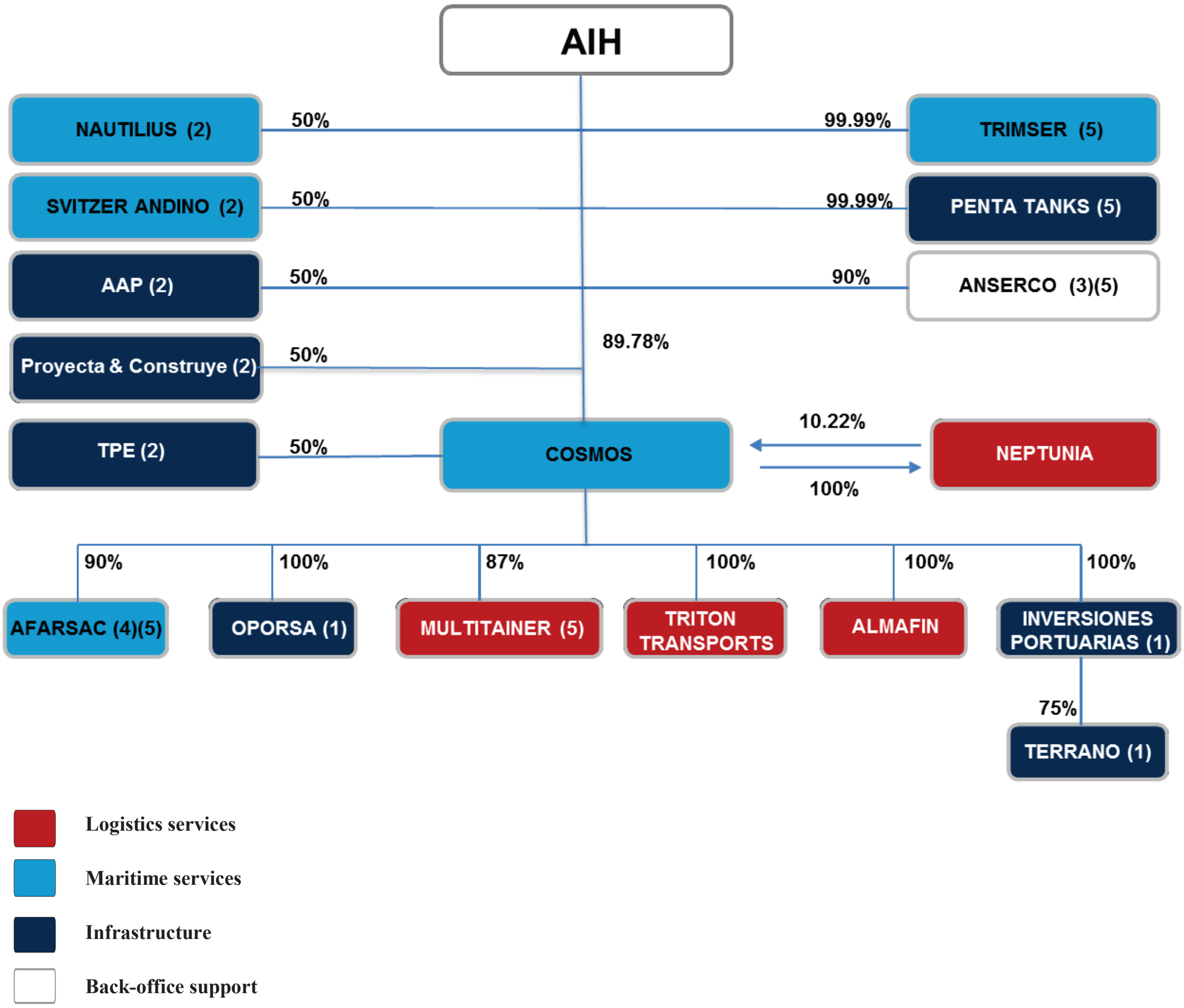
We expect to centralize and channel the majority of our funding activities through AIH, which we believe will provide us with greater flexibility and bargaining power when we negotiate for future financing, which we expect will decrease our cost of capital. Going forward, this strategic objective will also help us reduce the costs associated with monitoring compliance with contractual terms.

Continue to expand our infrastructure business through participation in public bids and private ventures

Our infrastructure business accounted for 1.1% and 6.5% of our consolidated revenues and Adjusted EBITDA, respectively, for the year ended December 31, 2012 and 1.0% and 12.3% of our consolidated revenues and Adjusted EBITDA, respectively, for the six months ended June 30, 2013. One of our strategic goals is to continue to grow our revenue from and increase our focus on this business. We periodically evaluate our participation in public and private bids for infrastructure projects such as ports, airports and infrastructure related to logistics. Our ownership and participation in TPE and AAP have increased our experience in the operation of water port terminals and airports. We plan to leverage our expertise and know-how for new projects we are analyzing and expect to undertake in the future, especially as the Peruvian government seeks to stimulate further private investment in infrastructure.

Our Corporate Structure

The following summary organizational chart depicts our principal operating subsidiaries and joint-ventures within our three businesses:



(1) **Oporsa, Terrano and Inversiones Portuarias will be unrestricted subsidiaries under the indenture governing the notes and will not guarantee the payment of the notes.**
(2) **Svitzer Andino, Nautilius, AAP, TPE and Proyecta & Construye are joint-ventures in which AIH holds a 50% equity interest and are therefore their respective results of operations do not consolidate with our results of operations.**
(3) **Anserco's business purpose is to provide back-office support services to AIH and its subsidiaries.**
(4) **We expect to merge Afarsac into Cosmos during the course of 2013.**
(5) **Cosmos owns 0.01% of Trimser and Penta Tanks and 10% of Anserco. Trimser owns 10% of Afarsac. Inversiones Portuarias owns 13% of Multitainer. Inversiones San Karol S.A. owns 25% of Terrano**

Recent developments

On August 29, 2013, Cosmos executed a stock purchase agreement with Iron Mountain Perú S.A. ("Iron Mountain"), whereby Cosmos agreed to sell all of the shares it owned in the capital stock of File Service S.A. ("File Service") to Iron Mountain for US$16.2 million. The closing date of such sale was September 13, 2013.

Our Information

Our principal executive offices are located at Av. Pardo y Aliaga 675, San Isidro, Lima, Peru. Our telephone number is +(511) 315-4220. Our website is www.andino.com.pe. The information included on our website or which may be accessed through our website, is not part of this offering memorandum and is not included herein by reference or otherwise.

The registered offices of Cosmos and Penta Tanks are located at Jirón Mariscal Miller 450, Office 901, Callao, Peru. The registered offices of Trimser and Anserco are located at Jirón Mariscal Miller 450, Office 501, Callao, Peru. The registered offices of Neptunia, Triton Transports and Multitainer are located at Avenida Argentina 2085, Callao, Peru. The registered office of Afarsac is located at Av. Almirante Grau 414. Office 4, Callao, Peru. The registered office of Almafin is located at Av. Argentina 2187, Callao, Peru.

Responsibility Statement

To the best of our knowledge and belief, having taken all reasonable care to ensure that such is the case, the information contained in this offering memorandum is in accordance with the facts and does not omit anything material that is likely to affect the import of such information.

We, having made all reasonable inquiries, confirm that this offering memorandum contains all information with respect to AIH and the notes that is material in the context of the issue and offering of the notes, and that such information is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed herein are honestly held and that, to the best of our knowledge and belief, there are no other facts the omission of which would make any such information or the expression of any such opinions and intentions, in the light of the circumstances under which they were made, materially misleading. We accept responsibility accordingly.

The Offering

This summary of certain terms and conditions of the notes is subject to, and qualified in its entirety by, reference to the "Description of the Notes" section of this offering memorandum.

Issuer	AIH
Securities Offered	US$ 115,000,000 aggregate principal amount of our 11.000% senior notes due 2020.
Issue Price	100% plus accrued interest, if any, from November 13, 2013.
Issue Date	November 13, 2013.
Maturity Date	November 13, 2020.
Interest	The notes will accrue interest at a rate of 11.000% per year.
Interest Payment Dates	Interest on the notes will be payable semi-annually in arrears on May 13 and November 13 of each year, beginning on May 13, 2014.
Guarantees	The obligations under the notes and the indenture governing the notes will be fully and unconditionally guaranteed (each, a "guarantee"), on a senior unsecured basis, by all subsidiaries of AIH other than Terrano, Inversiones Portuarias and Oporsa, which shall be designated unrestricted subsidiaries. Our subsidiary Penta Tanks will become a guarantor of the notes on or before the date that is 15 days after the issuance of the notes. See "Description of Notes—Guarantees" and "Description of Notes—Unrestricted Subsidiaries."
Ranking	The notes and the guarantees will be our and the guarantors' senior unsecured unsubordinated obligations and in the event of insolvency will: • rank equally in right of payment (*pari passu*) with all of our and the guarantors' existing and future senior unsecured indebtedness; • rank senior in right of payment to any of our and the guarantors' existing and future obligations that are, by their terms, expressly subordinated in right of payment to the notes and the guarantees; • be effectively subordinated to any of our and the guarantors' existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness; • be structurally subordinated in right of payment to all existing and future indebtedness and other liabilities of each of our subsidiaries that do not guarantee the notes; and • be subordinated to certain other categories of obligations, which are granted preferential treatment under Peruvian law, such as labor, social security and tax claims. As of June 30, 2013, we had S/. 35.4 million (US$12.7 million) of senior unsecured indebtedness and S/. 270.4 million (US$97.2 million) of secured indebtedness. As of June 30, 2013, the indebtedness of our non-guarantor subsidiaries was S/. 12,000. As of the same date, after

giving effect to the issuance and sale of the notes and the application of the net proceeds from this offering as described under "Use of Proceeds", we would have had senior unsecured indebtedness of S/.355.4 million (US$127.7 million) and S/.30.8 million (US$11.1 million) of secured indebtedness. See "Risk Factors—Risks Relating to the Notes — Payments on the notes and the guarantees will be effectively subordinated to our secured debt obligations and to the liabilities of the non-guarantor subsidiaries."

Additional Amounts	All payments in respect of the notes will be made without any withholding or deduction for any taxes imposed or levied by or on behalf of Peru or any jurisdiction in which we, or, if applicable, the guarantors are then incorporated or resident for tax purposes or any jurisdiction from or through which any payment is made, or any political subdivision thereof or any authority therein having power to tax, unless such withholding or deduction is required by law. In that event, we will pay such additional amounts as will result in receipt by the holders of notes of such amounts as would have been received by them had no such withholding or deduction for taxes been required, subject to certain exceptions set forth under "Description of Notes—Additional Amounts."
Optional Redemption............................	On or after November 13, 2016, we may redeem the notes, in whole but not in part, at any time at the redemption prices set forth in "Description of the Notes—Optional Redemption" plus any accrued and unpaid interest on the principal amount of the notes to but excluding the date of redemption. Before November 13, 2016, we may also redeem the notes, in whole but not in part, at a redemption price based on a "make-whole" premium plus any accrued and unpaid interest on the outstanding principal amount of the notes to the date of redemption. See "Description of the Notes—Optional Redemption." In addition, prior to November 13, 2016, we may redeem up to 35% of the original principal amount of the notes with the net proceeds from certain equity offerings by us, at a price of 111.00% of the aggregate principal amount thereof, plus accrued and unpaid interest. See "Description of the Notes—Optional Redemption—Optional Redemption with the Proceeds of Equity Offerings."
Optional Redemption upon Tax Event..	The notes are redeemable at our option, in whole but not in part, at any time, at the principal amount thereof plus accrued and unpaid interest to but excluding the date of redemption and any additional amounts due thereon if certain changes in applicable tax laws occur. See "Description of the Notes—Optional Redemption—Optional Redemption Upon Tax Event."
Change of Control Repurchase Event	If a specified change of control event as described in this offering memorandum occurs with respect to the notes that results in a ratings decline, unless we have previously exercised our option to redeem the notes, we will be required to offer to purchase the notes at a price equal to 101% of the principal amount of the notes, plus accrued and unpaid interest and additional amounts, if any, to but excluding the purchase date. See "Description of the Notes—Change of Control."

Covenants	The indenture governing the notes contains covenants that will limit our and our restricted subsidiaries' ability to, among other things: • incur additional indebtedness; • pay dividends on our capital stock or redeem, repurchase or retire our capital stock or subordinated indebtedness; • make investments; • create liens; • create limitations on the ability of our restricted subsidiaries to pay dividends, make loans or transfer property to us; • engage in transactions with affiliates; • sell assets, including capital stock of our subsidiaries; and • consolidate, merge or transfer assets. These covenants are subject to a number of important limitations and exceptions. In particular, although the indenture governing the notes will contain restrictions on the incurrence of additional debt, these restrictions are subject to a number of important qualifications and exceptions, and the debt incurred in compliance with these restrictions could be substantial. See "Description of the Notes—Covenants."
Events of Default	The indenture will set forth the events of default applicable to the notes, including an event of default triggered by cross-default of other debt in an amount of US$10.0 million or more. See "Description of Notes—Events of Default and Remedies."
Further Issues	We may from time to time, without notice or consent of the holders of the notes, create and issue an unlimited principal amount of additional notes of the same series as the notes initially issued in this offering.
Use of Proceeds	We intend to use the net proceeds from this offering to repay approximately US$85.4 million of our existing debt, US$10 million of such proceeds will be invested in Terrano, specifically in the Lima Hub Project (See "Business – Infrastructure Business"), US$5.7 million of such proceeds will be invested in Cosmos and US$7.1 million of such proceeds in Neptunia for organic growth of their operations. US$3 million of such proceeds will be invested in general corporate purposes. Our expected use of the net proceeds represents our intentions based upon our present plans and business conditions. However, we cannot predict with certainty all of the particular uses of the proceeds from this offering or the amounts that we will actually spend on the uses set forth above. Accordingly, our management will have significant flexibility in applying the net proceeds of this offering. See "Use of Proceeds."

Form and Denomination........................	The notes will be issued only in book-entry form, in denominations of US$10,000 and integral multiples of US$1,000 in excess thereof, and will be represented by global notes deposited with, or on behalf of, DTC and registered in the name of a nominee of DTC. Beneficial interest in the global notes will be shown on, and transfers will be effected only through, records maintained by DTC for the accounts of its direct and indirect participants, including Euroclear and Clearstream. The global notes will be exchangeable or transferable for certificated notes only in limited circumstances. See "Book-Entry, Delivery and Form."
Transfer Restrictions.............................	The notes have not been, and will not be, registered under the Securities Act. As a result, the notes are subject to limitations on transferability and resale. This offering is being made in accordance with Rule 144A and Regulation S of the Securities Act. For more information, see "Transfer Restrictions and Plan of Distribution."
Listing and Trading	We will apply to the Luxembourg Stock Exchange for the notes to be admitted to listing on the Official List and to trading on the Euro MTF Market. We cannot assure you that this application will be accepted and that the notes will be listed or remain so listed. The notes, however, are a new issue of securities and there is no established trading market for the notes. Accordingly, we cannot assure you that a trading market for the notes will develop or if one develops, that it will be maintained.
Governing Law.....................................	The indenture, the notes and the guarantees will be governed by, and construed in accordance with, the laws of the State of New York.
Trustee, Registrar, Transfer Agent and Paying Agent	The Bank of New York Mellon.
Luxembourg Listing, Transfer and Paying Agent	The Bank of New York Mellon (Luxembourg) S.A.
Risk Factors	You should carefully consider all of the information in this offering memorandum. See "Risk Factors" in this offering memorandum for a description of the principal risks involved in making an investment in the notes.

Summary Financial Information

The following information is only a summary and should be read together with "Management's Discussion and Analysis of Financial Conditions and Results of Operations" and our consolidated financial statements and related notes included in this offering memorandum. The following summary financial information as of and for the years ended December 31, 2012, 2011 and 2010 have been derived from our annual audited consolidated financial statements included in this offering memorandum, which have been prepared in accordance with IFRS as issued by the IASB.

The summary financial information as of and for the six months ended June 30, 2013 and 2012 have been derived from our unaudited interim condensed consolidated financial statements included in this offering memorandum, which have been prepared in accordance with IFRS as issued by the IASB, as applied to interim financial statements. Our unaudited interim condensed consolidated financial statements and related notes have been condensed, but contain all adjustments, including adjustments of a normal and recurring nature, necessary for a fair presentation of our financial position and results of operations. The results for the six months ended June 30, 2013 are not necessarily indicative of the results to be expected for the entire year ending December 31, 2013 or for any other period. Accordingly, the unaudited interim condensed consolidated financial statements and related notes should be read in conjunction with our annual audited consolidated financial statements and the related notes.

	For the six month period ended June 30,			For the year ended December 31,			
	2013	**2013**	**2012**	**2012**	**2012**	**2011**	**2010**
	(in millions of US$) (1)	(in millions of S/.)		(in millions of US$) (1)	(in millions of S/.)		
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME:							
Revenue from services rendered	100.3	279.1	232.1	185.8	517.0	465.6	402.4
Cost of services rendered	(75.2)	(209.4)	(179.8)	(143.9)	(400.4)	(356.9)	(305.4)
Gross profit	25.1	69.7	52.3	41.9	116.6	108.7	97.0
Selling expenses	(6.0)	(16.8)	(11.4)	(11.1)	(30.9)	(22.4)	(19.4)
Administration expenses	(9.4)	(26.0)	(31.2)	(20.8)	(57.8)	(66.0)	(64.1)
Other income	1.4	3.8	8.2	6.4	17.8	19.2	31.2
Other expenses	(1.5)	(4.2)	(6.7)	(5.2)	(14.5)	(10.3)	(23.9)
Operating profit	9.5	26.5	11.2	11.2	31.3	29.2	20.8
Financial income	0.6	1.7	1.8	1.1	2.9	5.4	5.9
Financial costs	(7.3)	(20.4)	(18.4)	(13.2)	(36.6)	(34.8)	(17.9)
Profit attributable to jointly controlled businesses	1.6	4.5	5.3	2.0	5.6	3.7	5.7
Exchange difference, net	(8.2)	(22.9)	2.9	5.1	14.2	8.6	2.8
(Loss) profit before income tax	(3.8)	(10.6)	2.8	6.3	17.4	12.1	17.3
Income tax expense	(0.2)	(0.6)	1.3	(0.5)	(1.3)	(6.9)	(3.9)
(Loss) profit for the period	(4.0)	(11.2)	4.1	5.8	16.1	5.2	13.4

	As of June 30,		As of December 31,		
	2013	2013	2012	2012	2011
	(in millions of US$)(1)	(in millions of S/.)	(in millions of US$) (1)	(in millions of S/.)	
CONSOLIDATED STATEMENT OF FINANCIAL POSITION:					
Assets					
Current assets					
Cash and cash equivalents	8.9	24.8	6.1	16.9	19.2
Trade accounts receivable	28.2	78.6	27.3	76.0	54.3
Accounts receivable from related parties	4.5	12.4	3.8	10.5	10.9
Recoverable taxes	5.6	15.6	4.7	13.1	13.5
Other receivables	14.3	39.9	16.2	45.0	17.5
Inventories	10.0	27.7	7.8	21.8	16.0
Prepaid expenses	2.8	7.8	1.3	3.6	5.7
Total current assets	74.3	206.8	67.2	186.9	137.1
Non current assets					
Investment in jointly controlled businesses	30.3	84.3	26.4	73.4	19.3
Property, plant and equipment	630.9	1,756.0	631.8	1,758.3(2)	693.2
Intangible assets	10.3	28.7	10.4	28.9	28.1
Total non-current assets	671.5	1,869.0	668.6	1,860.6	740.6
Total assets	745.8	2,075.8	735.8	2,047.5	877.7
Liabilities and equity					
Current liabilities					
Short term borrowings	13.2	36.6	11.0	30.7	28.3
Trade accounts payable	19.4	54.1	19.1	53.1	50.3
Accounts payable to related parties	3.0	8.3	3.6	10.1	1.7
Income tax payables	2.8	7.9	2.9	8.2	6.5
Other accounts payable	13.1	36.4	9.9	27.8	20.5
Current portion of long-term borrowings	6.0	16.8	9.7	27.1	16.9
Total current liabilities	57.5	160.1	56.4	157.0	124.2
Non-current liabilities					
Long-term borrowings	90.7	252.4	78.3	217.8	265.3
Deferred income tax liability	156.7	436.2	156.9	436.9	122.6
Deferred income	0.0	0.0	0.1	0.2	0.3
Total non-current liabilities	247.4	688.6	235.3	654.9	388.2
Total liabilities	305.0	848.7	291.7	811.9	512.4
Equity					
Share capital	48.3	134.5	48.3	134.5	99.7
Treasury shares	(1.5)	(4.1)	(2.7)	(7.4)	0.0
Share premium	27.7	77.2	27.7	77.2	0.0
Revaluation surplus	261.7	728.3	261.7	728.4	0.0
Legal reserve	3.0	8.4	2.9	8.0	7.9
Retained earnings	86.4	240.4	90.9	252.9	234.9
Non-controlling interest	15.2	42.4	15.1	42.0	22.8
Total equity	440.8	1,227.1	443.9	1,235.6	365.3
Total liabilities and equity	745.8	2,075.8	735.8	2,047.5	877.7

	For the six month period ended June 30,			For the year ended December 31,			
	2013	2013	2012	2012	2012	2011	2010
	(in millions of US$) (1)	(in millions of S/.)		(in millions of US$) (1)	(in millions of S/.)		
CONSOLIDATED STATEMENT OF CASH FLOW:							
Net cash (used in) generated from operating activities	(3.3)	(9.1)	(35.3)	(0.2)	(0.5)	15.4	17.6
Net cash (used in) generated from investing activities	(4.5)	(12.4)	(48.8)	(24.5)	(68.1)	(39.9)	(3.2)
Net cash (used in) generated from financing activities	10.6	29.4	82.3	23.8	66.2	16.9	(20.3)

	For the six month period ended June 30,			For the year ended December 31,			
	2013	2013	2012	2012	2012	2011	2010
	(in millions of US$) (1)	(in millions of S/.)		(in millions of US$) (1)	(in millions of S/.)		
OTHER FINANCIAL DATA							
Total Debt	109.9	305.8	288.3	99.0	275.6	310.5	154.3
Net Debt (3)	100.9	281.0	270.8	93.0	258.7	291.3	127.4
Adjusted EBITDA margin (4) (6)	13.7%	13.7%	10.2%	11.3%	11.3%	11.5%	10.6%
Interest Coverage Ratio (4)(5)	2.0	2.0	1.7	1.7	1.7	1.8	3.6
Net debt/Adjusted LTM EBITDA (4) (6)	3.9	3.9	5.3	4.4	4.4	5.5	2.9

The following is a reconciliation of profit to Adjusted EBITDA for the periods indicated:

	For the twelve months ended June 30,			For the year ended December 31,			
	2013	2013	2012	2012	2012	2011	2010
	(in millions of US$)(1)	(in millions of S/.)		(in millions of US$)(1)	(in millions of S/.)		
Profit (loss) for the period	0.3	0.7	8.0	5.8	16.1	5.2	13.4
Income tax	1.2	3.3	2.9	0.5	1.3	6.9	3.9
Exchange difference, net	4.2	11.6	(9.8)	(5.1)	(14.2)	(8.6)	(2.8)
Financial cost	12.8	35.7	29.9	12.1	33.6	29.4	12.0
Depreciation and amortization	8.7	24.3	24.4	8.4	23.4	22.1	21.8
Non-cash portion of profit (loss) attributable to jointly controlled businesses	(1.5)	(4.1)	(4.3)	(0.8)	(2.1)	(1.6)	(4.9)
Adjusted LTM EBITDA (6)	25.7	71.5	51.1	20.9	58.1	53.4	43.4

(1) Calculated based on an exchange rate of S/.2.783 to US$1.00 as of June 30, 2013.

(2) In accordance with IAS 1, components of other comprehensive income (OCI) are items of income and expense (including reclassification adjustments) that are not recognized in profit or loss as required or permitted by other IFRS. They include: changes in the revaluation surplus relating to property, plant and equipment or intangible assets; actuarial gains and losses on defined benefit plans; gains and losses arising from translating the financial statements of a foreign operation; gains and losses on remeasuring available-for-sale financial assets; and the effective portion of gains and losses on hedging instruments in a cash flow hedge. These items are recognized in the statement of other comprehensive income because they arise from changes which are not permitted to be recognized in the statement of profit or loss and also enclose all changes in equity other than transactions from owners and distributions to owners. In our case, we have only presented changes in the revaluation surplus relating to property, plant and equipment in the statements of other comprehensive income for the year ended December 31, 2012. Accordingly, in 2012 we changed our real property appraisal policy from the cost model to the reappraisal model in accordance with the IFRS "property, plant and equipment." The change in accounting policy reflects the appraisal of our investments in real property and provides our shareholders with more accurate information regarding the value of our property. As a result of our implementation of IFRS, in 2012 we did a revaluation of our real estate portfolio, which was reflected in our balance sheet. The effect on our 2012 consolidated financial statements was an S/.1,065.4 million increase in book-value of our property compared to our 2011 consolidated financial statements and a resulting deferred income tax obligation amounting to S/.318.4 million. As mentioned above, our auditors have reflected this as comprehensive income for 2012. The appreciation of the market value of our property is not levied by any tax and the appraisal was done by an independent professional.

(3) Total debt minus cash and cash equivalents.

(4) Ratios as of and for the six months ended June 30, 2013 and 2012 are calculated using Adjusted EBITDA for the twelve months ended June 30, 2013 and 2012, respectively.

(5) Ratio of Adjusted EBITDA to net interest expense.

(6) We define Adjusted EBITDA (which may be different from similarly titled measures reported by other companies in the logistics, maritime services or infrastructure businesses or otherwise) as profit (loss) for the period *plus*, without duplication, income tax, exchange difference, net, financial cost, depreciation and amortization, *less* the non-cash portion of profit (loss) attributable to jointly controlled businesses. Adjusted EBITDA is not a measurement of our financial performance under IFRS. We believe that Adjusted EBITDA is useful to investors as it provides a meaningful basis for reviewing the results of our operations by eliminating the effects of financing and investing decisions, as well as excluding the impact of activities not related to our ongoing operating business. Adjusted EBITDA is not defined under IFRS, should not be considered in isolation or as substitute for measures of our performance prepared in accordance with IFRS and not indicative of income from operations as determined under IFRS. Adjusted EBITDA has limitations as an analytical tool, and you should not consider Adjusted EBITDA either in isolation or as a substitute for net income loss, cash flows or other methods of analyzing our results as reported under IFRS. Because not all companies use

identical calculations, our presentation of Adjusted EBITDA may not be comparable to other similarly titled measures of other companies. Adjusted EBITDA for the six months ended June 30, 2013 and 2012 is calculated using Adjusted EBITDA for the twelve months ended June 30, 2013 and 2012, respectively.

RISK FACTORS

Investing in the notes involves a high degree of risk. Before making any decision to invest, you should carefully evaluate the risks described below, together with all of the other information included in this offering memorandum. If any of the following risks should occur, our business, financial condition and results of operations could be adversely affected. As a result, the trading price of the notes could fall and investors could lose all or part of their investment in the notes. Other risks that we are currently unaware of or that we currently consider immaterial could possibly have a negative effect on us and the trading price of the notes.

Risks Relating to Our Businesses

Global economic conditions could adversely affect our financial performance.

The global financial crisis and ensuing global recession in 2008 and 2009 had a significant adverse effect on the development of large-scale infrastructure and foreign trade worldwide. Future global economic conditions, in particular fluctuations in commodity prices and financings costs, may impact our clients' operations. Should our clients choose to postpone or suspend new investments, delay or cancel the execution of existing projects, or suffer a decline in their operations as a result of global economic conditions, demand for our services would decline, which may result in a decline in revenues and in under-utilization of our capacity. Furthermore, financial difficulties suffered by our clients or joint-ventures partners due to global economic conditions could result in payment delays or defaults or increase our costs. Accordingly, a global economic downturn could have a material adverse effect on our financial performance.

Our consolidated revenues are highly dependent on foreign trade, oil and gas, mining and construction activities and a decrease in the results of those sectors may have a material adverse effect on our business and financial performance.

We are highly dependent on cargo traffic volumes from foreign trade, which have attained record highs in the past years. Any restrictions imposed by the government on foreign trade, and particularly on mining and construction activities, two of Peru's largest industries, as well as potential crisis that limit or diminish cargo volume from those sectors, may have a material adverse effect on our business, financial condition and results of operations.

We face significant competition in each of our markets.

Each of the markets in which we operate is highly competitive. We compete on the basis of, among other factors, price, performance and service quality, skill and execution capability, client relations, reputation and brand, and health, safety and environmental record. We face significant competition from both local and international players. Our main competitors in the logistics sector include DP World Callao S.R.L., Transportes Marítimos S.A. ("Tramarsa"), Contrans S.A.C. and Almacenes de Contenedores Sudamérica. In the maritime sector we compete with Tramarsa, Servicios de Practicaje Marítimo S.A., Representaciones Navieras y Aduaneras S.A.C., Maersk Line Perú S.A.C., among others. Some of these competitors may have greater resources than us or specialized expertise in certain sectors. In addition, our infrastructure business is derived from open bidding processes which can be highly competitive. Certain of our markets are highly fragmented with a large number of companies competing for market share. Our competitors may be more inclined to take greater or unusual risks or accept terms and conditions in a contract that we might not deem acceptable. Moreover, we cannot assure you that we will not face new competition from industry players entering or expanding their operations in our markets. If we are unable to compete effectively, our ability to continue to grow our businesses or maintain our market share would be affected. In addition, because one of the factors on which we generally compete is price, increased competition could impact our operating margins. Accordingly, our business and financial performance could be adversely affected by competition in our markets.

Our indebtedness contains restrictive covenants on our ability to operate our businesses and to pursue our business strategies, and our failure to comply with these covenants could result in an acceleration of our indebtedness.

Our current indebtedness contains, the indenture governing the notes will contain, and our future indebtedness may contain, a number of restrictive covenants that impose significant operating and financial restrictions, including restrictions on our ability to engage in acts that may be in our best long-term interests. The indenture includes covenants that, among other things, restrict our ability to:

a. incur certain additional debt or issue certain preferred shares;
b. pay dividends on or make other distributions in respect of our capital stock or make other restricted payments;
c. make certain investments;
d. sell certain assets;
e. create liens on certain assets to secure debt;
f. consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;
g. enter into certain transactions with our affiliates; and
h. designate our subsidiaries as unrestricted subsidiaries.

We may incur other indebtedness in the future with the same and/or additional covenants. We cannot assure you that we will be able to comply with such covenants in the future and, if we fail to do so, that we will be able to obtain waivers from the agent and the lenders and/or amend the covenants. Any breach of the covenants in the indenture governing the notes could result in a default of the obligations under such debt and cause a cross-default under other debt. If there were an event of default under the indenture or future credit agreements that was not cured or waived, the lenders under our credit agreements could cause all amounts outstanding thereunder to be due and payable immediately. Our assets and cash flow may not be sufficient to fully repay borrowings under future credit agreements and our obligations under the notes offered hereby if accelerated upon an event of default. If, as or when required, we are unable to repay, refinance or restructure our indebtedness under, or amend the covenants contained in, any future credit agreements, the lenders under the relevant facilities would be able to declare an event of default and thereafter institute foreclosure proceedings against the assets securing borrowings pursuant to the terms of such credit agreements and other related loan documents.

We may not be able to obtain the funding required to implement future strategies.

Our strategies to continue to expand our logistics and maritime services as well as our infrastructure business require significant capital expenditures. We cannot assure you that we will generate sufficient cash flow from operations, or that we will have access to external financing sources, to adequately fund such capital expenditures. Our access to external sources of financing will depend on many factors, including factors beyond our control, such as conditions in the global capital markets and investors' risk perception of investing in Peru and in emerging markets generally. Any equity or debt financing, if available, may not be on terms that are favorable to us. If our access to external financing is limited, we may not be able to execute our strategy, which could adversely affect our business, financial condition and results of operations.

We are subject to risks related to litigation and administrative proceedings that could adversely affect our business and financial performance in the event of an unfavorable ruling.

The nature of our business exposes us to litigation relating to liability claims, labor, health and safety matters, environmental matters, regulatory, tax and administrative proceedings, governmental investigations, tort claims and contract disputes, among other matters. While we contest these matters vigorously and make insurance claims when appropriate, litigation is inherently costly and unpredictable, making it difficult to accurately estimate the outcome of actual or potential litigation. Although we establish provisions as we deem necessary, the amounts that we reserve could vary significantly from any amounts we actually pay due to the inherent uncertainties in the estimation process. We cannot assure you that these or other legal proceedings will not materially affect our ability to conduct our business, financial condition and results of operations in the event of an unfavorable ruling.

A failure of a key information technology system or process could adversely affect our business.

We rely extensively on information systems to operate our businesses, including processing transactions, managing inventory, purchasing and selling products on a timely basis and maintaining cost-efficient operations, some of which are managed by third-party service providers. We may experience operational problems with our information systems, such as errors, interruptions, delays or cessation of services in key portions of our infrastructure, as a result of system failures, viruses, computer "hackers" or other causes. Any material disruption or slowdown of our systems could cause information to be lost or delayed, which could significantly disrupt our operations and be costly, time-consuming and resource-intensive to remedy, which ultimately could adversely affect our results of operations.

We may not be able to recover on claims against clients for payment.

If a client fails to pay our invoices on time or defaults in making its payments to us, we could incur in losses. In certain cases, we have brought claims against clients for delayed payments, additional costs that exceed the contract price or for amounts not included in the original contract price. These types of claims can occur due to matters such as owner-caused delays or changes from the initial service scope, and, occasionally, they can be the subject of lengthy proceedings. When these types of events occur and unresolved claims are pending, we may invest significant working capital to cover cost overruns pending the resolution of the relevant claims. A failure to promptly recover on these types of claims and change orders could have an adverse effect on our financial performance.

Our businesses are subject to a number of operational risks, which may adversely affect our business, financial condition and results of operations.

Our business is subject to several industry-specific operational risks, including accidents, natural disasters, labor disputes and equipment failures. Such occurrences could result in damage to our equipment and/or the injury or death of our employees and others involved in our business. Moreover, such accidents or failures could lead to environmental damage, loss of resources or intermediate goods, delays or the interruption of our business and monetary losses, pollution and other environmental damage, clean-up responsibilities, regulatory requirements, investigations and penalties, and potential liability claims and contractual disputes. In addition, such occurrences could materially impact our reputation. Our insurance may not be sufficient to cover losses from these events, which could adversely affect our business, financial condition and results of operations.

Our success depends on key personnel and on our ability to attract, train and retain highly qualified and specialized personnel while also controlling our labor costs.

Our success depends, to a significant degree, upon the services of our senior management, board of directors and other key personnel. Members of our management team are not subject to long-term employment agreements or non-competition agreements with us. We cannot assure you that we will be successful in retaining our current senior management or members of our board of directors, nor can we assure you that, in such event, we would be able to find suitable replacements. The loss of the services of some of our senior management or members of our board of directors could have a material adverse effect on our business and financial performance.

In addition, the success of our business depends on our ongoing ability to attract, train and retain qualified personnel capable of operating our lines of business while at the same time controlling labor costs. In recent years, the availability in Peru of qualified personnel who have the necessary expertise and experience has been lower than demand and, therefore, competition for qualified personnel has become intense. We cannot assure that we will be able to hire and retain the number of qualified personnel required to meet the needs of, or to grow, our business while controlling labor costs. If we are unable to attract, train and retain the qualified personnel that we require at reasonable cost, our business and financial performance could be adversely affected.

Our success depends, to a large extent, on our reputation for the quality, reliability, timely delivery and safety of our logistic and maritime services.

We believe our track record and reputation are key factors in our clients' evaluation of whether to engage our logistic and maritime services, encouraging key clients to partner with us, and recruiting and retaining talented personnel to our company. Our reputation is based, to a large extent, on the quality, reliability, timeliness and safety of our services. If our services do not meet expected standards or we fail to meet our deadlines, our relationship with our clients and partners could suffer, our reputation could be adversely affected, and our ability to capture new business could be severely diminished.

Deterioration in our safety record could adversely affect our business and financial performance.

Our ability to retain existing clients and attract new business is dependent on our ability to safely operate our business. Existing and potential clients consider the safety record of their services providers to be of high importance in their decision to award service contracts. Some of our activities, in particular in our logistics and maritime services businesses, can be high risk by their nature. If one or more accidents were to occur, the affected client may terminate or cancel our contract and may be less likely to continue to use our services. We cannot assure you that we will not experience accidents in the future, causing our safety record to deteriorate. Accidents may be more likely as we grow, particularly if we are required to hire less experienced employees due to shortages of skilled labor. Moreover, often times we do not perform these activities by ourselves and accidents can happen due to errors committed by partners and other services providers over whom we have no control. Because many of our clients require us to report our safety metrics to them as part of the bidding process and because a substantial part of our client base is comprised of major companies with high safety standards, a general deterioration in our safety record could have a material adverse impact on our business including our ability to bid for new contracts.

Any safety incidents or deterioration in our safety record could adversely impact our ability to attract and retain qualified employees. In addition, we could also be subject to liability for damages as a result of accidents and could incur penalties or fines for violations of applicable safety laws and regulations.

Labor unrest could affect our businesses and financial performance.

Although we currently do not have any employees affiliated with any labor union, our employees have the right to organize and belong to unions and we cannot prevent this from happening. Although we believe that our relations with our employees are currently positive, we cannot assure you that we will not experience work slowdowns, work stoppages, strikes or other labor disputes, or that we will not have to negotiate collective bargaining agreements in the future, which could adversely affect our business, financial condition and results of operations.

We are subject to environmental regulations and may be exposed to liability as a result of our handling of hazardous materials and potential costs for environmental compliance.

We are subject to various environmental protection and health and safety laws and regulations that regulate, among other things, the storage, handling and transportation of hazardous materials, particularly in the case of our subsidiary Penta Tanks and the health and safety of our employees. Pursuant to Peruvian law, we are required to store, handle and transport fuel and other hazardous materials in compliance with environmental and safety standards. In addition, we are required to have a health and safety committee and develop an internal health and safety code. Although we believe we are in compliance with all these regulations in all material respects, particularly regarding our logistics services business and our subsidiary Penta Tanks, we cannot assure you that Peruvian environmental authorities will consider that we have been or will be at all times in full compliance with these laws and regulations. Any violation of such laws or regulations could result in substantial fines, criminal sanctions, revocations of operating permits and shutdowns of our facilities. In addition, current or future governments may also impose stricter regulations which may require us to incur higher compliance costs.

Pursuant to certain applicable environmental laws, we could be found liable for all or substantially all of the damages caused by pollution at our current or former facilities or those of our predecessors, as well as from emissions from our equipment, including our boats and trucks. We could also be found liable for all incidental damages due to the exposure of individuals to hazardous substances or other environmental damage.

We cannot assure you that our costs of complying with current and future environmental and health and safety laws and regulations, and any liabilities arising from past or future releases of, or exposure to, hazardous substances will not adversely affect our business, financial condition and results of operations, particularly in the case of our subsidiary Penta Tanks.

Changes in regulations or in the interpretation of regulations may adversely affect our businesses, financial condition and results of operations.

Our business is subject to extensive regulation in Peru, including, among others, relating to foreign investment, foreign trade, tax, environmental, labor, health and safety, infrastructure concessions or similar contracts to the private sector and public spending in infrastructure investment. We believe that our operations are currently conducted in all material respects in accordance with all applicable laws, regulations and concession agreements. Future regulatory changes, changes in the interpretation of such regulations or stricter enforcement of such regulations, including changes to our concession agreements, may increase our compliance costs and could potentially require us to alter our operations. We cannot assure you that regulatory changes in the future will not adversely affect our business, financial condition and results of operations.

Our engagements with clients may not be profitable or may be terminated or not renewed.

The pricing and other terms of many of our client contracts necessarily require us to make estimates and assumptions at the time we enter into these contracts that could differ from actual results. These estimates reflect our best judgments regarding the nature of the engagement and our expected costs to provide the contracted services. Because of the competitive nature of the markets in which we operate, the risks related to errors in these estimates are heightened. Any increased or unexpected costs of unanticipated delays or complications in connection with the performance of these engagements, including delays caused by factors outside our control, could make these contracts less profitable or not profitable, which would have an adverse effect on our profit margin. Our exposure to this risk increases generally in proportion to the scope of services provided under a contract.

In addition, the success of both our logistics and maritime services businesses is dependent on our ability to retain our clients. We are also vulnerable to reduced volumes from our clients due to business downturns or for other reasons, which can reduce the scope and price of services we provide. We may not be able to replace any client that elects to terminate or not renew its contract with us, and the termination or non-renewal of a significant number of our agreements, or of our most important contracts, may adversely affect our business and financial performance.

Our joint-ventures are exposed to risks related to the operation and maintenance of their concessions and similar contracts.

The operation and maintenance requirements under concessions held by our joint-ventures could encounter delays or cause our joint-ventures to exceed their budgeted costs for such projects, which could limit their ability to realize the expected return on these projects and adversely affect their financial performance. In addition, their operations may be adversely affected by interruptions or failures in the technology and infrastructure systems that our joint-ventures use to support our operations, including passenger and cargo volumes traffic measurement systems. The failure of any of their technology systems may cause disruptions in our joint-ventures' operations, adversely affecting our profitability. While our joint-ventures have business continuity plans in place to reduce the adverse impact of information technology system failures on their operations, we cannot assure you that these plans will be effective. Furthermore, accidents and natural disasters may also disrupt the construction, operation or maintenance of projects and concessions, which could adversely affect our businesses and financial performance.

The loss of a shipping line as a client may affect our logistics and maritime services businesses.

Although the revenues we obtain from our logistics and maritime services are not concentrated among a limited number of clients, several of our clients involved in the import/export business may use the vessels of a single shipping line. We may lose any shipping line as a client if, for example, such shipping line decides to use another off-dock terminal or maritime agency. Because the fees we receive from any single shipping line for our maritime services do not account for a substantial percentage of our consolidated revenues, the direct impact of losing a shipping line as a client may not be significant; however, losing a shipping line as a client could also mean that the owners of the cargo transported by such shipping line cease to be our clients too, because their cargo is redirected to other off-dock terminals we may not service. Because we derive a substantial portion of our consolidated revenues from the logistics and other services we render to the owners of the cargo transported by shipping lines, such loss could have a material and adverse effect on our consolidated revenues.

Our business may be adversely affected if we incorrectly estimate the costs of our projects and services.

We conduct our logistics and maritime services, as well as our infrastructure business under various types of contractual arrangements where costs are estimated in advance. In some of our contracts (i.e., lump-sum, unit price) we bear the risk of some or all unanticipated cost overruns, including due to inflation, exchange rate fluctuations or certain unforeseen events. Risks under contracts which could result in cost overruns include: difficulties in performance of our subcontractors, suppliers, or other third-party; changes in laws and regulations or difficulties in obtaining permits or other approvals; unanticipated technical problems; unforeseen increases in the cost of inputs, components, equipment, labor, or the inability to obtain these on a timely basis; delays caused by weather conditions; incorrect assumptions related to scheduling estimates; and project or service modifications that create unanticipated costs or delays. These risks tend to be exacerbated for longer term contracts since there is increased risk that the circumstances under which we based our original estimate could change. In many of our contracts, we may not be able to obtain compensation for additional work performed or expenses incurred. Our failure to estimate accurately the resources and time required to complete a service could adversely affect our profitability. Even under our cost-plus contracts, our inability to complete services within the estimated budget could affect our relationship with our clients and negatively impact awards of future contracts. As a result, if we incorrectly estimate the costs of our services, our businesses and financial performance could be adversely affected.

The proceeds from our insurance policies may not be sufficient and we may not be insured against all risks.

We maintain insurance coverage both as a corporate risk management strategy and in order to satisfy the requirements under certain regulations and contracts. We cannot assure you that proceeds from our insurance policies, however, will be sufficient to cover the damages resulting from any event covered by such policies. Certain risks may not be covered under the terms of our insurance policies. In such event, we may incur significant expenses to rebuild our facilities, repair or replace our equipment, or cover other damages. In addition, if any of our third-party insurers fail, abruptly cancel our coverage or otherwise cannot satisfy their insurance requirements to us, then our overall risk exposure and operational expenses could be increased. Moreover, we may not be able to renew our insurance policies on favorable terms, or at all. Although we have in the past been generally able to cover our insurance needs, we cannot assure you that we will be able to secure all necessary insurance in the future.

Investment in concessions may not meet estimated returns.

Our return on any investment in a concession is based on the terms and conditions of the concession, its duration and the amount of capital invested as well as the amount of revenues collected, debt service costs, payment of penalties and other factors. For example, passenger and cargo traffic volume may be affected by a number of factors beyond our control, including security conditions, general economic conditions, demographic changes, fuel prices, reduction in commercial or industrial activities in the regions served by our operations, and natural disasters.

Given these factors and the possibility that governmental authorities could implement policies that affect the contractual return on investment in a way that we did not anticipate, we cannot assure you that our return on any investment under any concession will meet our estimates.

In addition, our investments in concessions may require us to provide performance bonds or guarantees, which could be called upon if the obligations of the concession are not met in a timely manner or at all. As of June 30, 2013, we had off-balance sheet contingencies amounting to US$40.8 million (approximately S/.113.6 million), consisting primarily of performance bonds in connection with our joint-ventures TPE and AAP. For TPE, we issued a corporate guarantee for US$12 million and performance bonds in respect of which we are liable for US$8 million. For AAP, we issued performance bonds in respect of which we are liable for US$3.3 million. These contingent obligations may be called upon in the event we or one of our partners fail to perform under the relevant concession, which could materially impact our returns from our concession investments and our results of operations.

Governmental entities may terminate prematurely concessions held by our joint-ventures and similar contracts under various circumstances, some of which are beyond our control.

Our joint-ventures' ability to continue operating their concessions and similar public-sector contracts depends on governmental authorities, which may revoke the agreement for certain reasons set forth in the relevant contract and in applicable legislation, including the failure to comply with any contractual terms (including the concessionaire's default on debt) or applicable law. Failure to comply with our obligations under concession agreements could also enable the government to collect on performance bonds and corporate guarantees issued in connection with the relevant concessions (See "Business — Infrastructure Business — TPE and AAP"). Moreover, the relevant governmental authority may terminate and/or repossess a concession at any time, if, in accordance with applicable law, it determines that it is in the public interest to do so. The relevant governmental authority may also assume the operation of a concession in certain emergency situations, such as war, public disturbance or threat to national security. In addition, in the case of *force majeure*, the relevant governmental authority may require us to implement certain changes to our operations.

If the government terminates any of the concessions held by our joint-ventures, under Peruvian law it is generally required to compensate us for the amount of our unrecovered investment, unless the concession is revoked pursuant to applicable law or the terms of the concession which would imply a serious breach of the concession's terms by us. Such compensation process is likely to be time consuming and the amount paid to us may not fully compensate us. We cannot assure you that our joint-ventures would receive such compensation on a timely basis or in an amount equivalent to the value of the investment in a concession plus lost profits.

Debarment from participating in government bidding processes would have a material adverse effect on our business.

If we violate the Peruvian State Contracting Law (*Ley de Contrataciones del Estado*), we may face debarment from participating in government bidding processes for one to three years. We are required to comply with a large number of contractual obligations with the government in our business, and we cannot assure you that we will be in full compliance at all times. Moreover, such a debarment could affect the ability of our entire company (including any of our subsidiaries or related companies), and not just the line of business where the alleged violation took place, to participate in government bids under the Peruvian State Contracting Law. If our company is debarred from participating in government bidding processes, our business would be materially and adversely affected.

If we are unable to enter into joint operations, our ability to compete for new business may be adversely affected.

We may join with other companies to form joint operations or other strategic alliances to compete for a specific concession or contract, including with partners that contribute expertise in a specific field, such as the joint-ventures TPE and AAP, in which we partnered with Grupo Mota Engil and Corporación América S.A., respectively. Because a joint operation or alliance can often offer stronger combined qualifications than a company on a stand-alone basis, these arrangements can be important to the success of a particular bid. If we are unable to enter into joint operations or other strategic alliances, our ability to compete for new business may be adversely affected.

Our joint operations may be affected by disputes with, or the unsatisfactory performance by, our partners.

Joint operations and similar arrangements that we have and may in the future enter into as part of our business, may involve risks not otherwise present when we operate independently, including: sharing approval rights over major decisions; responsibility for our partners' unpaid obligations or liabilities; and inconsistencies in our and our partners' economic or business interests or goals. Any disputes between us and our partners may result in delays, litigation or operational impasses. We may also incur liabilities as a result of action taken by our partners. For example, pursuant to the bylaws of TPE and AAP, major corporate decisions, including the amendment of by-laws, approval of corporate reorganizations and any increase or reduction of capital stock, must be taken with the consent of all shareholders.

In addition, if we participate in joint operation arrangements where we are not the controlling party, we may have limited control over the joint operation decisions and actions and the success of the joint operation will depend largely on the performance of our partners. These risks could adversely affect our ability to transact the business that is the subject of such joint operation, and could result in the termination of the applicable concession or contract. Under these circumstances, we may be required to make additional investments and provide additional services to ensure adequate performance and delivery. These additional obligations could result in reduced profits or, in some cases, increased liabilities or significant losses for us. In addition, failure by a joint operation partner to comply with applicable laws or regulations could negatively impact our business and, in the case of government contracts, could result in fines, suspension or even debarment from participating in bidding processes. As a result, our business and financial performance could be adversely affected by disputes involving our joint operation arrangements.

Risks Relating to Peru

Poor economic conditions in Peru could adversely affect our business, financial condition and results of operations.

All of our operations are conducted in Peru and depend on economic and political developments in the country. As a result, our business may be materially and adversely affected by economic downturns, currency depreciation, inflation, interest rate fluctuation, government policies, regulation, taxation, social instability, political unrest, terrorism and other developments in or affecting the economy of Peru, over which we have no control.

In the past, Peru has experienced periods of severe economic recession, large currency devaluation and high inflation. In addition, Peru has experienced periods of political instability, which have led to adverse economic consequences. We cannot assure you that Peru will not experience similar adverse developments in the future.

Political and social developments in Peru could adversely affect our operations.

Our financial condition and results of operations may be adversely affected by changes in Peru's political situation to the extent that such changes affect the nation's economic policies, growth, stability, outlook or regulatory environment.

Peru has, from time to time, experienced social and political turmoil, including riots, nationwide protests, strikes and street demonstrations. Despite Peru's ongoing economic growth and stabilization, political tensions, high levels of poverty and unemployment, and social conflicts with local communities continue to be pervasive problems in Peru. In the recent past, certain areas in the south and the northern highlands of Peru with significant mining developments have experienced strikes and protests related mainly to the environmental impact of metallic mining activities, which have resulted in political tensions, commercial disruptions and a climate of uncertainty with respect to future mining and other large scale projects. These protests led to the suspension of certain mining projects, including the suspension of a large mining project in the northern region of Cajamarca which could have substantially increased equipment imports and mineral exports. Social conflicts may also disrupt, delay or suspend infrastructure projects in the future, which could have a material adverse effect on our business and financial performance. Future government policies in response to social unrest could include, among other things, increased taxation, as well as expropriation of assets. These policies could materially and adversely affect the Peruvian economy and, as a result, our business, financial condition and results of operations.

Peru's current president, Ollanta Humala of the Gana Perú political coalition, has been in office since July 28, 2011. The election of President Humala initially generated a climate of political and economic uncertainty. However, since assuming office, President Humala has substantially maintained the moderate economic policies of former president Alan García, whose administration was characterized by business-friendly and open-market economic policies that sustained and fostered economic growth, while controlling the inflation rate at historically low levels. However, we cannot assure you that the current or any future administration will maintain business-friendly and open-market economic policies or policies that stimulate economic growth and social stability. Any changes in the Peruvian economy or the Peruvian government's economic policies may have a negative effect on our business, financial condition and results of operations.

In addition, because in the most recent election for congress no single party obtained a clear majority, government gridlock and political uncertainty may occur. We cannot provide any assurances that political or social developments in Peru, over which we have no control, will not have an adverse effect on Peru's economic situation and on our business, results of operations, financial condition and ability to repay the notes.

Fluctuations in the value of the nuevo sol relative to the U.S. dollar could adversely affect our business, financial condition and results of operations.

Fluctuations in the value of the *nuevo sol* relative to the U.S. dollar could adversely affect Peru's economy. In addition, a depreciation of the *nuevo sol* could increase, in terms of *nuevos soles*, certain of our costs. During the first six months of 2013 the value of the *nuevo sol* relative to the U.S. dollar has decreased 9%. For the six months ended June 30, 2013, 43.7% of our cost of sales and 34.3% of our consolidated revenues were denominated in U.S. dollars. As of June 30, 2013, our financial debt denominated in U.S. dollars represented 90.2% of our total debt. As a result, the nominal amount of our financial obligations increases or decreases in the same proportion that the U.S dollar appreciates or depreciates in comparison to the *nuevo sol,* respectively. For example, because our outstanding U.S. dollar denominated debt amounted to US$99.1 million as of June 30, 2013, assuming such debt is recorded at any point in time at an exchange rate of S/. 2.75 per US$1.0, an increase or decrease in the exchange rate by S/.0.01 would result in a profit or loss of approximately S/.1 million. We currently do not hedge our foreign currency risk exposure. In the past the exchange rate between the *nuevo sol* and the U.S. dollar has fluctuated significantly. We cannot assure you that the value of *nuevo sol* against other currencies will not fluctuate significantly in the future, which could adversely affect the Peruvian economy and our business, financial condition and results of operations.

The re-implementation of certain laws by the Peruvian government, most notably restrictive exchange rate policies, could materially and adversely affect our and the guarantors' ability to make payment on the notes and the guarantees.

Since 1991, the Peruvian economy has experienced a significant transformation from a highly protected and regulated system to a free market economy. In 1991, President Fujimori's administration eliminated all foreign exchange controls and unified the exchange rate. Currently, foreign exchange rates are determined by market conditions, with regular operations by the Central Bank of Peru in the foreign exchange market in order to reduce volatility in the value of Peru's currency against the U.S. dollar. Since the early 1990s, protectionist and interventionist laws and policies have been gradually dismantled to create a liberal economy dominated by market forces. However, the Peruvian government may institute restrictive exchange rate policies in the future. Any such restrictive exchange rate policy could affect our ability to engage in foreign exchange activities, and could also materially and adversely affect us.

In addition, if the Peruvian government were to institute restrictive exchange rate policies in the future, we and the guarantors might be obligated to seek an authorization from the Peruvian government to make payments on the notes and the guarantees. We cannot assure you that such an authorization would be obtained. Any such exchange rate restrictions or the failure to obtain such an authorization could materially and adversely affect our and the guarantors' ability to make payments under the notes and the guarantees, respectively.

Inflation could adversely affect our business, financial condition and results of operations.

Peru, like some other countries in Latin America, experienced periods of hyperinflation in the 1980s and high inflation in the early 1990s. In recent years, inflation has been relatively low, with an average annual inflation rate between 2007-2012 of 3.2% as measured by the Peruvian Consumer Price Index (*Índice de Precios al Consumidor del Perú* or "CPI") that is calculated and published by the INEI. If Peru experiences significant rates of inflation in the future, the economy could be adversely affected. In addition, in response to increased inflation, the Central Bank of Peru, which sets the Peruvian basic interest rate, may increase or decrease the basic interest rate in an attempt to control inflation or foster economic growth, which could increase our cost of certain funding. Additionally, a return to a high inflation environment would also undermine Peru's foreign competitiveness, with negative effects on the level of economic activity and employment, while increasing our operating costs and adversely impacting our operating margins if we are unable to pass the increased costs to our clients.

Changes in tax laws may increase our tax burden and, as a result, could adversely affect our business, financial condition and results of operations.

The Peruvian congress and government regularly implement changes to tax laws that may increase our tax burden. These changes may include modifications in our tax rates and, on occasions, the enactment of temporary taxes that in some cases have become permanent taxes. Tax reforms related to the Peruvian income tax, value added tax and tax code have recently been approved, but we are unable to estimate the impacts that these reforms may have on our businesses. The effects of any tax reforms that could be proposed in the future and any other changes that result from the enactment of additional reforms have not been, and cannot be, quantified. However, any changes to our tax regime may result in increases in our overall costs and/or our overall compliance costs, which could negatively affect our financial performance.

Earthquakes, flooding and other natural disasters could affect our business, financial condition and results of operations.

Peru is located in an area that experiences seismic activity and occasionally is affected by earthquakes. In 2007, an earthquake with a magnitude of 7.9 on the Richter scale struck the central coast of Peru, severely damaging the Ica region, located south of Lima. In addition, Peru, specifically in the coastal region where we perform most of our business activities, experiences from time to time severe rainfall and flooding, largely as a result of the climate pattern known as El Niño, which typically occurs every two to seven years. Although we have insurance covering damages caused by natural disasters, the occurrence of a severe natural disaster in the coastal region of Peru could affect our facilities and temporarily disrupt our performance of logistics and maritime services as well as to our operation and maintenance of infrastructure business' assets.

A resurgence of terrorism in Peru could adversely affect the Peruvian economy and, as a result, our business and results of operations.

In the past, Peru experienced significant levels of terrorist activity that reached its peak of violence against the government and private sector in the late 1980s and early 1990s. In the mid-1990s, terrorist groups suffered significant defeats, including the arrest of leaders, resulting in considerable limitations in their activities. Although terrorism no longer poses a significant threat in Peru, a small group of terrorists primarily related to drug traffickers continues to operate in remote mountainous and jungle areas in the central and southern regions of the country. A resurgence of terrorism could materially and adversely affect the Peruvian economy and, as a result, our business, financial condition and results of operations.

The Peruvian economy could be affected by adverse economic developments in regional or global markets.

Financial and securities markets in Peru are influenced, to varying degrees, by economic and market conditions in regional or global markets. Although economic conditions vary from country to country, investors' perceptions of the events occurring in one country may adversely affect capital flows into and securities from issuers in other countries, including Peru.

The Peruvian economy was adversely affected by the political and economic events that occurred in several emerging economies in the 1990s, including Mexico in 1994 and the Asian crisis in 1997, which affected the market value of securities issued by companies from markets throughout Latin America. Similar adverse consequences resulted from the economic crisis in Russia in 1998, the Brazilian currency devaluation in 1999 and the Argentine crisis in 2001. In addition, Peru's economy continues to be affected by events in the economies of its major regional partners and in developed economies that are trading partners or that affect the global economy. During the recent global economic and financial crisis, global conditions led to a slowdown in economic growth in Peru, slowing GDP growth in 2009 to 0.9%. In particular, the Peruvian economy suffered the effects of lower commodity prices in the international markets, a decrease in export volumes, a decrease in foreign direct investment inflows and, as a result, a decline in foreign reserves. Despite that, Peru was South America's fastest growing economy as measured by real GDP growth and one of only six investment grade countries worldwide with average annual real GDP growth over 6.5% from 2008 to 2012.

Adverse developments in regional or global markets or an increase in the perceived risks associated with investing in emerging markets in the future could adversely affect the Peruvian economy and, as a result, adversely affect our business, financial condition and results of operations.

Risks Relating to the Notes

We are a holding company and depend on distributions from our operating subsidiaries and joint-ventures to meet our obligations.

We are a holding company with no material assets other than the stock of our subsidiaries. Accordingly, cash flows and the ability to meet our obligations, including payment of principal, interest and any premium payments on the notes, are largely dependent upon the earnings of our subsidiaries and the payment of such earnings to us in the form of dividends, loans, advances or other distributions. The ability of our subsidiaries to make dividend or other payments to us are affected by, among other factors, the obligations of these subsidiaries to their creditors, requirements of the relevant corporate and other laws in the jurisdiction in which each subsidiary operates, and restrictions contained in agreements entered into by or relating to these entities.

Our subsidiaries that are not guaranteeing the notes, including our Unrestricted Subsidiaries (as defined in "Description of Notes"), and our joint-ventures do not have an obligation to pay amounts due on the notes or to make funds available for that purpose. While the indenture governing the notes limits the ability of certain of our subsidiaries to incur consensual restrictions on their ability to pay dividends or make intercompany payments to us, these limitations are subject to certain qualifications and exceptions, and, in particular, do not apply to the terms of any indebtedness of any Unrestricted Subsidiary or joint-venture. In the event that we do not receive dividend or other payments from our subsidiaries, we may not be able to make required principal and interest payments on our indebtedness, including the notes, or honor our other obligations, and you may be forced to make a claim against the guarantors.

As of December 31, 2012 and June 30, 2013, Terrano, Inversiones Portuarias and Oporsa together represented 44.1% and 43.1%, respectively, of AIH's consolidated total assets, and for the year ended December 31, 2012 and the six months ended June 30, 2013, 0.1% and zero, respectively, of AIH's consolidated revenues.

Our obligations under the notes will be subordinated to certain statutory liabilities.

The Notes will be our senior unsecured obligations. In the event of our liquidation, the notes will be subordinated to the following categories of obligations, which are granted preferential treatment under Peruvian law: (i) labor claims, (ii) tax claims, and (iii) existing and future secured indebtedness, which seniority extends only to the value of the assets securing such indebtedness.

We and the guarantors may incur additional indebtedness ranking equally to the notes or the guarantees.

The indenture governing the notes will limit our ability to incur additional debt but nevertheless will permit us and the guarantors, in certain circumstances, to issue additional debt that ranks on an equal and ratable basis with the notes or the guarantees, as applicable. If we or the guarantors incur any additional debt that ranks on an equal and ratable basis with the notes or the guarantees, as applicable, the holders of that debt will be entitled to share ratably with the holders of the notes in any proceeds distributed in connection with an insolvency, liquidation, reorganization, dissolution or other winding-up of us or the guarantors, as applicable, subject to satisfaction of certain debt limitations. This may have the effect of reducing the amount of proceeds paid to you. We and the guarantors also have the ability to incur secured debt and such debt would be effectively senior to the notes and the guarantees, as applicable, to the extent of such collateral. We also may incur additional debt in the future that could mature prior to the notes. Any such additional debt could further exacerbate the risks of our indebtedness.

Our substantial indebtedness may make it difficult for us to service our debt, including the notes, and to operate our businesses.

We have, and after the offering of the notes will continue to have, a significant amount of indebtedness. As of June 30, 2013, we and our subsidiaries had S/.305.8 million (US$109.9 million) of total consolidated debt. We anticipate that our substantial indebtedness will continue for the foreseeable future. Our substantial indebtedness may have important negative consequences for you, including:

- making it more difficult for us and our subsidiaries to satisfy our obligations with respect to our debt, including the notes and other liabilities;
- requiring that a substantial portion of the cash flow from operations of our operating subsidiaries be dedicated to debt service obligations, reducing the availability of cash flow to fund internal growth through working capital and capital expenditures and for other general corporate purposes;
- increasing our vulnerability to economic downturns in our business lines;
- exposing us to interest rate increases;
- placing us at a competitive disadvantage compared to our competitors that have less debt in relation to cash flow;
- limiting our flexibility in planning for or reacting to changes in our business;
- restricting us from pursuing strategic acquisitions or exploiting certain business opportunities; and
- limiting, among other things, our and our subsidiaries' ability to borrow additional funds or raise equity capital in the future and increasing the costs of such additional financings.

In the worst case, an actual or impending inability by us or our subsidiaries to pay debts as they become due and payable could result in our insolvency.

Payments on the notes and the guarantees will be effectively subordinated to our and the guarantors' secured debt obligations and structurally subordinated to the liabilities of the non-guarantor subsidiaries.

As of June 30, 2013, after giving pro forma effect to the issuance of the notes and use of proceeds thereof, we would have had approximately S/.386.3 million (approximately US$138.8 million) of consolidated total indebtedness, of which S/.30.8 million (US$11.1 million) would have been secured indebtedness. The notes will be fully guaranteed by all of the subsidiary guarantors on an unsecured basis. Initially, all of our restricted subsidiaries will guarantee the notes. The notes and the guarantees will constitute senior unsecured obligations of AIH and the guarantors, and will rank equal in right of payment with all of the other existing and future unsecured, unsubordinated indebtedness of AIH and the guarantors, other than with respect to certain obligations given preferential treatment pursuant to the laws of Peru. Holders of the notes will not have any right to file a claim against any of our subsidiaries that are not guarantors of the notes, including the unrestricted subsidiaries. Therefore, our non-guarantor subsidiaries will pay their debt and other obligations as required, before they make any funds available to us for making payments under the notes. Moreover, the right of the holders of the notes to receive assets of any non-guarantor subsidiaries upon liquidation or reorganization or to participate in the distribution of, or realize the proceeds of, those assets will be structurally subordinated to the claims of such subsidiary's creditors.

Although the holders of the notes will have a direct, but unsecured, claim on our assets and property of AIH and the guarantors, payment on the notes and guarantees will be effectively subordinated to payments on AIH's and the guarantors' secured debt to the extent of the assets and property securing such debt. Payments on the notes and guarantees are also subject to the payment of certain other obligations that receive preferential treatment under Peruvian law, such as certain labor and tax obligations.

If we were to issue additional notes of the same series, where priority of liquidation is on the basis of the date such indebtedness was incurred, the result of such further issuance could have the effect of moving the priority of these notes down to a certain extent, if we were to incur additional indebtedness between the issuance date of the notes offered hereby and the issuance date of such additional notes. We cannot assure that in the event of our liquidation we would have sufficient funds to repay the notes after payment of all amounts granted preferential treatment under Peruvian law.

There is no existing market for the trading of the notes, and we cannot assure you that you will be able to sell your notes in the future.

The notes constitute a new issue of securities. There is no existing market for trading of the notes, and we cannot assure you that in the future a market for the notes will develop, or that you will be able to sell any notes you have purchased, or that any such notes may be sold for any particular price. Although we have applied to the Luxembourg Stock Exchange for the notes to be admitted to the Official List and to trading on the Euro MTF Market, we cannot provide you with any assurances regarding the future development of a market for the notes, the ability of holders of the notes to sell their notes, or the price at which such holders may be able to sell their notes. If such a market were to develop, the notes could trade at prices that may be higher or lower than the initial offering price depending on many factors, including prevailing interest rates, our results of operations and financial condition, political and economic developments in and affecting Peru and the markets for similar securities. The initial purchasers have advised us that they currently intend to make a market in the notes but they are not under any obligation to do so, and any market-making with respect to the notes may be discontinued at any time without notice at the sole discretion of the initial purchasers.

In addition, trading or resale of the notes (or beneficial interests therein) may be negatively affected by other factors described in this offering memorandum arising from this transaction or the market for securities of Peruvian issuers generally. As a result, we cannot assure you the level of liquidity of any trading market for the notes and, as a result, you may be required to bear the financial risk of your investment in the notes indefinitely.

The notes are subject to transfer restrictions.

The notes have not been registered under the Securities Act, any U.S. state securities laws or the laws of any other jurisdiction (other than Peru). As a result, the notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Such exemptions include offers and sales that occur outside the Unites States in compliance with Regulation S under the Securities Act in accordance with any applicable securities laws of any other jurisdiction.

We may choose to redeem the notes and you may be unable to reinvest the proceeds at the same or a higher rate of return.

We may redeem the notes, in whole but not in part, on or after November 13, 2016 at the applicable redemption prices set forth in this offering memorandum, plus accrued and unpaid interest. See "Description of the Notes—Optional Redemption without a Make-Whole redemption." Before November 13, 2016, we may also redeem the notes, in whole but not in part, at a redemption price based on a "make-whole" premium, plus accrued and unpaid interest. See "Description of the Notes—Optional Redemption with a Make-Whole redemption." In addition, prior to November 13, 2016, we may redeem up to 35% of the notes at a redemption price equal to 111.00% of their principal amount, plus accrued and unpaid interest, using the proceeds of certain equity offerings. See "Description of the Notes—Optional Redemption with Proceeds of Equity Offerings." In the event of certain changes in the applicable withholding tax treatment relating to payments on the notes, we may redeem the notes in whole, but not in part, at a price equal to 100% of their principal amount plus accrued and unpaid interest to the redemption date. See "Description of the Notes—Optional Redemption Upon Tax Event." We may choose to redeem the notes at times when prevailing interest rates may be relatively low. Accordingly, you may not be able to reinvest the redemption proceeds in a comparable security with an effective interest rate as high as that of the notes.

We may not be able to repurchase the notes upon a change of control repurchase event.

Upon the occurrence of a change of control followed by a ratings downgrade resulting in a change of control repurchase event (as defined in the indenture), we may be required by the holders of the notes to offer to repurchase all of the outstanding notes at 101% of their principal amount, plus accrued and unpaid interest. The source of funds for any such purchase of the notes will be our available cash or cash generated from our subsidiaries' operations or other sources, including borrowings, sales of assets or sales of equity. We may not be able to repurchase the notes upon a change of control repurchase event because we may not have sufficient financial resources to purchase all of the notes that are tendered upon a change of control repurchase event. Our failure to repurchase the notes upon a change of control repurchase event would cause a default under the indenture governing the notes. Any of our future debt agreements may contain similar provisions.

Different disclosure requirements in Peru and the United States may provide you with different or less information about us than you expect.

Securities disclosure requirements in Peru differ from those applicable in the United States. Accordingly, the information about us available to you may not be the same as the information available to security holders of a U.S. company. There may be less publicly available information about us than is regularly published about companies in the U.S. and certain other jurisdictions. We are not subject to the periodic reporting requirements of the Exchange Act and, therefore, are not required to comply with the information disclosure requirements that it imposes.

Enforcing your rights as a holder of notes in Peru may prove difficult.

Your rights under the notes will be subject to the insolvency and administrative laws of Peru and we cannot assure you that you will be able to effectively enforce your rights in such insolvency or similar proceedings. In addition, insolvency, administrative and other laws of Peru may be materially different from, or in conflict with, each other, including in the areas of rights of creditors, priority of government entities and related party creditors and ability to obtain post-bankruptcy filing loans or to pay interest. The application of these laws, or any conflict among them, could call into question what and how Peruvian laws should apply. The laws of Peru may not be as favorable to your interests as the laws of jurisdictions with which you are familiar. Such issues may adversely affect your ability to enforce your rights under the notes in Peru, as the case may be, or limit any amounts that you may receive.

The ability of investors to enforce civil liabilities under U.S. securities laws may be limited.

Most of our directors or executive officers are not residents of the United States. All or a substantial portion of our assets and those of our directors and executive officers are located outside of the United States. As a result, it may not be possible for investors in our securities to effect service of process within the United States upon such persons or to enforce in U.S. courts or outside of the United States judgments obtained against such persons outside of the United States.

We are a company organized and existing under the laws of Peru, and there is no existing treaty between the United States and Peru for the reciprocal enforcement of foreign judgments. It is not clear whether a foreign court would accept jurisdiction and impose civil liability if proceedings were commenced in a foreign jurisdiction predicated solely upon U.S. federal securities laws. See "Service of Process and Enforceability of Civil Liabilities."

The perception of higher risk in other countries, especially in emerging economies, may adversely affect the Peruvian economy, our business and the market price of Peruvian securities issued by Peruvian issuers, including the notes.

Emerging markets like Peru are subject to greater risks than more developed markets, and financial turmoil in any emerging market could disrupt business in Peru and adversely affect the price of the notes. Moreover, financial turmoil in any important emerging market country may adversely affect prices in stock markets and prices for debt securities of issuers in other emerging market countries as investors move their money to more stable, developed markets. An increase in the perceived risks associated with investing in emerging markets could dampen capital flows to Peru and adversely affect the Peruvian economy in general, and the interest of investors in the notes, in particular in Peru. We cannot assure you that the value of the notes will not be negatively affected by events in other emerging markets or the global economy in general.

Our controlling shareholders may have interests that differ from your interests as a noteholder.

Our controlling shareholders, in the aggregate, own common stock representing 75.71% of our economic and voting interests. As a result, our controlling shareholders are and will be able to strongly influence or effectively control the election of our directors, determine the outcome of substantially all actions requiring shareholder approval and shape our corporate and management policies. So long as our controlling shareholders continue to own a significant amount of the outstanding shares of our common stock, they will continue to be able to strongly influence or effectively control our decisions, including expansion plans, marketing strategies, product offerings and other significant corporate decisions and transactions.

The interests of our controlling shareholders may not coincide with yours as a holder of notes. For example, our controlling shareholders may have an interest in undertaking expansions, divestitures, financings and other actions that, in their judgment, could enhance their equity investments, even though those actions might involve risks to you as a holder of the notes.

We cannot assure you that the credit ratings for the notes will not be lowered, suspended or withdrawn by the rating agencies.

The credit ratings of the notes may change after issuance. Such ratings are limited in scope, and do not address all material risks relating to an investment in the notes, but rather reflect only the views of the rating agencies at the time the ratings are issued. An explanation of the significance of such ratings may be obtained from the rating agencies. We cannot assure you that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in the judgment of such rating agencies, circumstances so warrant. Any lowering, suspension or withdrawal of such ratings may have an adverse effect on the market price and marketability of the notes.

Peruvian capital gains tax may apply on transfers of the notes.

In the event beneficial interests in the global notes representing the notes are exchanged for definitive notes, the non-Peruvian holders of such global notes may be subject to Peruvian capital gains tax on any transfer of such definitive notes. See “Taxation—Peruvian Tax Considerations.”

It is possible that the guarantees may not be enforceable in the event of insolvency or bankruptcy or may be limited as to enforcement.

The guarantees provide a basis for a direct claim against the guarantors. However, it is possible that the guarantees may not be enforceable under Peruvian law or U.S. federal or state law. In particular, while the laws of these jurisdictions do not prevent the guarantees from being granted, in the event that a guarantor is declared insolvent or bankrupt, the relevant guarantee could be voided, or claims in respect of a guarantee could be subordinated to all other debts of that guarantor if, among other things, the guarantor, at the time it provided its guarantee:

- issued such guarantee by means of misrepresentation;
- provided the guarantee with the intent to hinder, delay or defraud creditors or was influenced by a desire to put the beneficiary of the guarantee in a position which, in the event of the guarantor’s insolvency, would be better than the position the beneficiary would have been in had the guarantee not been given;
- received less than reasonably equivalent value or fair consideration for the incurrence of such guarantee;

- was insolvent or rendered insolvent by reason of such incurrence;
- was engaged in a business or transaction for which the guarantor's remaining assets constituted unreasonably small capital; or
- intended to provide, or believed that it would provide, the guarantee beyond its ability to repay it upon its maturity.

USE OF PROCEEDS

The net proceeds from the sale of the notes are estimated to be approximately US$111.2 million after deducting the fees and expenses of the offering. We intend to use the net proceeds from this offering to: (i) repay approximately US$85.4 million of our existing debt (including, among other outstanding debt, our syndicated loan agreement with Goldman Sachs Credit Partners L.P. (see "Plan of Distribution—Other Relationships")), (ii) invest US$10.0 million in Terrano, specifically in the Lima Hub Project and (iii) invest US$5.7 million in Cosmos and US$7.1 million in Neptunia for organic growth of their operations. We expect to use the remainder for general corporate purposes.

Our expected use of the net proceeds represents our intentions based upon our present plans and business conditions. However, we cannot predict with certainty all of the particular uses of the proceeds from this offering or the amounts that we will actually spend on the uses set forth above. Accordingly, our management will have significant flexibility in applying the net proceeds of this offering.

EXCHANGE RATE INFORMATION

The Peruvian *nuevo sol* is freely traded in the exchange market. Current Peruvian regulations on foreign investment allow foreign equity holders of Peruvian companies to receive and repatriate 100% of the cash dividends distributed by these companies. Non-Peruvian equity holders are allowed to purchase foreign currency at free market currency rates through any member of the Peruvian banking system and transfer such foreign currency outside Peru without restriction. Peruvian law in the past, however, has imposed restrictions on the conversion of Peruvian currency and the transfer of funds abroad, and we cannot assure you that Peruvian law will continue to permit such payments, transfers, conversions or remittances without restrictions.

The following table sets forth, for the periods indicated, certain information regarding the exchange rates for *nuevos soles* per U.S. dollar, as published by the SBS. The Federal Reserve Bank of New York does not report a noon buying rate for *nuevos soles*.

	High	Low	Average (1)	Period-End
Year ended December 31,				
2008	3.157	2.693	2.941	3.140
2009	3.259	2.852	3.006	2.890
2010	2.883	2.787	2.826	2.809
2011	2.833	2.694	2.755	2.696
2012	2.710	2.551	2.635	2.551
Month:				
January 2013	2.578	2.540	2.552	2.578
February 2013	2.586	2.567	2.578	2.586
March 2013	2.604	2.586	2.595	2.589
April 2013	2.646	2.577	2.598	2.646
May 2013	2.734	2.600	2.646	2.734
June 2013	2.786	2.711	2.748	2.783
July 2013	2.794	2.756	2.778	2.794
August 2013	2.820	2.790	2.802	2.808
September 2013	2.810	2.742	2.780	2.782
October (through October 4)	2.782	2.778	2.780	2.779

Source: SBS.

(1) Based on the exchange rate on the last day of each month during the year, except in the case of monthly data, which is based on daily exchange rates.

On October 4, 2013, the exchange rate as reported by the SBS was S/.2.779 per US$1.00.

Our inclusion of such translations is not meant to suggest that the U.S. dollar amounts actually represent such *nuevos soles* amounts or that such amounts could have been converted into *nuevos soles* at such rate or any other rate. For a discussion of the impact of the exchange rate fluctuations on our financial condition and results of operations, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

CAPITALIZATION

The following table sets forth our total capitalization as of June 30, 2013, on an actual basis and on an as adjusted basis to give effect to the sale of File Service and the receipt by us of approximately US$111.2 million in net proceeds from the sale of the notes, as if it had occurred on June 30, 2013, and the use of proceeds therefrom.

This table should be read in conjunction with "Selected Financial Information," "Use of Proceeds," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included in this offering memorandum.

	As of June 30, 2013			
	Actual	As Adjusted	Actual	As Adjusted
	(in millions of S/.)		(in millions of US$) (1)	
Cash and cash equivalents:	24.8	127.9	8.9	45.9
Indebtedness:				
Short-term borrowings	53.4	51.6	19.2	18.6
Long-term borrowings	252.4	14.6	90.7	5.2
% Senior Notes due offered hereby		320.0		115.0
Total debt	**305.8**	**386.3**	**109.9**	**138.8**
Equity:				
Total equity	1,227.1	1,225.9	440.9	440.5
Total capitalization	**1,532.9**	**1,612.2**	**550.8**	**579.3**

(1) Amounts stated in U.S. dollars have been translated from *nuevos soles* at the exchange rate of S/.2.783 to US$1.00, which was the exchange rate reported on June 30, 2013, by the SBS. See "Exchange Rate Information."

SELECTED FINANCIAL DATA

The following information is only a summary and should be read together with "Management's Discussion and Analysis of Financial Conditions and Results of Operations" and our consolidated financial statements and related notes included in this offering memorandum.

The following summary financial data as of and for the years ended December 31, 2012, 2011 and 2010 have been derived from our annual audited consolidated financial statements included in this offering memorandum, which have been prepared in accordance with IFRS as issued by the IASB. The summary financial data as of and for the six months ended June 30, 2012 and 2013 have been derived from our unaudited interim condensed consolidated financial statements included in this offering memorandum, which have been prepared in accordance with IFRS as issued by the IASB, as applied to interim financial statements. Our unaudited interim condensed consolidated financial statements and related notes have been condensed, but contain all adjustments, including adjustments of a normal and recurring nature, necessary for a fair presentation of our financial position and results of operations. The results for the six months ended June 30, 2013 are not necessarily indicative of the results to be expected for the entire year ending December 31, 2013. Accordingly, the unaudited interim condensed consolidated financial statements and related notes thereto should be read in conjunction with our annual audited consolidated financial statements and the related notes.

	For the six month period ended June 30,			For the year ended December 31,			
	2013	2013	2012	2012	2012	2011	2010
	(in millions of US$) (1)	(in millions of S/.)		(in millions of US$) (1)	(in millions of S/.)		
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME:							
Revenue from services rendered	100.3	279.1	232.1	185.8	517.0	465.6	402.4
Cost of services rendered	(75.2)	(209.4)	(179.8)	(143.9)	(400.4)	(356.9)	(305.4)
Gross profit	25.1	69.7	52.3	41.9	116.6	108.7	97.0
Selling expenses	(6.0)	(16.8)	(11.4)	(11.1)	(30.9)	(22.4)	(19.4)
Administration expenses	(9.4)	(26.0)	(31.2)	(20.8)	(57.8)	(66.0)	(64.1)
Other income	1.4	3.8	8.2	6.4	17.8	19.2	31.2
Other expenses	(1.5)	(4.2)	(6.7)	(5.2)	(14.5)	(10.3)	(23.9)
Operating profit	9.5	26.5	11.2	11.2	31.3	29.2	20.8
Financial income	0.6	1.7	1.8	1.1	2.9	5.4	5.9
Financial costs	(7.3)	(20.4)	(18.4)	(13.2)	(36.6)	(34.8)	(17.9)
Profit attributable to jointly controlled businesses	1.6	4.5	5.3	2.0	5.6	3.7	5.7
Exchange difference, net	(8.2)	(22.9)	2.9	5.1	14.2	8.6	2.8
(Loss) profit before income tax	(3.8)	(10.6)	2.8	6.3	17.4	12.1	17.3
Income tax expense	(0.2)	(0.6)	1.3	(0.5)	(1.3)	(6.9)	(3.9)
(Loss) profit for the year	(4.0)	(11.2)	4.1	5.8	16.1	5.2	13.4

	As of June 30,		As of December 31,		
	2013	2013	2012	2012	2011
	(in millions of US$)(1)	(in millions of S/.)	(in millions of US$) (1)	(in millions of S/.)	
CONSOLIDATED STATEMENT OF FINANCIAL POSITION:					
Assets					
Current assets					
Cash and cash equivalents	8.9	24.8	6.1	16.9	19.2
Trade accounts receivable	28.2	78.6	27.3	76.0	54.3
Accounts receivable from related parties	4.5	12.4	3.8	10.5	10.9
Recoverable taxes	5.6	15.6	4.7	13.1	13.5
Other receivables	14.3	39.9	16.2	45.0	17.5
Inventories	10.0	27.7	7.8	21.8	16.0
Prepaid expenses	2.8	7.8	1.3	3.6	5.7
Total current assets	74.3	206.8	67.2	186.9	137.1
Non current assets					
Investment in jointly controlled businesses	30.3	84.3	26.4	73.4	19.3
Property, plant and equipment	630.9	1,756.0	631.8	1,758.3(2)	693.2
Intangible assets	10.3	28.7	10.4	28.9	28.1
Total non-current assets	671.5	1,869.0	668.6	1,860.6	740.5
Total assets	745.8	2,075.8	735.8	2,047.5	877.6
Liabilities and equity					
Current liabilities					
Short term borrowings	13.2	36.6	11.0	30.7	28.3
Trade accounts payable	19.4	54.1	19.1	53.1	50.3
Accounts payable to related parties	3.0	8.3	3.6	10.1	1.7
Income tax payables	2.8	7.9	2.9	8.2	6.5
Other accounts payable	13.1	36.4	9.9	27.8	20.5
Current portion of long-term borrowings	6.0	16.8	9.7	27.1	16.9
Total current liabilities	57.5	160.1	56.4	157.0	124.2
Non-current liabilities					
Long-term borrowings	90.7	252.4	78.3	217.8	265.3
Deferred income tax liability	156.7	436.2	156.9	436.9	122.6
Deferred income	0.0	0.0	0.1	0.2	0.3
Total non-current liabilities	247.4	688.6	235.3	654.9	388.2
Total liabilities	305.0	848.7	291.7	811.9	512.4
Equity					
Share capital	48.3	134.5	48.3	134.5	99.7
Treasury shares	(1.5)	(4.1)	(2.7)	(7.4)	0.0
Share premium	27.7	77.2	27.7	77.2	0.0
Revaluation surplus	261.7	728.3	261.7	728.4	0.0
Legal reserve	3.0	8.4	2.9	8.0	7.9
Retained earnings	86.4	240.4	90.9	252.9	234.9
Non-controlling interest	15.2	42.4	15.1	42.0	22.8
Total equity	440.8	1,227.1	443.9	1,235.6	365.3
Total liabilities and equity	745.8	2,075.8	735.8	2,047.5	877.7

	For the six month period ended June 30,			For the year ended December 31,			
	2013	2013	2012	2012	2012	2011	2010
	(in millions of US$) (1)	(in millions of S/.)		(in millions of US$) (1)	(in millions of S/.)		
CONSOLIDATED STATEMENT OF CASH FLOW:							
Net cash (used in) generated from operating activities	(3.3)	(9.1)	(35.3)	(0.2)	(0.5)	15.4	17.6
Net cash (used in) generated from investing activities	(4.5)	(12.4)	(48.8)	(24.5)	(68.1)	(39.9)	(3.2)
Net cash (used in) g financing activities	10.6	29.4	82.3	23.8	66.2	16.9	(20.3)

	For the six month period ended June 30,			For the year ended December 31,			
	2013	2013	2012	2012	2012	2011	2010
	(in millions of US$) (1)	(in millions of S/.)		(in millions of US$) (1)	(in millions of S/.)		
OTHER FINANCIAL DATA							
Total Debt	109.9	305.8	288.3	99.0	275.6	310.5	154.3
Net Debt (3)	100.9	281.0	270.8	93.0	258.7	291.3	127.4
Adjusted EBITDA margin(4) (6)	13.7%	13.7%	10.2%	11.3%	11.3%	11.5%	10.6%
Interest Coverage Ratio (4)(5)	2.0	2.0	1.7	1.7	1.7	1.8	3.6
Net debt/Adjusted LTM EBITDA (4) (6)	3.9	3.9	5.3	4.4	4.4	5.5	2.9

The following is a reconciliation of profit to Adjusted EBITDA for the periods indicated:

	For the twelve months ended June 30,			For the year ended December 31,			
	2013	2013	2012	2012	2012	2011	2010
	(in millions of US$)(1)	(in millions of S/.)		(in millions of US$)(1)	(in millions of S/.)		
Profit (loss) for the period	0.3	0.7	8.0	5.8	16.1	5.2	13.4
Income tax	1.2	3.3	2.9	0.5	1.3	6.9	3.9
Exchange difference, net	4.2	11.6	(9.8)	(5.1)	(14.2)	(8.6)	(2.8)
Financial cost	12.8	35.7	29.9	12.1	33.6	29.4	12.0
Depreciation and amortization	8.7	24.3	24.4	8.4	23.4	22.1	21.8
Non-cash portion of profit (loss) attributable to jointly controlled businesses	(1.5)	(4.1)	(4.3)	(0.8)	(2.1)	(1.6)	(4.9)
Adjusted LTM EBITDA (6)	25.7	71.5	51.1	20.9	58.1	53.4	43.4

(1) Calculated based on an exchange rate of S/.2.783 to US$1.00 as of June 30, 2013.

(2) In accordance with IAS 1, components of other comprehensive income (OCI) are items of income and expense (including reclassification adjustments) that are not recognized in profit or loss as required or permitted by other IFRS. They include: changes in the revaluation surplus relating to property, plant and equipment or intangible assets; actuarial gains and losses on defined benefit plans; gains and losses arising from translating the financial statements of a foreign operation; gains and losses on remeasuring available-for-sale financial assets; and the effective portion of gains and losses on hedging instruments in a cash flow hedge. These items are recognized in the statement of other comprehensive income because they arise from changes which are not permitted to be recognized in the statement of profit or loss and also enclose all changes in equity other than transactions from owners and distributions to owners. In our case, we have only presented changes in the revaluation surplus relating to property, plant and equipment in the statements of other comprehensive income for the year ended December 31, 2012. Accordingly, in 2012 we changed our real property appraisal policy from the cost model to the reappraisal model in accordance with the IFRS "property, plant and equipment." The change in accounting policy reflects the appraisal of our investments in real property and provides our shareholders with more accurate information regarding the value of our property. As a result of our implementation of IFRS, in 2012 we did a revaluation of our real estate portfolio, which was reflected in our balance sheet. The effect on our 2012 consolidated financial statements was an S/.1,065.4 million increase in book-value of our property compared to our 2011 consolidated financial statements and a resulting deferred income tax obligation amounting to S/.318.4 million. As mentioned above, our auditors have reflected this as comprehensive income for 2012. The appreciation of the market value of our property is not levied by any tax and the appraisal was done by an independent professional.

(3) Total debt minus cash and cash equivalents.

(4) Ratios as of and for the six months ended June 30, 2013 and 2012 are calculated using Adjusted EBITDA for the twelve months ended June 30, 2013 and 2012, respectively.

(5) Ratio of Adjusted EBITDA to interest expense.

(6) We define Adjusted EBITDA (which may be different from similarly titled measures reported by other companies in the logistics, maritime services or infrastructure businesses or otherwise) as profit (loss) for the period *plus*, without duplication, income tax,

exchange difference, net, financial cost, depreciation and amortization, *less* the non-cash portion of profit (loss) attributable to jointly controlled businesses. Adjusted EBITDA is not a measurement of our financial performance under IFRS. We believe that Adjusted EBITDA is useful to investors as it provides a meaningful basis for reviewing the results of our operations by eliminating the effects of financing and investing decisions, as well as excluding the impact of activities not related to our ongoing operating business. Adjusted EBITDA is not defined under IFRS, should not be considered in isolation or as substitute for measures of our performance prepared in accordance with IFRS and not indicative of income from operations as determined under IFRS. Adjusted EBITDA has limitations as an analytical tool, and you should not consider Adjusted EBITDA either in isolation or as a substitute for net income loss, cash flows or other methods of analyzing our results as reported under IFRS. Because not all companies use identical calculations, our presentation of Adjusted EBITDA may not be comparable to other similarly titled measures of other companies. Adjusted EBITDA presented in tables containing information for the six months ended June 30, 2013 and 2012 included in this offering memorandum is calculated using Adjusted EBITDA for the twelve months ended June 30, 2013 and 2012, respectively.

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

The following discussion contains an analysis of our financial condition and results of operations for the six months ended June 30, 2013 and 2012 and for the years ended December 31, 2012, 2011 and 2010. The following discussion should be read in conjunction with our annual audited consolidated financial statements and unaudited interim condensed consolidated financial statements, together with the related notes, included in this offering memorandum.

Overview

We are the leading conglomerate provider of fully integrated logistics services in Peru[2]. Our conglomerate is divided into three business lines: Logistics Services, Maritime Services and Infrastructure. Through these businesses, we render services to shipping lines, diverse operators in the oil and gas industry, importers and exporters, and we also develop and operate public ports and airport facilities through public concessions as well as private projects.

Our Logistics Services

Through our logistics services business, we provide our clients all necessary services required to bring cargo into the three ports where we operate (Paita, Callao and Matarani), we assist in all aspects of cargo handling while at port and we provide transport services to or from warehouses and to wholesale points of sale throughout the coastal, mountain and jungle regions of Peru and, in certain cases, retail points primarily concentrated in Lima and Callao. Our logistics services include (i) the transportation of containers, bulk and liquid cargo to and from port facilities and customer warehouses, (ii) transportation and receipt of containers at our premises and sorting and storage of goods, and (iii) labeling and preparation of cargo according to clients' requests and specifications. We also provide packaging, loading, sorting and distribution of our clients' cargo. Through our subsidiary Neptunia we handled: (i) 152,968 container units and 8,374 metric tons of bulk cargo in 2010, (ii) 148,132 container units and 18,809 metric tons of bulk cargo in 2011, (iii) 158,294 container units and 16,256 metric tons of bulk cargo in 2012 and (iv) 65,722 container units and 9,571 metric tons of bulk cargo as of June 30, 2013. For the six months ended June 30, 2013, our logistics services business accounted for 60.8% of our consolidated revenues.

Our subsidiaries in our logistics services business are: Neptunia, Triton Transports, Multitainer and Almafin.

Our Maritime Services

Through our maritime services business, we offer services to shipping lines (such as chartering, agency services, husbandry, stevedoring, pilotage, towage, launches, mooring services and underwater operations to inbound and outbound vessels), cargo-related services (such as customs documentation management) and oil and gas services (such as logistical support to oil rigs, port operations, fleet operation, personnel and cargo transportation, oil storage, underwater services). For the six months ended June 30, 2013, our maritime services business accounted for 37.9% of our consolidated revenues.

Our subsidiaries and joint-ventures in our maritime services business are: Cosmos, Trimser, Nautilius, Svitzer Andino and Afarsac.

Our Infrastructure Business

Through our infrastructure business, we develop and operate public port and airport facilities through public concessions and private projects. Our largest operation in this business is conducted through Penta Tanks, which we expect to provide storage to all ethanol produced by Maple for the next 20 years.

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2 Based on container traffic, which is measured in twenty-foot equivalent units ("TEUs") and metric tons of non-container cargo transported.

In addition, we are developing two infrastructure projects through two joint-ventures in which we hold a 50% equity interest. TPE entered into a thirty year concession agreement with the Peruvian government to build, develop and operate the Port of Paita under which the Peruvian government will ensure that TPE receives a minimum income under such concession agreement. AAP entered into a twenty five year concession agreement to operate five airports in the southern region of Peru. Under this concession, AAP has the obligation to invest US$50 million. For the six months ended June 30, 2013, our infrastructure business accounted for 1.0% of our consolidated revenues. Our subsidiaries and joint-ventures in our infrastructure business are: TPE, AAP, Penta Tanks, Terrano, Oporsa and Inversiones Portuarias.

Factors Affecting our Results of Operations

General

Peruvian Economic Conditions

All of our consolidated revenues in 2012, 2011 and 2010 were derived from activities in Peru. Accordingly, our results of operations were and are substantially affected by economic conditions in the country and our growth is driven in significant part by growth in the Peruvian economy.

The Peruvian economy has been one of the fastest growing economies globally. According to the Central Bank of Peru, Peruvian real GDP grew 6.3% in 2012, continuing a trend of high growth rates of 6.9% and 8.8% in 2011 and 2010, respectively, as a result of, among other factors, robust domestic demand and increased private and public investment, after growing only 0.9% in 2009 in the wake of the global financial and economic crisis. The Peruvian government adopted fiscal and monetary stimulus to mitigate the global financial and economic crisis and, as a result, growth recovered in the fourth quarter of 2009, as reported by the Central Bank of Peru.

With increasing disposable income and an expanding middle class, private consumption grew at an average annual rate of 6.0%, in real terms, from 2010 to 2012. Also, during this period, private investment in Peru increased at an average annual rate of 16.2% in real terms, driven by an increase in infrastructure projects, primarily in the mining, oil and gas, energy, transportation, telecommunications and manufacturing sectors. Inflation in Peru, as measured by the change in the CPI, was 2.1% in 2010, 4.7% in 2011 and 2.6% in 2012. Given its recent performance with regard to fiscal balance, debt to GDP ratio, net reserves and high liquidity, Peru's sovereign debt is rated investment grade and was upgraded to BBB+ by S&P and to BBB by Fitch in August 2013 and October 2011, respectively, and to Baa2 by Moody's in August 2012. However, future economic, social and political developments in Peru, over which we have no control, could have a material adverse effect on us. See "Risk Factors—Risks Relating to Peru."

Fluctuations in Exchanges Rates and Inflation

As of June 2013, 65.7% and 34.3% of our consolidated revenues were denominated in *nuevos soles* and U.S. dollars, respectively, while 56.3% and 43.7% of our cost of sales during that year were denominated in *nuevos soles* and U.S. dollars, respectively. In addition, as of June 30, 2013, 90.2% of our total debt was denominated in U.S. dollars. Accordingly, fluctuations in the value of *nuevos soles* against the U.S. dollar can materially affect our results of operations, although our operating margins are not significantly impacted by appreciation or depreciation of the *nuevo sol* against the U.S. dollar. However, appreciation of the *nuevo sol* against the U.S. dollar decreases our indebtedness and financial expenses as expressed in *nuevos soles* and depreciation of the *nuevo sol* against the U.S. dollar increases our indebtedness and financial expenses as expressed in *nuevos soles*. See "Risk Factors – Fluctuations in the value of the nuevo sol relative to the U.S. dollar could adversely affect our business, financial condition and results of operations."

The table below shows recent inflation figures and depreciation (appreciation) rates of the nuevo sol against the U.S. dollar:

	Six months ended June 30, 2013	Year ended December 31, 2012	2011	2010
Peruvian inflation rate	1.7%	2.7%	4.7%	2.1%
Nuevo sol/U.S. dollar depreciation (appreciation) rate	8.9%	5.4%	4.0%	2.8%

Source : INEI and Central Bank

From December 31, 2012 to June 30, 2013, the U.S. dollar appreciated 8.9% against the *nuevo sol*, according to the Central Bank of Peru.

Our Operations

We have three lines of business: (i) logistics services, consisting in the transportation of containers to and from port facilities and client warehouses, transportation and receipt of containers to our premises and sorting and storage of goods, as well as labeling and preparation of merchandise according to clients' requests and specifications; (ii) maritime services, consisting in services to vessels and cargo; and (iii) infrastructure business, through which we develop and operate public port and airport infrastructure projects through public concessions in addition to private infrastructure projects.

Our subsidiaries in our logistics services business are: Neptunia, Triton Transports, Multitainer, and Almafin. We closed the sale of File Service on September 13, 2013. Our subsidiaries in our maritime services business are: Cosmos, Trimser and Afarsac. Our joint-ventures in our maritime services business are: Svitzer Andino and Nautilius. Our subsidiaries in our infrastructure business are: Terrano, Oporsa, Inversiones Portuarias and Penta Tanks. Our joint-ventures in our infrastructure business are TPE, AAP and Proyecta & Construye.

Revenue Drivers

Logistics Services

For the six months ended June 30, 2013, 79.0% of total revenues in our logistics services business were derived from Neptunia. Neptunia is the largest off-dock terminal operator in Callao in terms of TEUs handled, according to Escomar S.R.L., providing a wide variety of services to clients in connection with the handling of their containers, such as storage, repair and maintenance, energy provision and transportation of cargo to and from the client's facilities. According to our estimates, revenues arising from Neptunia's operations accounted for 84.9% of our consolidated revenues for our logistics services business in 2010, 78.5% in 2011 and 79.6% in 2012. Revenues arising from Neptunia's operations are largely driven by foreign trade which is generally affected by global needs for Peruvian commodities and agricultural products and domestic growth affected by consumption and capital goods needs. As an example of this positive correlation, the CAGR of our consolidated revenues and EBITDA from 2010 to 2012 was 13.4% and 16.0%, respectively, compared to a CAGR of 6.6% in Peru's GDP for the same period.

For the six months ended June 30, 2013, 9.3% of our total revenues in our logistics services business were derived from Triton Transports, our cargo transportation company. Of Triton Transport's total revenues, 57.8% were generated by services rendered to third parties and 42.2% arose from services rendered to Neptunia (33.5%) and other related parties (8.7%). According to our estimates, revenue from Triton Transports accounted for 8.5% of our total revenues in our logistics services business in 2010, 9.5% in 2011 and 9.2% in 2012. Triton Transport's sales are largely driven by volume of cargo handled for large energy, oil and gas and mining projects and by quantity of TEUs from foreign trade.

Maritime Services

For the six months ended June 30, 2013, 95.9% of our total revenues in our maritime services business were derived from the operations of Cosmos. According to our estimates, revenues derived from the operations of

Cosmos accounted for 96.2% of our total revenues for our maritime services business in 2010, 95.3% in 2011 and 96.1% in 2012. Revenues arising from the operations of Cosmos are largely driven by foreign trade (65.3% of total sales are based on TEUs and number of vessels, 15.3% is based on underwater operations along with launches, tugs and barge services and 19.4% is based on other services), which are generally affected by economic activity based on volume rather than on prices of goods. While maritime agency services continue to represent the majority of our consolidated revenues in the maritime services business, services to the oil and gas industry have become increasingly more important to our maritime services, principally due to our increased market penetration in Peru's northern coast and jungle regions. Prior to 2010, our presence in the oil and gas industry was not significant.

For the six months ended June 30, 2013, 3.8% of our total revenues in our maritime services business was derived from Trimser. According to our estimates, revenue from Trimser, accounted for 3.5% of our total revenues in our maritime services business in 2010, 4.3% in 2011 and 3.7% in 2012. Revenues derived from operations of Trimser are largely driven by the number of vessels we service and their Gross Registered Tonnage ("GRT"), given that rates are generally calculated either by a flat rate per vessel or by a flat rate depending on each vessel's tonnage.

Infrastructure

For the six months ended June 30, 2013, 42.7% of our total revenues in our infrastructure business were derived from Penta Tanks. Revenue from Penta Tanks accounted for 32.5% of our consolidated revenues for our infrastructure business in 2012. Penta Tanks did not have revenues in 2010 or 2011. Operations of Penta Tanks commenced in June 2012 and consist of services rendered to Maple. We expect to maintain these U.S. dollar-denominated revenues as Penta Tanks has a take-or-pay contract with Maple. Although our consolidated revenues from this activity are largely related to Maple's ability to produce ethanol, we believe this risk is mitigated by our take-or-pay contract, which entitles us to payment even if Maple is unable to produce ethanol.

For the six months ended June 30, 2013, 35.3% of our total revenues in our infrastructure business were derived from the operations of Oporsa, which will be an unrestricted subsidiary as of the issue date of the notes. Revenues arising from the operations of Oporsa, accounted for 84.7% of our total revenues in our infrastructure business in 2010, 56.0% in 2011 and 41.3% in 2012. This decrease of Oporsa's revenues as a percentage of the revenues of our infrastructure business was a result of relative increase in revenues from Penta Tanks' operations. Oporsa's sole source of revenues is the lease of certain properties to Neptunia, Triton Transports and Multitainer.

While Penta Tanks and Oporsa will continue to represent the majority of our consolidated revenues for our infrastructure business, Terrano will become increasingly important in the coming two to three years, mainly due to the first phase of the Lima Hub Project. Terrano will also be an unrestricted as of the issue date of the notes.

Cost Drivers

Logistics Services

The main cost drivers for our logistic services are third-party services, transport, loading and unloading of container cargo, fuel, maintenance and salaries.

For the six months ended June 30, 2013, 80.9% of our logistics services costs were derived from Neptunia. Of these costs, the four most significant items were: (i) third-party services (24.3%) that include off-dock services and third-party services for loading and un-loading cargo; (ii) transport (18.8%); (iii) loading and un-loading of containers or cargo (16.5%) that is related to port services; and (iv) personnel (13.2%). According to our estimates, costs from Neptunia accounted for 85.5%, 81.0% and 81.4% of our total costs for our logistics services business in 2010, 2011 and 2012, respectively. Neptunia's cost structure is largely driven by TEUs volume as well as general cargo volume, which are generally affected by foreign trade and domestic consumption. The main cost drivers for Neptunia are salaries, rates of other off-dock terminals and rates from ports.

For the six months ended June 30, 2013, 9.3% of our logistics services costs were derived from Triton Transports. The main costs of Triton Transports are related to: (i) fuel (38.5%); (ii) personnel (31.4%) and (iii) maintenance (11.2%). According to our estimates, the costs of Triton Transports accounted for 8.9% of our total costs for our logistics services business in 2010, 9.4% in 2011 and 9.2% in 2012.

Maritime Services

For the six months ended June 30, 2013, 95.9% of the total costs for our maritime services derived from Cosmos with 92.4% of these costs concentrated in six items: (i) services related to shipping lines (54.4%); (ii) personnel (15.4%); (iii) rent of third-party equipment (7.1%); (iv) towage and launch services (5.8%); (v) repair and maintenance (4.9%); and (vi) port services (4.8%). According to our estimates; costs from Cosmos accounted for 97.1%, 96.2% and 96.1% of our total costs for maritime services in 2010, 2011 and 2012, respectively. Cosmos' cost structure is largely driven by personnel, TEU volume and general cargo volume, which are generally affected by foreign trade, domestic consumption and investments in oil and gas exploration and exploitation.

For the six months ended June 30, 2013, 3.4% of our total costs for our maritime services business were derived from Trimser. Compensation for pilots (either on our payroll or subcontracted) amounted to 74.1% of Trimser's costs, while ship chandling amounted to 23.1%. Costs from Trimser accounted for 2.7% of our total maritime services costs in 2010, 3.6% in 2011 and 3.7% in 2012. Trimser's cost structure is largely driven by number of vessels and their GRTs. Trimser's main cost drivers are compensation to pilots and cost of goods provided as ship chandler overall.

Infrastructure

For the six months ended June 30, 2013, 51.8% of our infrastructure business costs were derived from Penta Tanks, with 49.4% of Penta Tanks' costs concentrated in three items: (i) personnel (24.1%); (ii) maritime services (17.4%); and (iii) maintenance of inland and maritime infrastructure (12.9%). According to our estimates, costs from Penta Tanks accounted for 2.3%, zero and 42.1% of our costs for our infrastructure business in 2010, 2011 and 2012, respectively. Penta Tanks registered negligible costs in 2010 and 2011 because it was in the pre-operational phase (development and construction period). Operations started in June 2012. Penta Tanks' main cost drivers are salaries and the cost of maintenance services rendered by third parties.

During the first six months of 2013, Oporsa and Terrano formed part of our portfolio of companies. However, such companies' operations are limited to the lease of certain properties to our logistics services business with almost no cost of operations, other than personnel and other minor expenses, which amounted to S/.1.3 million and S/.1.1 million, respectively. Costs from Oporsa and Terrano amounted to S/.6.6 million and S/.2.3 million, respectively, in 2010, S/.1.3 million and S/.2.1 million, respectively, in 2011, and S/.2.5 million and S/.2.6 million, respectively, in 2012. The main cost drivers for our infrastructure business are compensation to personnel and payments in connection with third-party services.

New Accounting Pronouncements

There are no IFRS interpretations valid for the first time as of January 1, 2012 that have had a significant impact on us.

New standards and amendments and interpretations valid for the financial statements of annual periods that begin on or after January 1, 2013 which have not been early adopted are:

IFRS 9, "Financial instruments" addresses the classification, measurement and recognition of financial instrument assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010, replacing the parts of IAS 39 "Financial instruments: Recognition and measurement" that relate to the classification and measurement of financial instruments. IFRS 9 requires that financial assets be classified into two measurement categories: those measured at fair value and those measured at amortized cost. For financial liabilities, the standard retains most of the IAS 39 requirements. We are evaluating the impact of this standard for the period that begins on or after January 1, 2015. We will also consider the impact of the following phases of IFRS 9 upon their completion by the IASB.

IFRS 10, "Consolidated financial statements" builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control in situations where this is difficult to assess. We are in the process of evaluating the impact of this standard for the period that begins on or after January 1, 2013.

IFRS 11, "Joint businesses" is a more realistic reflection of joint businesses concentrating on the rights and obligations of the parties with regard to the business before its legal form. There are two types of joint businesses: "joint operations" and "joint-ventures." "Joint operations" arise when a joint operator has rights over the assets and liabilities with regard to the joint business, and therefore, recognizes its participation in the assets, liabilities, income and expenses of the joint business. "Joint-ventures" arise when the investor (joint-venturer) has rights over the net assets of the joint business and, therefore, the entity recognizes its participation. The proportional consolidation of joint businesses is no longer permitted. This standard is valid as of January 1, 2013.

IFRS 12, "Disclosure of participations in other entities" includes the exposure requirements of all the forms of participation in another entity, including joint agreements, associations, special purpose vehicles and other off-balance sheet vehicles. This standard is valid as of January 1, 2013.

IFRS 13, "Fair value measurement" aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement, as well as disclosure requirements for use across IFRS. The requirements, which are largely aligned between IFRS and U.S. GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS and U.S. GAAP. This standard is valid as of January 1, 2013.

Modification to IAS 32, "Financial instruments, presentation of offsetting of assets and liabilities." These modifications are contained in the application guide of IAS 32, "Financial instruments: Presentation", and clarify some of the requirements for offsetting financial assets and liabilities on the balance sheet. This standard will be valid for periods that begin on or after January 1, 2014.

We are currently in the process of evaluating the impact of these standards on the preparation of our financial statements. It is not expected that other IFRS or IFRIC interpretations which are not yet valid will have a significant impact on our separate financial statements.

Critical Accounting Policies

In preparing our financial statements, our management makes estimates concerning a variety of matters. Some of these matters are highly uncertain, and the estimates involve judgments based on the information available to management at the time. In the discussion below, our management has identified several matters for which its financial presentation would be materially affected if it had either used different estimates that could reasonably be used or in the future it changes its estimates in response to changes that are reasonably likely to occur. This discussion addresses only those estimates that our management considers most important based on the degree of uncertainty and the likelihood of a material impact if a different estimate had been used. There are many other areas in which management's estimates about uncertain matters are used, but the reasonably likely effect of altered or different estimates is deemed immaterial to its financial presentation. See the notes to our financial statements for a more detailed discussion of the application of these and other accounting policies.

The following are the accounting policies that we believe are most important to the presentation of our financial condition and results of operations and that require subjective judgment to be made by management.

Useful life of assets

Depreciation is calculated following the straight line method based on the estimated useful life of the asset. This results in charges for depreciation and/or amortization proportional to the estimated wear and tear of the assets measured in number of years. The useful life of the assets is evaluated based on: (i) the physical limitations of the asset and (ii) the evaluation of the demand. These calculations require estimates and judgments of the total demand of services of AIH and its subsidiaries (in conjunction, the "Group") and capital disbursements that will be required in the future.

Impairment of goodwill

The Group annually evaluates if goodwill has suffered any impairments, according to the accounting policy described in note 2.12 to the consolidated financial statements of AIH. The recoverable amounts of the cash generating units have been determined based on their values in use. These calculations require the use of estimates, including the estimated cost of capital used to determine the discount rate before taxes. If the discount rate before taxes applied to the cash flows of the cash generating unit had been 1% more/less than our management's estimate (in other words 11% instead of 10%), the value in use would have increased/decreased by S/.305,961 which is above the carrying amount of the cash generating unit.

Income tax

The determination of tax obligations and expenses requires interpretations of applicable tax laws. The Group seeks advice from tax counsel before making any decision on tax matters. Even though our management considers its estimates to be prudent and appropriate, differences of interpretation that arise with Peruvian tax authorities may affect future tax charges.

The Group recognizes liabilities for situations observed in preliminary tax audits based on estimates of whether the payment of additional taxes is applicable. When the final tax result of these situations is different than the amounts that were initially recorded, the differences impact current and deferred income tax asset and liability in the period in which this fact is determined.

Results of Operations

Comparison of Six Months Ended June 30, 2012 to Six Months Ended June 30, 2013

	For the six month period ended June 30,		
	2013	**2012**	**Variation**
	(in millions of S/.)		**%**
Revenues from services rendered	279.1	232.1	20.2%
Cost of services rendered	(209.4)	(179.8)	16.5%
Gross profit	69.7	52.3	33.3%
Selling expenses	(16.8)	(11.4)	47.4%
Administration expenses	(26.0)	(31.2)	(16.7)%
Other income	3.8	8.2	(53.7)%
Other expenses	(4.2)	(6.7)	(37.3)%
Operating profit	26.5	11.2	136.6%
Financial income	1.7	1.8	(5.6%)
Financial costs	(20.4)	(18.4)	(10.9%)
Profit attributable to jointly controlled businesses	4.5	5.3	(15.1%)
Exchange difference, net	(22.9)	2.9	(889.7%)
(Loss) profit before income tax	(10.6)	2.8	(478.6)%
Income tax	(0.6)	1.3	(146.2%)
(Loss) profit for the period	**(11.2)**	**4.1**	**(373.2%)**

Revenues From Services Rendered

The following table sets forth a breakdown of our consolidated revenues by business for the six months ended June 30, 2013 and 2012.

	For the six month period ended June 30,				
	2013		2012		Variation
	(in millions of S/.)	% of total revenues	(in millions of S/.)	% of total revenues	%
Logistics Services	180.3	64.6%	160.9	69.4%	12.1%
Maritime Services	111.3	39.9%	88.4	38.1%	25.9%
Infrastructure Business	8.5	3.1%	3.7	1.6%	129.7%
Other[(1)]	(21.0)	(7.6%)	(20.9)	(9.1%)	0.5%
Total	**279.1**	**100.0%**	**232.1**	**100.0%**	**20.2%**

(1) Includes: (i) the elimination of intercompany sales (S/.26.4 million and S/.25.8 million for the six months ended June 30, 2013 and 2012, respectively) and (ii) back-office sales that are not attributed to any of our three businesses (S/.5.4 million and S/.4.9 million for the six months ended June 30, 2013 and 2012, respectively).

Our total revenue on a consolidated basis increased by 20.2%, or S/.47.0 million, from S/.232.1 million for the six months ended June 30, 2012 to S/.279.1 million for the six months ended June 30, 2013, mainly as a result of the following:

- a 12.1% growth, or S/.19.4 million increase, from S/.160.9 million for the six months ended June 30, 2012 to S/.180.3 million for the six months ended June 30, 2013, in revenues of our logistics services business primarily due to: (i) growth of 14.3%, or S/.17.8 million, in Neptunia's revenues as a result of more volume handled through its cargo project division, and (ii) increase in quantity of vehicles managed in connection with our Neptumovil division (i.e., logistics services in connection with the import of vehicles, such as reception, storage and preparation of vehicles for delivery to wholesale distributors) which increased by 22,750 vehicles, from 28,380 in the six months ended June 30, 2012 to 51,130 in the same period of 2013;

- a 25.9% growth, or S/.22.9 million increase, from S/.88.4 million for the six months ended June 30, 2012 to S/.111.3 million for the six months ended June 30, 2013, in the revenues from our maritime services business, primarily due to increased business activity in Cosmos (which increased by 26.6% or S/.22.4 million from the six months ended June 30, 2012 to the same period in 2013), as a result of (i) growth in volume from 69,070 containers for the six months ended June 30, 2012 to 81,837 containers for the same period in 2013, (ii) expansion of our client base related to oil and gas business services in the jungle and coastal regions, which led to an increase in revenues of S/.13.4 million and (iii) to a lesser extent, an increase in our rates; and

- a 129.7% growth, or S/.4.8 million increase, from S/.3.7 million for the six months ended June 30, 2012 to S/.8.5 million for the six months ended June 30, 2013, in the revenues of our infrastructure business primarily as a result of the initiation of activities of Penta Tanks in June 2012 (growth of S/.3.6 million). Penta Tanks did not become operational until June 2012.

Cost of Services Rendered

The following table sets forth a breakdown of our cost of services rendered by business for the six months ended June 30, 2013 and 2012.

	For the six month period ended June 30,				
	2013		2012		Variation
	(in millions of S/.)	% of total costs	(in millions of S/.)	% of total costs	%
Logistics Services	140.7	67.2%	131.0	72.9%	7.4%
Maritime Services	87.5	41.8%	68.4	38.0%	27.9%
Infrastructure Business	2.9	1.4%	1.5	0.8%	93.3%
Other(1)	(21.7)	(10.4%)	(21.1)	(11.7%)	2.8%
Total	**209.4**	**100.0%**	**179.8**	**100.0%**	**16.5%**

(1) It includes: (i) the elimination of intercompany sales (S/.26.3 million and S/.25.8 million for the six months ended June 30, 2013 and 2012, respectively) and (ii) back-office sales that are not attributed to any of our three businesses(S/.4.6 million and S/.4.7 million for the six months ended June 30, 2013 and 2012, respectively).

Our total cost of services rendered on a consolidated basis increased by 16.5%, or S/.29.6 million, from S/.179.8 million for the six months ended June 30, 2012 to S/.209.4 million for the six months ended June 30, 2013, mainly as a result of the following:

- a 7.4% growth, or S/.9.6 million increase, from S/.131.0 million for the six months ended June 30, 2012 to S/.140.7 million for the six months ended June 30, 2013, in the cost of sales from our logistics services business, primarily due to an increase in Neptunia's costs of 9.3%, or S/.9.7 million, largely as a result of: (i) third-party services for S/.3.1 million (including sales commission for S/.2.5 million and handling cargo fees paid to ports for S/.1.7 million, which were partially offset by a decrease in other minor services for S/.1.0 million), (ii) maintenance and acquisition of spare parts for equipment for S/.2.1 million, (iii) personnel compensation for S/.1.5 million, (iv) transportation costs for S/.1.2 million and (v) several other less significant variations.

- a 27.9% growth, or S/.19.1 million increase, in the cost of sales from our maritime services business from S/.68.4 million for the six months ended June 30, 2012 to S/.87.5 million for the six months ended June 30, 2013, primarily due to a 28.7% increase (S/.18.7 million) in the costs incurred by Cosmos, which was largely related to: (i) costs relating to agency services to shipping lines for S/.6.6 million and (ii) an increase in the amount of rented equipment and other minor expenses for S/.11.3 million; and

- a 93.3% growth, or S/.1.4 million, increase in the cost of sales from our infrastructure business, from S/.1.5 million for the six months ended June 30, 2012 to S/.2.9 million for the six months ended June 30, 2013, primarily due to the initiation of Penta Tanks' activities in June 2012, which expenses are mainly driven by personnel, maintenance for plant and equipment and payments related to maritime services.

Gross Profit

The following table sets forth a breakdown of our gross profit by business for the six months ended June 30, 2013 and 2012.

	For the six month period ended June 30,				
	2013		2012		Variation
	(in millions of S/.)	% of total gross profit	(in millions of S/.)	% of total gross profit	%
Logistics Services	39.6	56.8%	29.9	57.2%	32.4%
Maritime Services	23.8	34.2%	20.0	38.2%	19.0%
Infrastructure Business	5.6	8.0%	2.2	4.2%	154.5%
Other(1)	0.7	1.0%	0.2	0.4%	250.0%
Total	**69.7**	**100.0%**	**52.3**	**100.0%**	**33.3%**

(1) Includes: (i) the elimination of intercompany sales (S/.0.1 million for the six months ended June 30, 2013) and (ii) back-office sales that are not attributed to any of our three businesses (S/.0.8 million and S/.0.2 million for the six months ended June 30, 2013 and 2012, respectively).

Total gross profit increased 33.3%, or S/.17.4 million, from S/.52.3 million for the six months ended June 30, 2012 to S/.69.7 million for the six months ended June 30, 2013, mainly as a result of greater activity in our logistics services business, the gross profit of which grew 32.4% based on a recovery in our margins achieved through economies of scale, resulting mainly from serving forwarders (which led to an increase of revenues in the amount of S/.6.2 million) as well as reefer and empty containers (which led to an increase in revenues in the amount of S/.7.8 million). Gross profit of our maritime services business grew by 19.0%, supported by increased activity in our oil and gas division as well as in agency services. Our gross profit margin (gross profit as a percentage of revenue) for the six months ended June 30, 2013 was 25.0%, compared to 22.6% for the same period in 2012.

Operating Expenses, Net

Our operating expenses are primarily comprised of administration and selling expenses.

	For the six month period ended June 30,		
	2013	2012	Variation
	(in millions of S/.)	(in millions of S/.)	%
Selling expenses	(16.8)	(11.4)	47.4%
Administration expenses	(26.4)	(29.7)	(11.1%)
Total operating expenses, net	**(43.2)**	**(41.1)**	**5.1%**

Our total operating expenses, net increased by 5.1%, or S/.2.1 million, from S/.41.1 million for the six months ended June 30, 2012 to S/.43.2 million for the six months ended June 30, 2013. The relatively small size of this increase is due to the fact that we did not need to materially expand our infrastructure or capacity to support increased business activity, as we do not fully utilize our installed capacity and infrastructure.

Operating expenses, net, related to our logistics services, maritime services and infrastructure businesses represented 55.3%, 37.5% and 3.7%, respectively, of our total operating expenses, net for the six months ended June 30, 2013 (the remaining 3.5% relates to our holding and back-office service companies (AIH and Anserco)), compared to 53.9%, 38.6% and 4.3%, respectively, (the remaining 3.2% is related to our holding and back-office service companies) for the six months ended June 30, 2012.

Operating Profit

As a result of the foregoing, our operating profit increased by 136.6%, or S/.15.3 million, from S/.11.2 million for the six months ended June 30, 2012 to S/.26.5 million for the six months ended June 30, 2013. Our operating profit margin (operating profit as a percentage of revenue) for the six months ended June 30, 2013 was 9.5% compared to 4.8% for the six months ended June 30, 2012.

Financial Income and Financial Costs

Our financial income decreased by 5.6%, or S/.0.1 million, from S/.1.8 million for the six months ended June 30, 2012 to S/.1.7 million for the six months ended June 30, 2013. Our financial expenses for the six months ended June 30, 2013 increased by 10.9% or S/.2.0 million as compared to the same period in 2012, as a result of an increase of S/. 17.5 million in our net indebtedness, of which US$7 million came from the disbursement of a loan from *Corporación Interamericana para el Financiamiento de Infraestructura* ("CIFI") and *Corporación Interamericana de Inversiones* ("CII") to Penta Tanks in 2013. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Indebtedness."

Profit Attributable to Jointly Controlled Businesses

Profit attributable to jointly controlled businesses for the six months ended June 30, 2013 decreased by 15.1%, or S/.0.8 million, from S/.5.3 million for the six months ended June 30, 2012 to S/.4.5 million for the six months ended June 30, 2013, primarily due to a S/.1.8 million decrease in our income from TPE in the six months ended June 30, 2013 compared to the same period in 2012 (which was due to an increase in TPE's financial expenses related to the notes it issued in April 2012). Such decrease in profit attributable to jointly controlled businesses was partially offset by a S/.1.0 million increase in our income from Proyecta & Construye (which is a joint-venture with our partners in AAP, whose sole business purpose is to supervise the construction works relating to the concession of AAP), due to the fact that throughout the first six months of 2013, Proyecta & Construye was engaged in one of the largest construction phases related to AAP's concession.

Exchange Difference, Net

Exchange difference, net, for the six months ended June 30, 2013 decreased by S/.25.8 million, from a profit of S/.2.9 million for the six months ended June 30, 2012 to a loss of S/.22.9 million for the same period in 2013, mainly due to appreciation of the U.S. dollar against the *nuevo sol* during the first half of 2013. The U.S. dollar depreciated 0.9% between December 2011 and June 2012 and 4.4% between June 2012 and December 2012. It appreciated 8.9% from December 2012 to June 2013.

Income Tax

Income tax for the six months ended June 30, 2013 decreased by 146.2%, or S/.1.9 million, from an expense of S/.0.6 million for the six months ended June 30, 2012 to a S/.1.3 million tax credit for the six months ended June 30, 2013, mainly due to the utilization of tax loss carryforwards from previous periods. Our effective tax rate for 2013 was 6.1%, and, as we had a tax credit to offset, no income tax was paid in 2012.

(Loss) Profit for the Period

As a result of the foregoing, our profit for the six months ended June 30, 2013 decreased by S/.15.3 million, from a profit of S/.4.1 million for the six months ended June 30, 2012 to a loss of S/.11.2 million for the same period in 2013, primarily as a result of exchange rate fluctuations which were reflected as significant losses from exchange difference, net for the period (due to the impact on our financial debt, which is almost entirely denominated in U.S. dollars).

Comparison of Year Ended December 31, 2011 to year Ended December 31, 2012

	For the year ended December 31,		
	2012	**2011**	**Variation**
	(in millions of S/.)		**%**
Revenues from services rendered	517.0	465.6	11.0%
Cost of services rendered	(400.4)	(356.9)	12.2%
Gross profit	116.6	108.7	7.3%
Selling expenses	(30.9)	(22.4)	37.9%
Administration expenses	(57.8)	(66.0)	(12.4)%
Other income	17.8	19.2	(7.3)%
Other expenses	(14.5)	(10.3)	40.8%
Operating profit	31.3	29.2	7.2%
Financial income	2.9	5.4	(44.4%)
Financial costs	(36.6)	(34.8)	5.2%
Profit attributable to jointly controlled businesses	5.6	3.7	51.4%
Exchange difference, net	14.2	8.6	65.1%
Profit before income tax	17.4	12.1	43.8%
Income tax	(1.3)	(6.9)	(81.2%)
Profit for the year	**16.1**	**5.2**	**209.6%**

Revenues for Services Rendered

The following table sets forth a breakdown of our consolidated revenues by business for the years ended December 31, 2012 and 2011.

	For the year ended December 31,				
	2012		**2011**		**Variation**
	(in millions of S/.)	**% of total revenues**	**(in millions of S/.)**	**% of total revenues**	**%**
Logistics Services	350.9	67.9%	337.3	72.4%	4.0%
Maritime Services	197.3	38.2%	165.9	35.6%	18.9%
Infrastructure Business	11.7	2.2%	7.0	1.5%	67.1%
Other[(1)]	(42.9)	(8.3%)	(44.6)	(9.5%)	(3.8%)
Total	**517.0**	**100%**	**465.6**	**100%**	**11.0%**

(1) It includes: (i) the elimination of intercompany sales (S/.52.5 million and S/.51.8 million for the year ended December 31, 2012 and 2011, respectively) and (ii) back-office sales that are not attributed to any of our three businesses (S/.9.6 million and S/.7.2 million for the year ended December 31, 2012 and 2011, respectively).

Our total revenue increased by 11.0%, or S/.51.4 million, from S/.465.6 million for 2011 to S/.517.0 million for 2012, mainly as a result of the following:

- a 4.0% growth, or S/.13.6 million increase, from S/.337.3 million for 2011 to S/.350.9 million for 2012 in the revenues from our logistics services business, primarily due to increased business activity in revenues of 5.5% or S/. 14.6 million as a result of (i) more volume being handled through its cargo project division (related to three specific projects which accounted for S/.6.4 million), (ii) an increase in quantity of vehicles managed in connection with our Neptumovil division (approximately 32,000 more vehicles were handled in 2012 than in 2011 due to the provision of services to an important new client in 2012), (iii) an increase in revenues associated with our mineral line, driven by (a) S/.3.1 million obtained from the sale of our environmental impact study related to the handling of minerals in the context of our exit from such business and (b) to a lesser extent, an increased number of containers of mineral and metric tons of bulk mineral.

- an 18.9% growth, or S/.31.4 million increase, from S/.165.9 million for 2011 to S/.197.3 million for 2012, in the revenues from our maritime services business, primarily due to increased business activity in Cosmos (the revenues of Cosmos grew by 19.8% in 2012). This increase is primarily due to (i) a S/.7.0 million increase in revenues from services related to cargo transported by Pacific International Lines due to the fact that we serviced such shipping line for only six months in 2011 as opposed to a full calendar year in 2012 (in 2012, we handled 17,000 container units from such shipping line while in 2011 we only handled 4,000 container units); and (ii) several new contracts entered into with our oil and gas clients, which resulted in a S/.17.2 million increase in revenues in 2012 compared with 2011, which consisted mainly of (a) S/.4.4 million for services related to the on-shore and off-shore activities of several clients in the oil and gas business, (b) S/.4.0 million for underwater operations to one client in the northern region, (c) S/.6.1 million to support logistics and coastal exploration for a tailor made port, and (d) S/.2.7 million for launches and tugs services.

- a 67.1% growth, or S/.4.7 million increase, from S/.7.0 million for 2011 to S/.11.7 million for 2012, in the revenues from our infrastructure business primarily due to the initiation of Penta Tanks' activities in June 2012 in the context of its take-or-pay contract for ethanol storage with Maple; and

- a 3.8% reduction, or S/.1.7 million decrease, in cross sales between our different lines of business.

Cost of Services Rendered

The following table sets forth a breakdown of our cost of services rendered by business for the years 2012 and 2011.

	For the year ended December 31,				
	2012		2011		Variation
	(in millions of S/.)	% of total costs	(in millions of S/.)	% of total costs	%
Logistics Services	286.4	71.5%	258.2	72.3%	10.9%
Maritime Services	153.0	38.2%	142.9	40.1%	7.1%
Infrastructure Business	4.8	1.2%	1.5	0.4%	220.0%
Other[(1)]	(43.8)	(10.9%)	(45.7)	(12.8%)	82.5%
Total	**400.4**	**100%**	**356.9**	**100%**	**4.2%**

(1) It includes: (i) the elimination of intercompany sales (S/.52.4 million and S/.53.8 million for the year ended December 31, 2012 and 2011, respectively) and (ii) back-office sales that are not attributed to any of our three businesses (S/.8.6 million and S/.8.1 million for the year ended December 31, 2012 and 2011, respectively).

Our total cost of services rendered increased by 4.2%, or S/.43.5 million, from S/.356.9 million for 2011 to S/.400.4 million for 2012, mainly as a result of the following:

- a 10.9% growth, or S/.28.2 million increase, from S/.258.2 million for 2011 to S/.286.4 million for 2012, in the cost of sales from our logistics services business, primarily due to an increase of 11.6%, or S/.24.1 million, in Neptunia's operating costs in 2012. This increase consisted primarily of (i) S/.7.5 million of payments made to other off-dock terminals, (ii) S/.2.4 million of fees paid for cargo handling, (iii) S/.2.4 million related payments of services to the port of Paita, and (iv) S/.7.3 million of payments to the port of Callao;

- a 7.1%, or S/.10.1 million increase, from S/.142.9 million for 2011 to S/.153.0 million for 2012, in the cost of sales from our maritime services business, primarily due to (i) an increase in the operational costs of Cosmos by 7.0%, or S/.9.6 million, relating to the increase in fees and commission in connection with our agency services provided to cargo owners and (ii) an increase in staff employed by our oil and gas division, required as a result of new contracts; and

- a 220.0%, or S/.3.3 million increase, from S/.1.5 million for 2011 to S/.4.8 million for 2012, in the cost of sales from our infrastructure business, primarily due to the initiation of Penta Tanks' operations in June 2012. Oporsa's costs also increased by 94.8%, or S/.1.3 million, consisting mainly of payments related to third-party services (security services and technical studies related to the Terminal Portuario Ventanilla project).

Gross Profit

The following table sets forth a breakdown of our gross profit by business for the years ended December 31, 2012 and 2011.

	For the year ended December 31,				
	2012		2011		Variation
	(in millions of S/.)	% of total gross profit	(in millions of S/.)	% of total gross profit	%
Logistics Services	64.5	55.3%	79.1	72.8%	(18.5%)
Maritime Services	44.2	37.9%	23.0	21.1%	92.9%
Infrastructure Business	7.0	6%	5.5	5.1%	27.3%
Other[1]	0.9	0.8%	1.1	1.0%	(18.2%)
Total	**116.6**	**100%**	**108.7**	**100%**	**7.3%**

(1) It includes: (i) the elimination of intercompany sales (S/.0.2 million and S/.1.9 million for the year ended December 31, 2012 and 2011, respectively) and (ii) back-office sales that are not attributed to any of our three businesses (S/.1.1 million and S/.0.8 million for the year ended December 31, 2012 and 2011, respectively).

Total gross profit increased by 7.3%, or S/.7.9 million, from S/.108.7 million for 2011 to S/.116.6 million for 2012, mainly as a result of the counterbalance between decreased profits related to the logistics services business and increased profits related to the maritime services business, which, as described above, increased as a consequence of (i) handling more cargo through a new shipping line, (ii) increasing its market share in the oil and gas sector, (iii) underwater operations in the northern region, (iv) support logistics and coastal exploration for a tailor made port, and (v) several launches and tugs services with higher margins. Our gross profit margin (gross profit as a percentage of revenue) was 22.6% in 2012 as compared to 23.4% in 2011.

Operating Expenses, Net

Our operating expenses, net, are primarily comprised of administration and selling expenses.

	For the year ended December 31,		
	2012	2011	Variation
	(in millions of S/.)	(in millions of S/.)	%
Selling expenses	(30.9)	(22.4)	37.5%
Administration expenses	(54.5)	(57.1)	(4.6%)
Total operating expenses, net	**(85.4)**	**(79.5)**	**7.4%**

Our total operating expenses, net, increased by 7.4%, or S/.5.9 million, from S/.79.5 million for 2011 to S/.85.4 million for 2012. This increase was primarily due to the recognition of expenses from the transaction related to our syndicated loan entered into with Goldman Sachs in 2011.

Operating expenses, net, related to our logistics services, maritime services and infrastructure businesses represented 53.9%, 39.6% and 4.7%, respectively, of our operating expenses, net for the year ended December 31, 2012. The remaining 1.9% was associated with back-office services rendered by Anserco. In 2011, operating expenses, net, related to our logistics services, maritime services and infrastructure businesses represented 52.0%, 36.3% and 3.6%, respectively, of our operating expenses, net for the year. The remaining 8.1% was associated with back-office services rendered by Anserco.

Operating Profit

As a result of the foregoing, our operating profit increased by 7.2%, or S/.2.1 million, from S/.29.2 million for 2011 to S/.31.3 million for 2012. Our operating profit margin for 2012 was 6.1% compared to 6.3% for 2011.

Financial Income and Financial Costs

Our financial income decreased by 46.3%, or S/.2.5 million, from S/.5.4 million for 2011 to S/.3.0 million for 2012, primarily due to (i) the re-classification of dividends from TPE, which in 2011 were recorded as financial income whereas in 2012 were recorded as profit (loss) attributable to jointly controlled businesses, and (ii) a lower amount of cash and cash equivalents in 2012. Financial expense increased by 5.2%, or S/.1.8 million, for the year ended December 31, 2012 compared to 2011, as a result of a full year of accrued interest on the syndicated loan entered into with Goldman Sachs in February 2011.

Profit Attributable to Jointly Controlled Businesses

Profit attributable to jointly controlled businesses increased by 51.4%, or S/.1.9 million, from S/.3.7 million for 2011 to S/.5.6 million for 2012, primarily due to the fact that AAP generated S/.2.0 million of income in 2012 compared to a loss of S/.1.9 million in 2011, due to the fact that most of the costs related to the initial operation of APP's concession were incurred in 2011.

Exchange Difference, Net

Exchange difference, net, increased by 65.1%, or S/.5.6 million, from a gain of S/.8.6 million for 2011 to a gain of S/.14.2 million for 2012, mainly due to the 5.4% depreciation of the value U.S. dollar against the *nuevo sol* during 2012, according to the SBS, which had a positive impact on our financial condition due to our U.S dollar-denominated debt.

Income Tax

Our income tax expense decreased by 81.2%, or S/.5.6 million, from S/.6.9 million for 2011 to S/.1.3 million for 2012. Income tax is divided in two parts (i) current income tax which was S/.5.3 million and S/.5.1 million for 2012 and 2011, respectively, and (ii) tax credit from deferred income tax used in 2012 for S/.4.0 million against a deferred tax accrual of S/.1.9 million in 2011. Such accounting recognition method shows a decrease in overall income tax for the year ended December 31, 2012. Despite the fact that during 2012 we had a higher profit on a consolidated basis than in 2011, taxes were less than in previous years given that the 30% tax rate is paid on an individual basis by each entity of the Group, using as tax base their individual profit (or loss), rather than on a consolidated basis. Our effective tax rates for 2011 and 2012 were 57.2% and 7.7%, respectively.

Profit for the Year

As a result of the foregoing, our profit for 2012 increased 209.6%, or S/.10.9 million, from S/.5.2 million for 2011 to S/.16.1 million for 2012.

Comparison of Year Ended December 31, 2010 to Year Ended December 31, 2011

	For the year ended December 31,		
	2011	**2010**	**Variation**
		(in millions of S/.)	
Revenues from services rendered	465.6	402.4	15.7%
Cost of services rendered	(356.9)	(305.4)	16.9%
Gross profit	108.7	97.0	12.1%
Selling expenses	(22.4)	(19.4)	15.5%
Administration expenses	(66.0)	(64.1)	3.0%
Other income	19.2	31.2	(38.5)%
Other expenses	(10.3)	(23.9)	(56.9)%
Operating profit	29.2	20.8	40.4%
Financial income	5.4	5.9	(8.5%)
Financial costs	(34.8)	(17.9)	94.4%
Profit attributable to jointly controlled businesses	3.7	5.7	(35.1%)
Exchange difference, net	8.6	2.8	207.1%
Profit before income tax	12.1	17.3	(30.1%)
Income tax	(6.9)	(3.9)	76.9%
Profit for the year	**5.2**	**13.4**	**(138.8%)**

Revenues from Services Rendered

The following table sets forth a breakdown of our consolidated revenues by business for the years ended December 31, 2011 and 2010.

	For the year ended December 31,				
	2011		**2010**		**Variation**
	(in millions of S/.)	**%**	**(in millions of S/.)**	**%**	**%**
Logistics Services	337.3	72.4%	307.7	76.5%	9.6%
Maritime Services	165.9	35.7%	146.8	36.5%	13.0%
Infrastructure Business	7.0	1.5%	10.5	2.6%	(33.3%)
Other(1)	(44.6)	(9.6%)	(62.6)	(15.6%)	(28.8%)
Total	**465.6**	**100%**	**402.4**	**100%**	**15.7%**

(1) Includes: (i) the elimination of intercompany sales (S/.51.8 million and S/.67.9 million for the year ended December 31, 2011 and 2010, respectively) and (ii) back-office sales that are not attributed to any of our three businesses (S/.7.2 million and S/.5.3 million for the year ended December 31, 2011 and 2010, respectively).

Our total revenues on a consolidated basis increased by 15.7%, or S/.63.2 million, from S/.402.4 million for 2010 to S/.465.6 million for 2011, mainly as a result of the following:

- a 9.6% growth, or S/.29.6 million increase, from S/.307.7 million for 2010 to S/.337.3 million for 2011, in the revenues from our logistics services business due primarily to (i) increased business activity for Multitainer, which in 2011 expanded its scope of services (Multitainer began transforming containers into offices or housing units), and this resulted in an increase in revenues of S/.13.9 million in 2011, (ii) growth of Triton Transports' revenues by 22.1%, or S/.5.8 million, driven by greater sales to third parties associated with large infrastructure, energy, mining, oil and gas projects, (iii) growth in File Service's revenues by 32.9%, or S/.2.6 million, driven by new contracts involving larger volumes of boxes stored, and (iv) growth in Almafin's revenues of 144.1%, or S/.2.3 million, as a result of increasing its market share;

- a 13.0% growth, or S/.19.1 million increase, from S/.146.8 million in 2010 to S/.165.9 million in 2011, in revenues from our maritime services business (primarily in Cosmos), which experienced a growth of

12.0% or S/.17.0 million. Even though during 2011 we lost revenues in the amount S/.19.5 million relating to the stowing and unstowing of containers at the port of Callao (through Dubai Ports World and APM Terminals) as ports were privatized, Cosmos was able to diversify its sources of revenue and offset such loss by selling an additional S/.22.5 million in services during 2011, as compared to 2010, of which: (i) S/.13.1 million was derived from an increase in volume of cargo-related services and (ii) S/.9.4 million was derived from services related to the oil and gas industry;

- the increase in consolidated revenues was partially offset by a 33.3%, or S/.3.5 million, decrease in revenues associated with our infrastructure business, from S/.10.5 million for 2010 to S/.7.0 million for 2011, primarily due to the fact that, in 2010, Oporsa managed and supervised Neptunia's mineral warehouse and performed the assessment for the environmental impact study relating to the warehouse. From 2011 onwards, Neptunia undertook such tasks directly, and

- a 28.8% reduction, or S/.18.0 million, in the negative impact of the elimination of intercompany sales offset by our back-office sales not attributed to any of our three businesses, primarily as a result of a decrease of S/. 17.6 million in the elimination of intercompany sales in 2011 as compared to 2010.

Cost of Services Rendered

The following table sets forth a breakdown of our cost of services rendered by line of business for the years 2011 and 2010.

	For the year ended December 31,				
	2011		2010		Variation
	(in millions of S/.)	% of total costs	(in millions of S/.)	% of total costs	%
Logistics Services	258.2	72.3%	233.9	76.6%	10.4%
Maritime Services	143.0	40.1%	125.8	41.2%	13.7%
Infrastructure Business	1.5	0.4%	0.1	0.0%	1400%
Other[(1)]	(45.8)	(12.8%)	(54.4)	(17.8%)	(15.8%)
Total	**356.9**	**100%**	**305.4**	**100%**	**16.9%**

(1) It includes: (i) the elimination of intercompany sales (S/.53.8 million and S/.61.5 million for the year ended December 31, 2011 and 2010, respectively) and (ii) back-office sales that are not attributed to any of our three businesses (S/.8.0 million and S/.7.1 million for the year ended December 31, 2011 and 2010, respectively).

Our total cost of services rendered on a consolidated basis increased by 16.9%, or S/.51.5 million, from S/.305.4 million for 2010 to S/.356.9 million for 2011, mainly as a result of the following:

- a 10.4% growth, or S/.24.3 million increase, from S/.233.9 million for 2010 to S/.258.2 million for 2011, in the cost of services rendered from our logistics services business primarily associated with Multitainer, which had a 125.5% or S/.10.1 million increase in production costs as a result of the expansion of the scope of its activities. Triton Transports costs increased by 16.3%, or S/.3.4 million, driven primarily by higher fuel costs and employee compensation, which were required as a consequence of increasing its activity in connection with large infrastructure, energy, mining, oil and gas projects. File Service's costs increased 51.9%, or S/.2.1 million, mainly driven by employee compensation and equipment to support sales in connection with a greater number of contracts.

- a 13.7% growth, or S/.17.2 million increase, from S/.125.8 million for 2010 to S/.143.0 million for 2011, in costs of services rendered from our maritime services business primarily associated with Trimser, which increased its costs by 52.4%, or S/.1.7 million, mainly due to an increase in the costs associated with ship chandling and, to a lesser extent, higher compensation to employees and pilots. Cosmos costs increased by 12.6%, or S/.15.4 million, due to new services rendered to shipping lines and oil and gas clients; and

- a 1,400% growth, or S/.1.4 million increase, from S/.0.1 million for 2010 to S/.1.5 million for 2011, in the cost of services rendered from our infrastructure business, primarily associated with Oporsa. Such variation was explained by an accounting mismatch which derived in recording revenues in 2010 and the expenses associated with the generation of such revenues, amounting to S/.1.3 million, in 2011.

Gross Profit

The following table sets forth a breakdown of our gross profit by line of business for the years 2011 and 2010.

	For the year ended December 31,				
	2011		2010		Variation
	(in millions of S/.)	% of total gross profit	(in millions of S/.)	% of total gross profit	%
Logistics Services	79.1	72.7%	73.7	76.1%	7.3%
Maritime Services	23.0	21.2%	21.0	21.7%	9.5%
Infrastructure Business	5.5	5.1%	10.4	10.7%	(47.1%)
Other[(1)]	1.1	1.0%	(8.1)	(8.5%)	(113.6%)
Total	**108.7**	**100.0%**	**97.0**	**100.0%**	**12.1%**

(1) It includes: (i) the elimination of intercompany sales (S/.1.9 million and S/.6.3 million for the year ended December 31, 2011 and 2010, respectively) and (ii) back-office sales that are not attributed to any of our three businesses (S/.0.8 million and S/.1.8 million for the year ended December 31, 2011 and 2010, respectively).

Our gross profit margin for 2011 was 23.4% compared to 24.1% for 2010. Total gross profit increased by 12.1%, or S/.11.7 million, from S/.97.0 million for 2010 to S/.108.7 million for 2011, mainly as a result of a greater margin for our logistics services (which increased 7.3%) and for our maritime services (which increased 9.5%), which was partially offset by a decrease in the profit margin for our infrastructure business (by 47.1%).

Operating Expenses, Net

Our operating expenses primarily reflect administration and selling expenses.

	For the year ended December 31,		
	2011	2010	Variation
	(in millions of S/.)	(in millions of S/.)	%
Selling expenses	(22.4)	(19.4)	15.5%
Administration expenses	(57.1)	(56.8)	0.5%
Total operating expenses, net	**(79.5)**	**(76.2)**	**4.3%**

Our total operating expenses, net, increased 4.3%, or S/.3.3 million, from S/.76.2 million for 2010 to S/.79.5 million for 2011, explained by an increase in S/.1.9 million of expenses borne by Cosmos related to interest payments under the syndicated loan with Goldman Sachs and in S/.1.5 million related to an increase in intercompany back-office services and commercial activities.

Operating expenses, net, related to the logistics services, maritime services and infrastructure businesses represented 52.0%, 36.3%, 8.1%, respectively, (the remaining 1.9% was associated with back-office services rendered by Anserco) of our operating expenses, net, for 2011, compared to 59.1%, 28.2% and 11.9%, respectively, (the remaining 0.8% was associated with back-office services rendered by Anserco) for 2010.

Operating Profit

As a result of the foregoing, our operating profit increased by 40.4%, or S/.8.4 million, from S/.20.8 million for 2010 to S/.29.2 million for 2011. Our operating profit margin for 2011 was 6.3% compared to 5.2% for 2010.

Financial Income and Financial Costs

Our financial income decreased by 8.5%, or S/.0.5 million, from S/.5.9 million for 2010 to S/.5.4 million for 2011, mainly due to a decrease in our level of cash and cash equivalents, a result of an increasing number of clients deferring payment of their invoices. Our financial expenses increased by 93.5%, or S/.16.8 million, as a result of interest payments related to the syndicated loan with Goldman Sachs.

Profit attributable to Jointly Controlled Businesses

Profit attributable to jointly controlled businesses decreased by 35.1%, or S/.2.0 million, from S/.5.7 million for 2010 to S/.3.7 million for 2011. This decline was explained by losses of S/.2.0 million in AAP in connection with the initiation of its operations. However, this decline was partially offset by an increase in income of TPE from S/.3.3 million in 2010 to S/.4.8 million in 2011, as a result of an increase in the volume of cargo handled by TPE.

Exchange Difference, Net

Gain from exchange difference, net, increased by 207.1%, or S/.5.8 million, from S/.2.8 million for 2010 to S/.8.6 million for 2011, mainly due to the 4.2% depreciation of the U.S. dollar relative to the *nuevo sol* during 2011 which had a positive impact on our profits.

Income Tax

Our income tax expense increased by 79.5%, or S/.3.1 million, from S/.3.9 million for 2010 to S/.7.0 million for 2011. Our tax expenses were divided in (i) current income tax that decreased from S/.6.4 million in 2010 to S/.5.1 million in 2011 and (ii) deferred tax which decreased from a positive impact of S/.2.5 million to a negative impact in 2011 of S/.1.9 million. Deferred tax in this particular case arises due to a mismatch between the taxable life of an asset and its useful life. The positive or negative impact related to this mismatch, will depend on the circumstances occurring on a given period, that is, on whether the relevant asset is sold or held until the end of its useful life and is completely depreciated. Our effective tax rates for 2010 and 2011 were 22.4% and 57.2%, respectively.

Profit for the Year

As a result of the foregoing, our profit for 2011 decreased 61.2%, or S/.8.2 million, from S/.13.4 million in 2010 to S/.5.2 million in 2011.

Liquidity and Capital Resources

Our main cash requirements are our operating expenses, capital expenditures relating to the maintenance and expansion of our facilities, the servicing of our debt, payment of taxes and to a lesser extent the payment of dividends. Our primary sources of cash have been cash flow from operating activities and loans and other financings. We believe that these sources of cash will be sufficient to cover our working capital needs in the ordinary course of our businesses.

Cash Flows

The table below sets forth certain components of our cash flow for the six months ended June 30, 2013 and 2012.

	For the six month period ended June 30,	
	2013	2012
	(in millions of S/.)	
Net cash (used in) generated from operating activities	(9.1)	(35.3)
Net cash (used in) generated from investing activities	(12.4)	(48.8)
Net cash (used in) generated from financing activities	29.4	82.3
Increase (decrease) in cash	7.9	(1.8)

The table below sets forth certain components of our cash flow for the years ended December 31, 2012, 2011 and 2010.

	For the year ended December 31,		
	2012	2011	2010
	(in millions of S/.)		
Net cash (used in) generated from operating activities	(0.5)	15.4	17.6
Net cash (used in) from investing activities	(68.1)	(39.9)	(3.2)
Net cash (used in) generated from financing activities	66.2	16.9	(20.3)
Decrease in cash	(2.4)	(7.7)	(5.9)

Net cash (used in) generated from operating activities

Net cash used in operating activities for the six months ended June 30, 2013 was an outflow of S/.9.1 million compared to an outflow of S/.35.3 million for the six months ended June 30, 2012. This variation is explained primarily by the existence of restricted cash held in an escrow account in the six months ended June 30, 2013 which is withdrawn in order to meet TPE's expenses related to construction projects in the port of Paita.

Net cash used in operating activities in 2012 was an outflow of S/.0.5 million, as compared to an inflow of S/.15.4 million of net cash generated from operating activities in 2011, primarily as a result of: (i) an increase of S/.21.9 million in commercial financings to our clients in our logistics services and maritime services businesses and (ii) making a reserve of S/.33.1 million from the proceeds obtained from our February 2012 initial public offering ("IPO") in order to meet the investment commitments under the concession agreement of TPE and registering such reserve or restricted cash as other accounts receivable. The IPO involved the offering of 34.8 million common shares of AIH at a price of S/.3.30 each. Net cash flow from operating activities in 2011 was higher than in 2010, primarily as a result of an improvement in collections across the company.

Net cash (used in) generated from investing activities

Net cash used in investing activities for the six months ended June 30, 2013 was an outflow of S/.12.4 million compared to an outflow of S/.48.8 million of net cash used in investing activities for the six months ended June 30, 2012. Such decrease was primarily driven by less cash invested in the acquisition of equipment and other minor capital expenditures. In June 2012, we made a significant investment of cash to capitalize our stake at the port of Paita according to the requirements of the concession agreement of TPE. Such funds were obtained from our IPO in February 2012. The remaining portion of the IPO proceeds are held in an escrow account as mentioned above.

Net cash used in investing activities was an outflow of S/.68.1 million in 2012, which primarily consisted of a capital injection in our joint-ventures TPE and AAP in an aggregate amount of S/.49.9 million. Also in 2012, S/.22.6 million was used to purchase property, plant and equipment as well as intangible assets. These cash outflows were offset by S/.3.5 million in dividend payments received from TPE and Nautilius and S/.0.9 million obtained from asset sales. Net cash flow used in investing activities was an outflow of S/.39.9 million in 2011, which was primarily related to: (i) a S/.0.7 million capital injection and (ii) S/.43.3 million in capital expenditures used for organic growth in Neptunia, Cosmos, File Service and Triton Transports. These outflows were partially offset by S/.2.1 million of cash from dividend payments received from TPE and Nautilius and S/.2.0 million obtained from asset sales.

Net cash (used in) generated from financing activities

Net cash generated from financing activities was an inflow of S/.29.4 million for the six months ended June 30, 2013 compared to net cash generated from financing activities of an inflow of S/.82.3 million for the six months ended June 30, 2012. This decrease in cash from financing activities was due to the fact that the proceeds we obtained in the six months ended June 30, 2013 from the financing of Penta Tanks (S/.19.4 million) and the issuance of commercial paper (S/.13.9 million) for working capital requirements were lower than the cash generated from financing activities in the six months ended June 30, 2012, which consisted of the net proceeds of our IPO in February 2012.

Net cash generated from financing activities in 2012 was an inflow of S/.66.2 million and consisted primarily of the net proceeds from our IPO in 2012 and short-term borrowings for S/.9.2 million, partially offset by our payment of S/.47.5 million of long-term borrowings. Net cash generated from financing activities in 2011 was an inflow of S/.16.9 million, consisting primarily of the S/.252.5 loan proceeds we obtained from the syndicated loan facility with Goldman Sachs in February 2011, partially offset by (i) the cash we used in the acquisition of non-controlling interests in Neptunia and Cosmos (S/.135.4 million), (ii) our payment of S/.96.9 of long-term borrowings and (iii) a dividend payment of S/.1.9 million.

Net cash used in financing activities in 2010 was an outflow of S/.20.3 million, consisting primarily of S/.36.5 million to repay long-term borrowings and S/.2.4 million for the payment of dividends, partially offset by S/.18.6 million of cash generated from short-term borrowings.

Indebtedness

As of June 30, 2013, we had total outstanding indebtedness of S/.305.8 million or (US$109.9 million) as set forth in the table below.

(Amounts in millions of S/.)	As of June 30, 2013	Interest Rate	Weighted Average	Maturity Date	Range of Maturity Date Earliest	Latest
Short term borrowings	21.0	—	—			
Leasing agreements (aggregate)	30.6	—	7.4	—	07/25/13	02/20/18
Banco de Crédito del Perú	17.2	—	—	—	10/31/16	11/05/21
Goldman Sachs	203.2	12.3%	—	03/31/16	—	—
Commercial Paper	14.1	3.5%	—	08/12/13	—	—
CIFI	9.7	7.0%	—	07/09/22	—	—
CII	9.7	7.0%	—	07/09/22	—	—
BBVA Continental	0.3	6.3%	—	01/03/14	—	—
Total	**305.8**					

Banco de Crédito del Perú Secured Loan. In September 19, 2011 and November 21, 2011, Cosmos and Neptunia, respectively, entered into secured loans with Banco de Crédito del Perú, in the amounts of US$2.5 million and US$4.9 million, respectively, accruing interest at annual rates of 6% and 7.5%, respectively, and maturing in September 2016 and November 2021, respectively.

Goldman Sachs Syndicated Loan. On February 15, 2011, we entered into a syndicated loan agreement with Goldman Sachs in the amount of US$85.0 million, divided in two tranches. The first tranche for US$60.0 million (with a principal amount payable at maturity) accrues interest at an annual rate of 13% and the second tranche, for US$25.0 million, accrues interest at an annual rate of 10%. The loan matures in February 2016. The proceeds from this loan were distributed as follows: (i) Cosmos received US$51.9 million to be used mainly for the acquisition of minority shareholder interests in Neptunia; (ii) Neptunia received US$29.1 million to be used mainly in the acquisition of minority shareholder interests in Cosmos as well as repayment of debts with local banks; and (iii) AIH received US$4.0 million to be used mainly for capital injections in different projects.

The syndicated loan was secured by a guarantee trust agreement entered into on February 15, 2011, by AIH, Oporsa, Sucesión Carlos Vargas Núñez, Carlos Rodolfo Juan Vargas Loret de Mola, Jan Carsten Mathies Estenssoro, VLM S.A.C., Wolf Dieter Krefft Berthold, Claus Peter Krumdiek Majewski, Cosmos, Neptunia, Triton

Transports, Inversiones Portuarias and Trimser, with Fiduciaria GBC S.A. and Goldman Sachs, on certain plots of land owned by our subsidiaries Neptunia and Oporsa and on the shares from the following subsidiaries:

Company	Number of shares
Cosmos	218,035,435
AIH.	99,665,000
Neptunia.	203,297,905
Almafin	7,826,575
Oporsa.	5,073,198
Triton Transport.	911,500
Multitainer.	788,500
Trimser	409,100
Afarsac	349,201

In addition, the syndicated loan contains the following financial covenants:

- a debt coverage ratio of no less than 2x; and
- a leverage ratio (financial debt divided by EBITDA) which started at 6x and decreased overtime to a current level of 3.5x.

As of June 30, 2013, we believe that we were in compliance with all of these financial covenants.

In April 2012, we entered into an amendment that allowed us to release shares of Penta Tanks shares from the guarantee trust agreement to be able to finance the company. On August 8, 2013, we entered into another amendment that allowed us to: (i) sell File Service and use the proceeds to repay part of the outstanding loan; and (ii) incur in certain debt for a week in order to repay outstanding debt under our commercial paper program.

On August 29, 2013, Cosmos executed a stock purchase agreement with Iron Mountain, whereby Cosmos agreed to sell all of the shares it owned in the capital stock of File Service to Iron Mountain for US$16.2 million. The closing date of such sale was September 13, 2013.

Leasing. As of June 30, 2013, we were party to numerous leasing agreements with several financial institutions, which in the aggregate amounted to S/.30.7 million (US$11 million).

We entered into such agreements primarily for the purpose of leasing the equipment and other assets necessary to run our operations. Upon maturity of each leasing agreement, we have the option to purchase or return the equipment or assets to the lessor. The amounts owed under these leasing agreements are generally repaid in monthly installments, subject to a minimum guaranteed payment corresponding to the minimum amount for which the equipment or assets could be sold to a third party.

Commercial Papers. In January 2013, we registered the First Program of Commercial Papers with the Lima Stock Exchange for the issuance of commercial papers up to US$ 20.0 million. As of June 30, 2013, we had US$5.00 million of commercial papers outstanding corresponding to the A-series. The A-series was fully repaid on August, 2013. On August 9, 2013, we issued the B-series of commercial papers for a total amount of US$ 5.0 million, at a rate of 2.96875% per year and 180-day maturity.

Off-Balance Sheet Arrangements

As of June 30, 2013, we had off-balance sheet contingencies amounting to US$40.8 million (approximately S/.113.6 million), consisting primarily of performance bonds in connection with our joint-ventures. For TPE, we issued a corporate guarantee for US$12 million and performance bonds in respect of which we are liable for US$8 million. For AAP, we issued performance bonds in respect of which we are liable for US$3.3 million. Remaining amounts are related to performance bonds issued in connection with the regular course of our businesses. See "Business — Infrastructure Business — TPE and AAP"

Capital Expenditures

Our current plans contemplate making capital expenditures in 2013 of approximately US$37.0 million for different projects under evaluation. We anticipate spending US$7.8 million at Cosmos for different investments for the oil and gas business, US$3.0 million at Neptunia for equipment and US$2.0 million at Triton Transports for new equipment and fleet renewal. In addition, we are contemplating two potential new joint-ventures for US$3.5 million and US$10.0 million for the Terrano project and US$5.0 million for Penta Tanks. We expect to spend approximately US$66.6 million from 2013 to 2017 on capital expenditures necessary to maintain our plants and equipment. All projected capital expenditures are estimates and may change in accordance with the progress of our projects and assessment of necessary expenditures.

The table below provides our total capital expenditures in 2012, 2011 and 2010, and for the six months ended June 30, 2013 and 2012.

	For the six months ended June 30,		For the year ended December 31,		
	2013	**2012**	**2012**	**2011**	**2010**
			(in millions of S/.)		
Land	—	—	—	0.51	—
Building and Other Construction	1.56	1.35	6.83	6.45	3.91
Machinery and Equipment	2.13	0.25	2.52	1.71	25.14
Other Equipment	1.10	0.56	4.41	0.87	1.40
Transport Units	1.88	2.34	2.56	1.88	1.24
Fixtures and Furniture	0.16	0.07	0.42	0.36	0.50
Works in Progress	3.96	10.36	7.61	28.60	11.30
Total	**10.79**	**14.93**	**24.35**	**40.38**	**43.49**

Contractual Obligations

The table below provides our contractual obligations as of June 30, 2013.

	Less than 1 year	1 – 3 years	3 – 5 years	More than 5 years	Total
			(in millions of S/.)		
Indebtedness	53.5	239.8	5.0	7.5	305.8
Future interest payments	27.8	44.7	1.5	0.9	74.9
Total	**81.3**	**284.5**	**6.5**	**8.4**	**380.7**

Quantitative and Qualitative Disclosure about Market Risk

We are exposed to a number of market risks arising from our normal business activities, including the possibility that changes in currency exchange rates or interest rates will adversely affect future cash flows and profit or the value of our financial assets and liabilities. For further information regarding our market risk, see note 3 to our consolidated financial statements included elsewhere in this offering memorandum.

As of June 30, 2013, we had an aggregate of US$109.9 million of debt outstanding. We intend to repay approximately US$86.5 million of this indebtedness with a portion of the net proceeds of this offering. See "Use of Proceeds." Future depreciation in the value of the *nuevo sol* against the U.S. dollar will increase the cost in *nuevos soles* of servicing our U.S. dollar-denominated indebtedness as well as result in foreign exchange losses, as the *nuevo sol* value of our U.S. dollar-denominated indebtedness would increase.

REGULATORY MATTERS

We operate in three industries: logistic services, maritime services and infrastructure. Each of these industries is governed by a different legal framework, and has specific regulatory authorities and supervisory agencies.

Logistic services industry

We provide storage and transport services, which are subject to special regulations in Peru.

Storage services

Overview

We provide bonded warehouse (*almacén aduanero*) services and General Deposit Warehouse services (*Almacen General de Depósito*) through our subsidiaries Almafin and Neptunia, respectively.

According to Peruvian regulations, a bonded warehouse is a place where goods and containers are stored at the request of shipping lines, cargo shippers and consignees. A General Deposit Warehouse is a warehouse authorized by the SBS to receive and store goods and containers and issue pledge certificates (*warrant*) and ownership certificates (*certificado de depósito*) on those stored goods and containers. Bonded warehouses must obtain a “Bonded Warehouse Authorization” (*Autorización de Almacén Aduanero*) granted by SUNAT, and General Deposit Warehouses must be licensed by the SBS.

For the storage of certain goods, such as animals or vegetables, chemical, or aircraft pieces, storage companies require additional licenses from different governmental agencies, such as the National Agricultural Health Service of the Ministry of Agriculture, the Ministry of Homeland Security and the Civil Aeronautic Directorate of the Ministry of Transport and Communications.

Authorities and supervisory agencies

SUNAT

SUNAT is responsible for overseeing the compliance with custom laws and regulations. SUNAT also supervises entities that perform customs services and is authorized to bring administrative proceedings against bonded warehouses if they violate applicable regulations.

SBS

The SBS supervises General Deposit Warehouses, and is authorized to bring administrative proceedings against warehouses if they violate applicable regulations.

Maritime services industry

Overview

The National Port System Law (*Ley del Sistema Portuario Nacional*) or NPSL, enacted by Law No. 27943, and its implementing regulations, enacted by Supreme Decree No. 003-2004-MTC, are the main regulations governing the Peruvian maritime services industry.

According to the NPSL, maritime services are services provided at a port necessary for the proper operation of the maritime industry.

The NPSL implementing regulations classify maritime services in “General Services” and “Basic Port Services.” General Services refer to those services that are provided by the competent Port Authority for the benefit of port users without their request, and include dredging, supervision, signaling, cleaning, emergency prevention, among others. Basic Port Services include all activities purported to facilitate port traffic operations and are provided by private firms in a competitive environment. Basic Port Services are divided into technical-nautical services and cargo handling and transport. Technical-nautical services include pilotage, towing, diving, among others. Handling and transport services include stowing/unstowing, provisioning in port areas, transshipment of cargo, among others. In addition, shipping agency is also considered a port-related service.

Transport Services

Through our subsidiary Cosmos, we provide cargo and passengers transport services, which are conducted through the navigation of rivers, lakes and sea. In addition, through our subsidiary Triton Transports we provide land freight services.

To provide transport services, either by land or water, transportation companies must obtain certain licenses from the Ministry of Transport and Communications. In addition, for the transportation of certain type of goods, such as dangerous cargo or goods which exceed size limit of transport units, transport companies must obtain additional licenses from other entities such as Ministry of Homeland Security (freight service by land) or Environmental Department of the Ministry of Defense (for waterborne transport). Finally, if the cargo qualifies as customs cargo, the transport company must obtain an authorization from SUNAT.

Pilotage

Pilotage services comprise the assistance given to ship captains in the navigation and maneuvering of vessels when entering or leaving a port area. In accordance with the Operational Technical Rule for Performing Basic Port Service of Pilotage, enacted by Resolution of the Board of Directors No. 046-2010-APN-DIR, nautical maneuvers must be performed satisfying certain safety standards, and members of the service provider must satisfy certain requirements, such as having appropriate communications equipment and wearing a distinctive uniform, and are subject to a maximum number of maneuvers per day.

Before providing pilotage services, service providers must obtain an operating license to provide Basic Port Services, specifically authorizing pilotage, from the National Port Authority (*Autoridad Portuaria Nacional* or APN), and a license to provide pilotage services (*Licencia para Prestar Servicios de Practicaje*) from the National Maritime Authority - General Bureau of Captaincies and Coast Guards (*Dirección General de Capitanías y Guardacostas* or DICAPI) both for the company and the harbor pilots. Also, members of the service provider who provide pilotage services must have an administrative title granted by DICAPI certifying their ability to perform pilotage services at a specific port.

We provide pilotage services through our subsidiary Triton Maritime Service.

Towing

Towing services consist of assisting maritime maneuvers when entering or leaving a port area. Peruvian regulations define towing services as services which imply the use of tugboats to pull a vessel giving the vessel the bollard pull (driving force) necessary to compensate forces affecting maneuvers caused by winds, maritime currents, waves, depths, failures and other factors.

Individuals or legal entities who offer towing services in Peru must comply with certain regulatory requirements, such as obtaining an operating license from the APN to provide Basic Port Services, specifically authorizing towing. Also, each tugboat must have a Certificate of Registration and a Certificate of Compliance with Minimum Security Policies granted by the Direction of Control of Aquatic Activities (*Dirección de Control de Actividades Acuáticas*) of the Peruvian Navy.

We offer this service through our subsidiary Cosmos.

Diving

Diving services comprise rescuing and recovering submerged goods, and inspecting and repairing submerged parts of ships or ports. Diving operations must comply with certain rules regarding safety techniques and diving equipment requirements. The applicable requirements include, among others, the obligation to comply with a maximum diving depth, number of divers providing each service and gear.

To conduct diving operations, the diving company must obtain of an operating license to provide Basic Port Services, specifically authorizing diving activities at a specific port area, from the APN. In addition, each diver must possess a Certificate of Registration and a Diver Carnet granted by DICAPI.

We offer this service through our subsidiary Cosmos.

Provisioning

Provisioning services comprise the supply of food, domestic fuel, medicines, water, general goods and materials necessary for the operation of vessels located at the port area, with the exception of fuel for transportation activities.

In Peru, provisioning services must comply with certain regulations related to hygiene, health, safety and efficiency. Members of the service provider rendering provisioning services must be trained by a company registered before the APN, and shall have a health card (*Carné de Sanidad*) issued by a recognized entity.

In addition, service providers must obtain an operating license for the provision of Basic Port Services, specifically authorizing provisioning, granted by the APN. Also, if applicable, each provisioning vessel must have a Certificate of Registration and a Certificate of Compliance with Minimum Security Policies granted by the Direction of Control of Aquatic Activities of the Peruvian Navy.

We provide this service through our subsidiary Triton Maritime Services.

Cargo handling

Cargo handling involves a wide range of services. Once a vessel or a cargo container arrives at the port, the cargo is placed on the pier. Moving the cargo requires assistance from dockers to carry the cargo to the pre-stacking area. The cargo remains in the pre-stacking area until it is transported to a warehouse owned and managed by us or to a warehouse operated by a third party. Cargo handling companies may provide value-added services, such as classifying and packing the cargo.

In Peru, cargo handling companies must obtain a license to operate heavy machinery, and the machinery must satisfy certain minimum safety standards. In addition, cargo handling companies must possess an operating license to provide Basic Port Services issued by the APN.

We provide this service through our subsidiary Cosmos.

Shipping Agency

Shipping agency services comprise the provision of agency services to assist vessel owners or charterers with a series of administrative and logistic proceedings and the satisfaction of regulatory formalities required to allow vessels to enter a port, unload their goods and leave a port.

The provision of shipping agency services requires, essentially, that the services provider obtains a shipping agency operating license from the APN and the customs authority.

We provide this service through our subsidiary Cosmos.

Authorities and supervisory agencies

There are three governmental entities in charge of the regulation and supervision of the Peruvian maritime services industry (including transport services): (i) Ministry of Transport and Communications; (ii) DICAPI; (ii) APN; and (iii) The National Institute for the Defense of Competition and Protection of Intellectual Property or (*Instituto Nacional de Defensa de la Competencia y de la Protección de la Propiedad Intelectual* or INDECOPI).

Ministry of Transport and Communications

The main governmental authority in charge of overseeing transportation services is the Ministry of Transport and Communications, which sets the rules and quality standards applicable to vehicles used to provide transportation services in Peru.

Pursuant to the applicable aquatic transport regulations, the Ministry of Transport and Communications may initiate an administrative proceeding against transport companies if they violate applicable laws and regulations, being empowered to impose fines, or suspend or revoke administrative licenses.

DICAPI

DICAPI is the authority in charge of supervising activities within Peruvian public waters. The main function of DICAPI is to enforce standards and international conventions related to the maritime environment. Any service provider intending to provide maritime services requires an authorization granted by DICAPI.

DICAPI may impose fines, suspend or revoke licenses if it detects a violation of the maritime regulations.

APN

The APN is the entity in charge of the National Port System and the development and promotion of private investment in ports. It has exclusive regulatory powers to regulate technical and other aspects of the operations related to port facilities.

The APN may impose fines or suspend or revoke licenses if it detects a violation of the applicable regulations.

INDECOPI

INDECOPI is the Peruvian antitrust and competition authority. The Peruvian government seeks to restrict entry barriers to the Peruvian port market and to avoid cartels, especially by limiting the ability of operators to fix prices and other commercial conditions. INDECOPI may impose fines if there is a violation of antitrust and competition laws.

Infrastructure

Through our subsidiary Penta Tanks we operate a storage plant of liquid load and solid biofuel (ethanol) in Paita. Penta Tanks receives liquid loads from third party and stores them in its plant. Besides, it loads the biofuel to the vessels responsible of its transport.

The main conditions and technical parameters for the storage and clearance of ethanol are set by the Ministry of Energy and Mining and the Ministry of Defense. The Peruvian government is particularly concerned about activities involving the manipulation of fuel and other fluids in a maritime environment. Thus, both storage and clearance of fuel must be performed satisfying strict regulatory requirements and safety technical parameters to mitigate environmental hazards. Companies must obtain a Favorable Technical Report recognizing the feasibility of installing fuel delivery systems for boats from the Supervising Body on Investment related to Energy and Mining (*Organismo Supervisor de la Inversión en Energía y Minería* or OSINERGMIN) and a Certificate of Inspection of Tank Airtightness (*Certificado de Inspección de Hermeticidad de Tanques)* from the Peruvian Government.

As this type of services involve the occupation of public domain areas (i.e., aquatic and riparian strip), an additional authorization is required for the installation of pipelines and undewater cables (*Autorización para la instalación de tuberías y cables subacuáticos en área acuática y franja ribereña*) from the Department of Riverbanks and Continental Shelf of the Peruvian Navy (*Departamento de Riberas y Zócalo Continental de la Marina de Guerra)*, which is the governmental entity authorized to grant rights of use on public domain water areas.

Finally, Penta Tanks also requires an authorization for the use of the aquatic areas and riparian strip *(Autorización de uso de área acuática y franja ribereña)* from the same government entity.

Authorities and supervisory agencies

DICAPI

DICAPI investigates events, incidents and accidents in the aquatic environment to determine its causes and responsibilities, as well as to ensure the safety of human life in the aquatic and riparian strip. DICAPI may impose fines, or suspend or revoke licenses in case of violation of applicable regulations.

OSINERGMIN

OSINERGMIN supervises the compliance of specific safety technical parameters related to storage of hydrocarbons.

Safety

We are subject to both the General Occupational Safety and Health Law (*Ley de Seguridad y Salud en el Trabajo*) approved by Law No. 29783 and the relevant regulations on safety and health applicable to high risk activities approved by Supreme Decree No. 055-2010-EM.

According to such laws and regulations, our main obligations in connection with occupational safety and health rules are: (i) to establish a safety and health committee which shall comprise the same number of employees and employer representatives and shall approve (A) an internal occupational safety and health code, (B) an occupational safety and health annual program, and (C) an occupational safety and health risk map, (ii) to implement and maintain a safety and health management system and its registries and related documentation updated, (iii) to deliver a copy of the internal occupational safety and health code to its employees, (iv) to supervise the employees' fulfillment of the internal occupational safety and health code, (v) to perform medical examinations prior, during and at the end of the employee's labor relationship with us, (vi) to provide employees the adequate protective equipment, (vii) to inform the labor authority regarding any deterioration in an employee's health, and (viii) to ensure the same safety and health standards apply to all members of our labor force regardless if the employee is directly employed or through an outsourcing company.

The safety and health of our employees is our highest priority. Although we believe that we are in compliance with all safety and health regulations in all material respects, we have implemented adequate safety measures and work continuously to improve our occupational health and safety training and performance. We regularly monitor occupational health and safety performance and compliance through safety training programs, review and analysis of accident reports and other routine safety measures at our operating mines.

Under Peruvian law, the number of lost-time injuries recorded includes restricted duty injuries and certain medical treatment injuries. The total number of reportable injuries includes lost-time injuries, as well as other minor and major first aid injuries.

Labor regulations

Peruvian legislation allows hiring employees through: (i) a fixed-term contract, (ii) a contract for an indefinite duration or (iii) a contract for a part-time employment.

The minimum wage established in Peru is S/.750.00 (US$269.50) per month. Peruvian labor legislation establishes a maximum 8-hour work day or 48 hours per week for employees older than 18 years. For overtime, employers must pay at least an additional 25% and an additional 35% over the regular hourly wage for the first two hours and for any additional hours, respectively. Employees are entitled to a minimum rest of 24 consecutive hours per week.

Regardless of the type of employment contract, pursuant to Peruvian law full-time employees are entitled to receive: (i) an additional 10% of the minimum wage, provided that they are responsible for (a) one or more children under the age of 18, or (b) persons who are up to 24 years of age if they are pursuing higher education, (ii) two additional monthly salaries per year, one in July and one in December, (iii) thirty calendar days of annual paid vacation per year, (iv) life insurance, provided they have been employed for at least four weeks, (v) severance payment (CTS) that amounts to 1.16% if a monthly salary and is deposited each year in May and November, provided they work an average of at least four hours per day for the same employer, (vi) benefits from the Peruvian Social Health Insurance (ESSALUD) to which employers must contribute a rate equivalent to 9% of their employees' income, and (vii) a percentage of the company's annual income net of taxes, provided the company has twenty or more employees.

Furthermore, employees working at ports are subject to a special labor regime established in the Work in Ports Law, enacted by Law No. 27866, and its implementing regulations. This rule imposes the obligation of employers to enroll each port employee in the Port Employees Registry and classifies working at ports as a highly risk activity.

BUSINESS

Overview of our Conglomerate

We are a leading conglomerate provider of fully integrated logistics services in Peru[3]. Our conglomerate is divided into three business lines: Logistics Services, Maritime Services and Infrastructure. Through these businesses, we render services to shipping lines, diverse operators in the oil and gas industry, importers and exporters, and we also develop and operate public ports and airport facilities through public concessions as well as private projects.

Our Logistics Services

Through our logistics services business, we provide our clients all necessary services required to bring cargo into the three ports where we operate (Paita, Callao and Matarani), we assist in all aspects of cargo handling while at port and we provide transport services to or from warehouses and to wholesale points of sale throughout the coastal, mountain, inland and jungle regions of Peru and, in certain cases, 10 retail points primarily concentrated in the greater area of Lima (including El Callao). Our logistics services include (i) the transportation of containers, bulk and liquid cargo to and from port facilities and customer warehouses, (ii) transportation and receipt of containers at our premises and sorting and storage of goods and merchandise, and (iii) labeling and preparation of cargo according to clients' requests and specifications. We also provide packaging, loading, sorting and distribution of our clients' cargo. Through our subsidiary Neptunia, we handled: (i) 152,968 container units and 8,374 metric tons of bulk cargo in 2010, (ii) 148,132 container units and 18,809 metric tons of bulk cargo in 2011, (iii) 158,294 container units and 16,256 metric tons of bulk cargo in 2012 and (iv) 65,755 container units and 9,571 metric tons of bulk cargo as of June 30, 2013. For the six months ended June 30, 2013, our logistics services business accounted for 61.1% of our consolidated revenues.

Our subsidiaries in our logistics services business are: Neptunia, Triton Transports, Multitainer and Almafin.

Our Maritime Services

Through our maritime services business, we offer services to shipping lines (such as chartering, agency services, husbandry, stevedoring, pilotage, towage, launches, mooring services and underwater operations to inbound and outbound vessels) cargo related services (such as customs documentation management) and oil and gas services (such as logistic support to oil rigs, port operations, fleet operation, personnel and cargo transportation, oil storage and underwater services). For the six months ended June 30, 2013, our maritime services business accounted for 37.9% of our consolidated revenues. Our subsidiaries and joint-ventures in our maritime services business are: Cosmos, Trimser, Nautilius, Svitzer Andino and Afarsac.

Our Infrastructure Business

Through our infrastructure business, we develop and operate public port and airport facilities through public concessions and private projects. Our largest operation in this business is conducted through Penta Tanks, which we expect to provide storage to all ethanol produced by Maple for the next 20 years.

In addition, we are developing two infrastructure projects through two joint-ventures in which we hold a 50% equity interest. TPE entered into a thirty year concession agreement with the Peruvian government to build, develop and operate the Port of Paita under which the Peruvian government guarantees TPE an annual minimum income. In 2012, TPE obtained US$110 million of financing to 25 years through the issuance of a bond in the international capital markets (144A/Reg S format). AAP entered into a twenty-five year concession agreement to operate five airports in the southern region of Peru. Under this concession, AAP has the obligation to invest US$50 million. For the six months ended June 30, 2013, our infrastructure business accounted for 1.0% of our consolidated revenues. Our subsidiaries and joint-ventures in our infrastructure business are: TPE, AAP, Penta Tanks, Terrano, Oporsa, Inversiones Portuarias and Proyecta & Construye.

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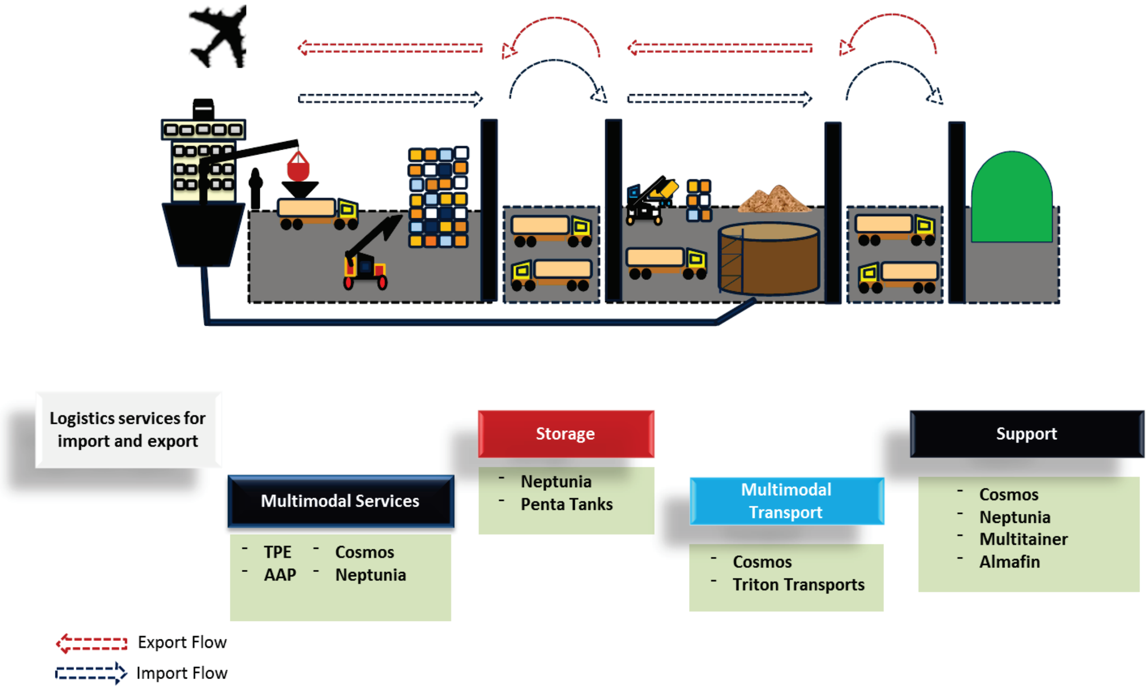
[3] Based on container traffic, which is measured in TEUs and metric tons of non-container cargo transported.

"Graphic Representation of our Integated Services"



The above diagram explains how our logistics, maritime services and, in certain cases, infrastructure businesses offer an integrated value chain as a one-stop shop. We first begin providing our services when a vessel enters Peruvian waters, by engaging the vessel as its representative. Once a vessel arrives on port, we handle all the paperwork and administrative procedures related to the vessel and its cargo. Second, we render stevedoring services at port premises, if required. Third, we transport cargo to and from our facilities through different means of transport (i.e., multimodal transport) in order to store and handle both container and non-container (liquid or bulk) cargo. Lastly, we transport cargo either to our clients' facilities or to any other destination at our clients' request.

The table below sets forth selected financial information relating to our business.

	For the six month period ended June 30,			For the year ended December 31,			
	2013	2013	2012	2012	2012	2011	2010
		(unaudited)					
	(in millions of US$, except ratios) (1)	(in millions of S/., except ratios)		(in millions of US$, except ratios)(1)	(in millions of S/., except ratios)		
Revenues from Services Rendered	100.3	279.1	232.1	185.8	517.0	465.6	402.4
Adjusted LTM EBITDA(2)	25.7	71.5	51.1	20.9	58.1	53.4	43.4
Profit for the period	(4.0)	(11.2)	4.1	5.8	16.1	5.2	13.4
Cash	8.9	24.8	17.4	6.1	16.9	19.2	26.9
Net debt(3)	100.9	281.0	270.8	93.0	258.7	291.3	127.4
Net debt/ Adjusted EBITDA ratio (4)	3.9	3.9	5.3	4.4	4.4	5.5	2.9
Interest Coverage Ratio (4)(5)	2.0	2.0	1.7	1.7	1.7	1.8	3.6

(1) Calculated based on an exchange rate of S/.2.783 to US$1.00 as of June 30, 2013.

(2) We define Adjusted EBITDA (which may be different from similarly titled measures reported by other companies in the logistics, maritime services or infrastructure businesses or otherwise) as profit (loss) for the period *plus*, without duplication, income tax, exchange difference, net, financial cost, depreciation and amortization, *less* the non-cash portion of profit (loss) attributable to jointly controlled businesses. Adjusted EBITDA is not a measurement of our financial performance under IFRS. We believe that Adjusted EBITDA is useful to investors as it provides a meaningful basis for reviewing the results of our operations by eliminating the effects of financing and investing decisions, as well as excluding the impact of activities not related to our ongoing operating business. Adjusted EBITDA is not defined under IFRS, should not be considered in isolation or as substitute for measures of our performance prepared in accordance with IFRS and not indicative of income from operations as determined under IFRS. Adjusted EBITDA has limitations as an analytical tool, and you should not consider Adjusted EBITDA either in isolation or as a substitute for net income loss, cash flows or other methods of analyzing our results as reported under IFRS. Because not all companies use identical calculations, our presentation of Adjusted EBITDA may not be comparable to other similarly titled measures of other companies. Adjusted EBITDA for the six months ended June 30, 2013 and 2012 is calculated using Adjusted EBITDA for the twelve months ended June 30, 2013 and 2012, respectively. See "Selected Financial Data".

(3) Total debt minus cash and cash equivalents.

(4) Ratios as of and for the six months ended June 30, 2013 and 2012 are calculated using Adjusted EBITDA for the twelve months ended June 30, 2013 and 2012, respectively.

(5) Ratio of Adjusted EBITDA to net interest expense.

Our Market

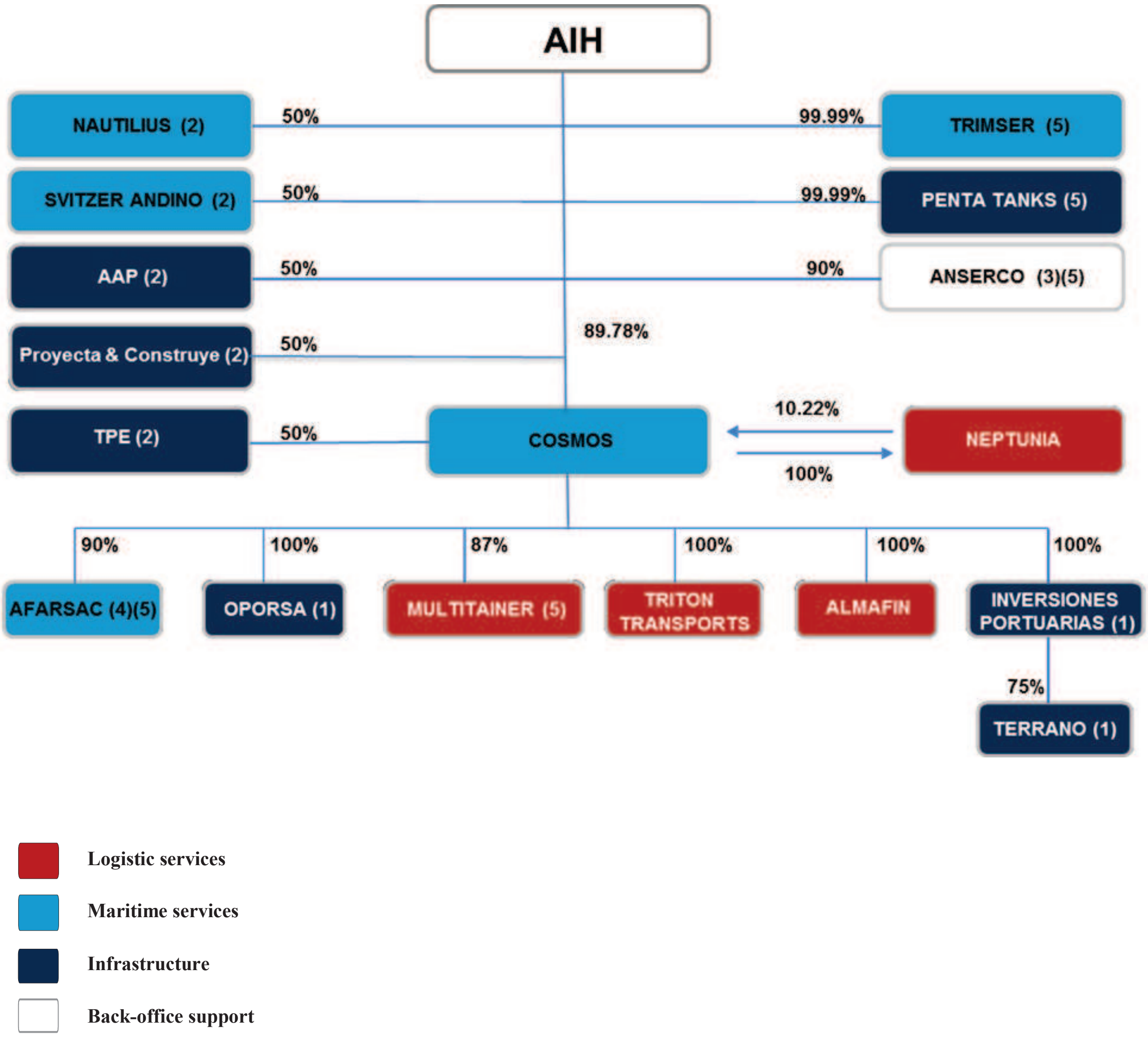
We believe that Peru offers us attractive opportunities because of its strong macroeconomic outlook, stable political environment, solid public finances, increased private and public investments and growing middle class. Peru has experienced uninterrupted economic growth over the last 13 years (including in 2009 despite the global economic crisis). It has been South America's fastest growing economy as measured by real GDP growth and one of only six investment grade countries worldwide with average annual real GDP growth over 6.5% from 2008 to 2012. According to the International Monetary Fund ("IMF"), as of April 2013, the Peruvian economy was projected to grow at rates of 6.3% and 6.1% in 2013 and 2014, respectively. However, the IMF, as of October 2013, revised its forecast and projected real GDP growth of 5.4% and 5.7% in 2013 and 2014, respectively. Furthemore, as a result of a reduction in exports in the first six months of 2013, in August of 2013 the Peruvian Central Bank revised its projections for growth in 2013 to 5.5%-6.0% from 6.0%-6.5%.

The main drivers of Peru's recent economic performance have been strong domestic demand and increased private and public investment, with private and public investment having grown at CAGRs of 7.1% and 11.3%, respectively, from 2008 to 2012. We believe that there is significant planned public and private investment in key sectors such as mining and infrastructure in Peru.

We believe we are well positioned to benefit from the continued growth of our client base in Peru's current macroeconomic environment. From 2010 to 2012, the CAGR of our consolidated revenues and Adjusted EBITDA was 13.4% and 16.0%, respectively, compared to a CAGR of 6.6% in Peru's GDP for that same period.

Our Corporate Structure

The following summary organizational chart depicts our principal operating subsidiaries and joint-ventures within our three lines of business:



(1) Oporsa, Terrano and Inversiones Portuarias will be unrestricted subsidiaries under the indenture governing the notes and will not guarantee payment of the notes.
(2) Svitzer Andino, Nautilius, AAP, TPE and Proyecta & Construye are joint-ventures in which AIH holds a 50% equity interest and their respective results of operations do not consolidate with our results of operations.
(3) Anserco's business purpose is to provide back-office support services to AIH and its subsidiaries.
(4) Afarsac is expected to be merged into Cosmos during the course of this year.
(5) Cosmos owns 0.01% of Trimser and Penta Tanks and 10% of Anserco. Trimser owns 10% of Afarsac. Inversiones Portuarias owns 13% of Multitainer. Inversiones San Karol S.A. owns 25% of Terrano.

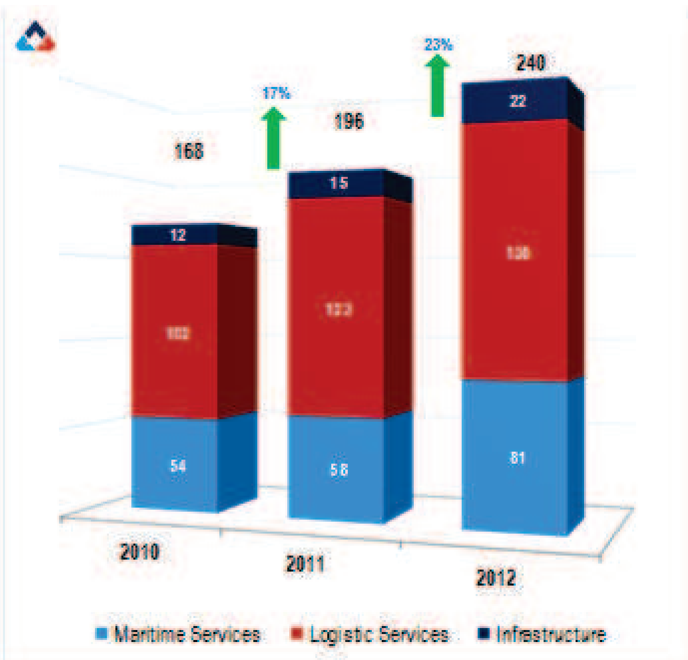
For a description of the shareholdings of our executives and directors in our operating subsidiaries, see "Management— Share Ownership."

We have three lines of business: (i) logistics services, consisting of the transportation of containers to and from port facilities and client warehouses, transportation and receipt of containers to our premises and sorting and storage of goods, as well as labeling and preparation of merchandise according to clients' requests and specifications; (ii) maritime services, consisting of services to vessels and cargo; and (iii) infrastructure business, through which we develop and operate public port and airport facilities through public concessions, as well as private infrastructure projects. Through the aforesaid businesses, we render our services to shipping lines, diverse operators in the oil and gas industry, importers and exporters and airlines.

The following charts set forth the principal activities of each of our three businesses.

The following chart sets forth our consolidated revenues by business for the years ending on December 31, 2010, 2011 and 2012 (on a non-consolidated basis, such numbers are expressed as if AIH would be entitled to 100% of the revenues arising from jointly controlled businesses).

Revenues by Line of Business (US$ million)



Our Competitive Strengths

We believe that our main competitive strengths include the following:

Integrated services portfolio that creates value for our clients

We offer an integrated portfolio of services that we believe addresses our clients' needs along the entire logistics chain. We act as a one-stop shop, providing integrated services that we believe allows our clients to benefit from reduced operating costs, increased efficiency and time savings, among others. In turn, this allows us to cross-sell complementary services to our diverse base of clients, expanding and diversifying our revenue sources. We believe this differentiates us from our competitors in Peru who are not able to offer clients a service and logistical support package as comprehensive as ours. As a result, the renewal ratio of the contracts with our clients is outstanding.

Largest provider of fully-integrated logistics services in Peru

As the largest provider of fully-integrated logistics services in Peru, we benefit from economies of scale that we believe result in operating efficiencies and reduced operating costs, which, in turn, allow us to pass on the cost savings to our clients and offer them competitive prices without compromising quality. For example, we use high-end equipment such as RTGs and state-of-the-art computer software at the port of Paita and at our off-dock facilities in Callao, which allow us to handle higher volumes of cargo more efficiently and in less time than if we used more traditional equipment. In the case of Callao, the RTGs used in our off-dock facilities allow us to handle up to seven containers per tier while maneuvering each container in an average of three moves, as compared to an average of five moves for traditional reach stackers. Furthermore, we believe our size gives us scalability which allows us to increase the volume of services we can provide to our clients without requiring significant additional capital expenditures and our leading industry position in Peru gives us bargaining power that we believe allows us to obtain competitive terms from suppliers.

Broad diversification of our client base, client industry coverage and geographic reach

We have a broadly diversified client base, with no single client accounting for more than 2% of our consolidated revenues and our top ten clients accounting for less than 10% of our consolidated revenues. Moreover, our client base is spread across various economic sectors of the Peruvian economy. Such variables tend to function as a natural hedge against economic cycles and seasonality that affects certain industries more than others. In addition, we are geographically diversified within Peru as we conduct operations in three regions: (i) in the coast (with emphasis at the ports of Callao, Paita and Matarani), (ii) in the mountain region (essentially through our transport services) and (iii) in the jungle, which we believe allows us to benefit, among other factors, from the location of the different exporters, which tend to use the port which is closest to their respective production sites.

Strategic real estate portfolio in Peru

Our strategic real estate portfolio consists of more than 529,125 square meters and is valued at more than US$253.2 million, based on the most recent appraisal we commissioned in 2012 which was made by Ing. Guillermo Sarria S.A. Ingenieros Tasadores. Our portfolio includes strategic holdings in Callao and Paita. The strategic location and size of our real estate holdings in Callao, Peru's principal water port, creates a barrier to entry for existing and new competitors, as similarly situated and sized properties are not readily available. Furthermore, as Peru's economy continues to expand, we expect demand for our services to increase alongside the increase in cargo volumes. We expect that the current installed capacity of the port of Callao will not be sufficient to address the expected increase in demand and we believe we will be strategically positioned to take advantage of that opportunity by using our real estate to expand our other operations.

Independent provider of logistics services

We are not vertically integrated with companies that are part of conglomerates operating businesses outside the logistics services industry. Many of our competitors are integrated with companies which compete with of our clients in their respective businesses. For example, the fact that one of our main competitors is the producer of certain of the cargo that it handles through its logistics services business may deter other producers of the same type of product from hiring our competitor's logistic services due to their concern that they may be unwillingly disclosing strategic business information. We believe that being an independent entity better positions us to compete for clients' existing and emerging demand for our services.

Strong and experienced management team

Our management team is composed of experienced professionals with extensive knowledge of the lines of business in which we operate. We believe our management team's capabilities and core understanding of our business enable us to operate efficiently and manage risk effectively. Our management team, which consists of 19 professionals at the executive level, has an average of 10 years of experience in the logistics services, maritime services and infrastructure businesses.

Our Strategies

Our main goal is to position ourselves as our clients' preferred choice for integrated logistics solutions and to continue to consolidate our position as the largest provider of logistics services in our markets. We intend to achieve this objective through the following principal strategies:

Further expand our client penetration to increase our economies of scale and improve our operating efficiency

We offer high quality services to our clients and seek to cross-sell our complementary services, continuously striving to attract new clients. Increasing our penetration of both our existing client base and attracting new clients to whom we can offer our integrated services will allow us to consolidate our position while increasing economies of scale, which we believe enable us to improve our operating efficiencies and results of operations. We also expect to leverage our existing installed capacity to expand revenues without incurring significant additional capital expenditures. For example, we currently use approximately 75% of our installed capacity and we estimate that with minor investments of approximately US$2 million, we would be able to increase our terminal storage capacity from five to seven tiers.

Expand our service offerings to match our clients' needs and act as one-stop logistics services shop

We seek to expand our service offerings in integral and innovative ways, adapting our services to our clients' existing and evolving needs. For example, we have increased the reach of our delivery of clients' cargo from wholesale to retail points of sale by expanding pick-up and packaging alternatives. We evaluate potential complementary services integrally related to our current service offerings that our clients may require, in an on-going effort to improve our service offerings and function as a one-stop-shop for our clients. We leverage our experience and know-how in the industries in which we operate and our long-term relationships with our clients, which position us to understand and anticipate our clients' needs. Expanding the services we offer to keep up with our clients' needs helps us consolidate our client base and leading position in the logistics and maritime services industry.

Continue to improve our IT platform

Our state-of-the-art IT platform has been critical to our ability to improve our core services and is a key factor contributing to further improvements in our efficiency and quality standards. Our logistics and maritime services businesses have benefitted from advanced software such as Warehouse Management System, Navis, Blue Ship and Maximo. Furthermore, we expect to strengthen our commercial operations during 2014 through the implementation of CRM software to improve our interaction with existing and prospective clients, as well as ERP software over the following two years to automate, facilitate and standardize the flow of data between our different businesses for our back-office functions. We believe these developments in our IT platform will contribute to reducing the time invested in processing and managing information as well as the likelihood or frequency of human errors associated with such tasks. In addition, for Triton Transport's operations, we are assessing the acquisition of an ERP used in transport services which would allow us to monitor each vehicle as a business unit (track revenues, costs, performance metrics) enhancing the quality of our services. In the case of Multitainer's operations, we are evaluating acquiring a new ERP specialized in budget control.

Improve our financial structure by centralizing our fundraising at the AIH level

We expect to centralize and channel the majority of our funding activities through AIH, which we believe will provide us with greater flexibility and bargaining power when we negotiate for future financing, which we expect will decrease our cost of capital. Going forward, this strategic objective will also help us reduce the costs associated with monitoring compliance with contractual terms.

Continue to expand our infrastructure business through participation in public bids and private ventures

Our infrastructure business accounted for 1.1% and 6.5% of our consolidated revenues and Adjusted EBITDA, respectively, for the year ended December 31, 2012 and 1.0% and 12.3% of our consolidated revenues and Adjusted EBITDA, respectively, for the six months ended June 30, 2013. One of our strategic goals is to continue to grow our revenue from and increase our focus on this business. We periodically evaluate our participation in public and private bids for infrastructure projects such as ports, airports and infrastructure related to logistics. Our ownership and participation in TPE and AAP have increased our experience in the operation of water port terminals and airports. We plan to leverage our expertise and know-how for new projects we are analyzing and expect to undertake in the future, especially as the Peruvian government seeks to stimulate further private investment in infrastructure.

History

Cosmos, the first company of our Group, was founded in June 1972 by the same entrepreneurs who are still our controlling shareholders.

In 1980, Neptunia was founded and it has been a leading logistics operator ever since. Neptunia has progressively broadened the scope of its activities in order to cover the full logistics chain of services, such as transportation, document handling and cargo certificates. Cosmos and Neptunia are still our most important companies in terms of revenues.

In 2005, AIH was incorporated as the holding company of the Group in order to centralize control over the different companies comprising our Group. Carlos Rodolfo Juan Vargas Loret de Mola was appointed Chief Executive Officer of AIH.

In 2009, Cosmos obtained the concession of the port of Paita along with Mota Engil from Portugal as partner in TPE. This was our first foray into the infrastructure business. In 2010, AIH obtained the concession for the five southern airports with Corporación América S.A. from Argentina as partner in AAP.

Logistics Services

We provide our clients the full scope of logistics services, including transportation of containers to and from port facilities and client warehouses, transportation and receipt of containers to our premises and sorting and storage of goods, as well as labeling and preparation of cargo according to clients' requests and specifications. We also provide packaging, loading, sorting and distribution of our clients' cargo at points of sales as requested by our clients. We provide our logistics services through certain of our operating subsidiaries, which are described below. The following chart sets forth the revenues and net income generated by each subsidiary in our logistics services business for the periods indicated (on a non-consolidated basis).

	For the six month period ended June 30,			For the year ended December 31,			
	2013	2013	2012	2012	2012	2011	2010
	(in millions of US$)(1)	(in millions of S/.		(in millions of US$)(1)	(in millions of S/.		
Revenues							
Neptunia	51.2	142.5	124.7	100.8	280.6	263.7	243.6
Triton Transports	6.0	16.8	16.2	11.4	31.8	31.7	26.3
Multitainer	3.7	10.3	12.2	8.3	23.0	24.6	10.7
Almafin	0.7	1.9	1.5	1.6	4.5	3.8	1.6
File Service.	2.7	7.4	6.1	4	12.7	10.6	7.9
Net Income							
Neptunia.	(1.5)	(4.1)	(1.6)	2.0	5.7	7.2	3.3
Triton Transports	0.2	0.7	0.9	0.5	1.3	2.4	1.5
Multitainer	(0.2)	(0.6)	0.1	(0.5)	(1.4)	2.1	0.5
Almafin.	0.2	0.6	0.3	0.2	0.7	0.7	(1.5)
File Service	0.4	1.2	0.8	0.9	2.5	2.2	1.3

(1) Amounts stated in U.S. dollars have been translated from *nuevos soles* at the exchange rate of S/.2.783 to US$1.00, which was the exchange rate reported on June 30, 2013, by the SBS. See "Exchange Rate Information".

Neptunia

Neptunia is a port and logistics operator, which has been operating for more than 30 years. It is the leading company in the sector based on TEUs and performs an important role in the foreign trade and logistics chain in Peru. Its main services are grouped into two categories: port services and logistics services. Neptunia operates mainly at the ports of Callao, Paita and Matarani.

Neptunia's port logistics services include:

- Off-dock terminals where importers and exporters can carry out their container loading and off-loading operations.
- Inbound and outbound services, which include management, delivery into port terminal, storage, local delivery of imported cargo and outbound transportation of cargo abroad.
- Empty container storage services, which consist of delivery into terminal, repair, maintenance and transport of empty containers.
- Integrated export and import-related services, such as storage, transport, shipping agency, customs agency and documentation management, among others.
- Oversize cargo services, which include project cargo transportation and management.
- General cargo services.
- Warehouse of refrigerated containers and containers for perishable products.

Neptunia's logistics services include a broad array of warehouse and distribution services such as:

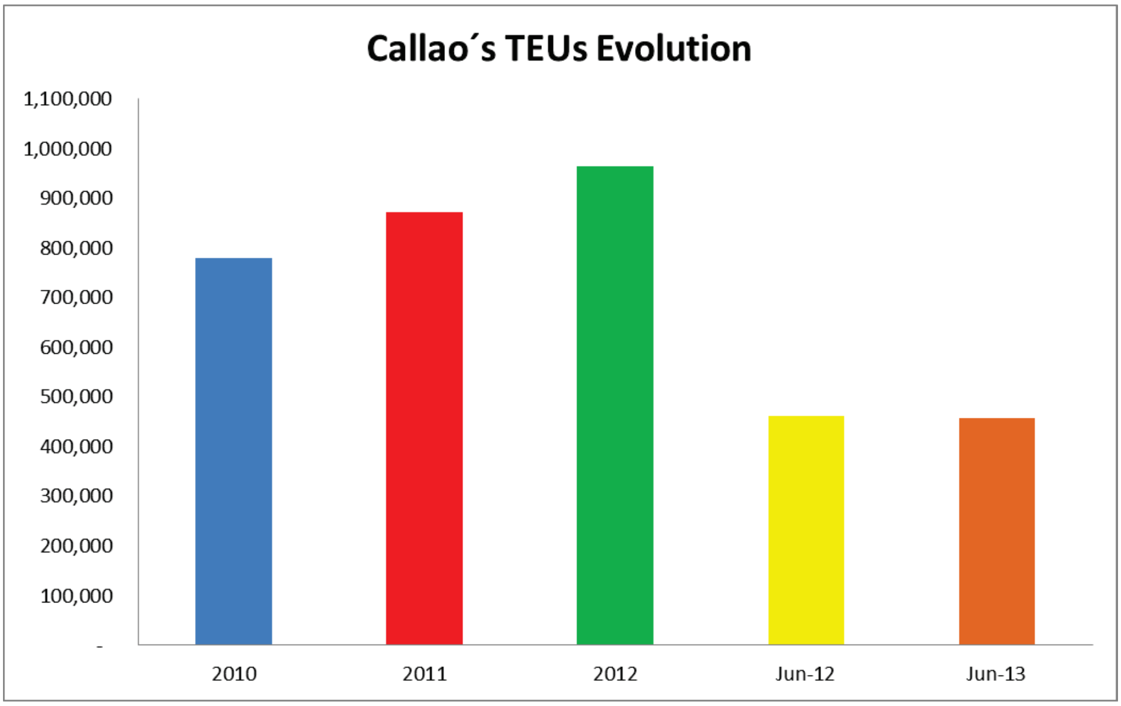
- Warehouse and distribution centers, including warehouses for imported cargo and warehouse for refrigerated cargo.
- Distribution and delivery services.
- Receipt, storage and pre-delivery of imported vehicles.

- Picking, classification and packaging services.

Neptunia's equipment as of June 30, 2013 consisted of 23 forklifts, 26 reach stackers and two RTGs.

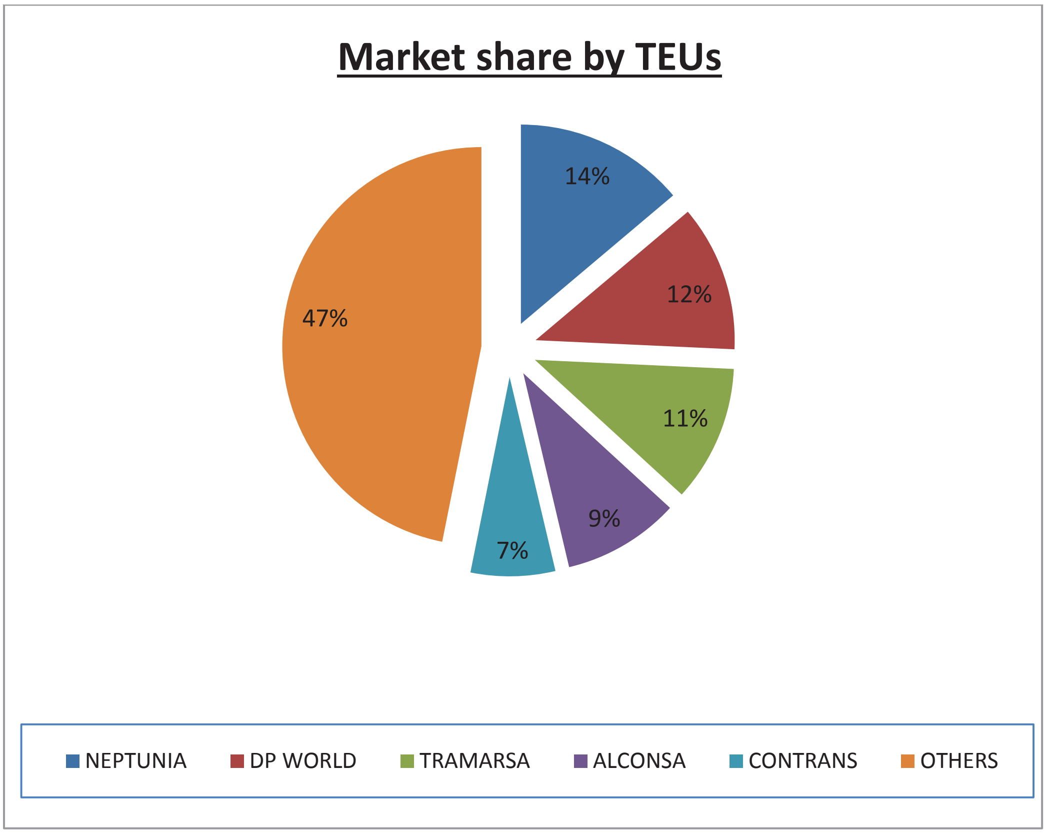
Neptunia's clients list include world renowned shipping lines (such as Hamburg Süd, Hapag Lloyd, Mitsui OSK Line, American President Line, Mediterranean Shipping Company, Pacific International Line, China Shipping Container Lines and Wallenius), companies in the retail and technology sectors (such as Sony, Sodimac, Diageo and British American Tobacco) and companies in the construction and mining sectors (such as Graña y Montero S.A.A., Orica, Arauco, Bechtel, Fluor Daniel and Cosapi), exporters (such as Tecnológica de Alimentos S.A., Copeinca ASA, Austral Group S.A.A., Gloria S.A.) among others. Neptunia has entered into contracts with shipping lines with an average duration of two years and has long standing relationships with these shipping lines. As of May 2013, Neptunia's 10 most important clients accounted for 16.4% of its total revenues. Clients under contract accounted for 13.3% of Neptunia's total revenues as of December 31, 2102 and for 12.9% of its total revenues as of June 30, 2013.

The chart below shows the evolution of TEUs handled in the port of Callao from 2010 to June 2013. The port of Callao is the main port in Peru and currently handles 90% of the country's containerised cargo.



Source: Escomar

The following pie chart sets forth Neptunia's market share and that of its main competitors in Peru as of June 30, 2013 based on volume of containers handled in TEUs nationwide.



DP World: DP World Callao S.R.L.
TRAMARSA: Trabajos Marítimos S.A.
ALCONSA: APM Terminal Inland Services S.A.
CONTRANS: Contrans S.A.C.

Source: BD Escomar, Neptunia

Neptunia conducts its operations in compliance with international standards for the logistics services sector and holds the following certifications as of June 30, 2013: GMP +B2 and GMP +B3 issued by SGS del Perú, and ISO 14001, ISO 9001 and OHSAS 18001 issued by Bureau Veritas. Furthermore, since 2003 Neptunia has been registered with the US Food and Drug Administration.

Triton Transports

We believe that Triton Transports is a leading provider of cargo transportation services in the Peruvian port market based on TEUs. Triton Transports was incorporated in 1993 to transport heavy cargo and containers within Peru. It currently provides transportation services for containers, general cargo, frozen cargo, bulk and liquid cargo and oversize cargo.

Triton Transports operates a fleet of 117 owned or leased trucks with an aggregate load capacity of approximately 30 metric tons, as well as other special cargo vehicles such as lowboy trailers, flat bed trailers and container chassis. Out of the 117 trucks, 84 are owned by Triton Transports and the remainder are leased from third parties.

We have a continuous fleet renewal plan with the objective of maintaining transportation vehicles that are not older than ten years. Triton Transports' modern truck fleet allows us to provide transportation services to the large mining and infrastructure projects in Peru, which require long distance transportation.

Triton Transports has a Global Positioning System with national, regional and local coverage that indicates the location of every unit. It also supports phone and radio systems that allow direct communication with every driver. Control and monitoring measures are in place that enhance the security of the cargo being transported and allows us and our clients to know the location of their cargo while being transported. Our drivers are carefully selected and regularly trained. In 2007, Triton Transports obtained the Business Alliance for Secure Commerce certification ("BASC").

Triton Transports' main clients include: Bechtel, Unicon, Emsa, Mota Engil, Bertling Logistics, Graña y Montero S.A.A., Minsur S.A., Techint S.A.C., Multitainer S.A. and Neptunia S.A., among others.

Multitainer

Multitainer began operating in 2008, transforming cargo containers into temporary office and/or housing units for mining and construction companies. Since 2011, Multitainer has expanded its operations and now also uses prefabricated aluminum composite panels to provide temporary office and housing solutions as well as other construction-related services including rendering habitable barges for deep-water oil exploration and drilling. Multitainer offers two main solutions: (i) sale and rental of containers and prefabricated panels to implement campsites/modules, primarily to the mining and energy industries and (ii) post-sale services, such as transportation, handling, maintenance and restoration of the former.

Multitainer's clients include companies such as: Compañía de Minas Buenaventura S.A.A., Enersur S.A., GDF Suez, Transportadora de Gas del Perú S.A., Minera Yanacocha S.R.L., Southern Peru Copper Corporation Sucursal del Perú, BPZ Energy, Savia and Ferreyros S.A.A.

Almafin

Almafin was incorporated in 2009 and is a licensed General Deposit Warehouse (*Almacén General de Depósito*), supervised by the SBS. Its main objective is to serve as a custom-bonded warehouse, being able to issue negotiable certificates of deposit based on the merchandise or items kept in storage. Almafin's clients typically use certificates of deposits to get financing from local and international banks. Generally, the products stored by Almafin are soft commodities such as wheat, fishmeal, mineral ore, rice and cereal, among others.

Maritime Services

We have been involved in the maritime services business since we initiated our operations in 1972. We classify the services offered through this line of business into three categories:

- Services to shipping lines, which include chartering, agency services, husbandry, stevedoring, pilotage, towage, launches, mooring services, and underwater operations to inbound and outbound vessels.

- Cargo related services, which include customs documentation management.

- Oil and gas services, including logistical support to oil rigs, port operations, fleet operation, personnel and cargo transportation, oil storage, underwater services, and tugboat services, among others.

We offer our maritime services to various types of vessels: full container ships, bulk carriers, tankers, passengers' vessels and others.

We have a sophisticated IT platform that allows us to provide vessels, vessel owners, exporters, importers and our clients in general with on-line communication, precise information during the full process of receipt and management of the vessels as well as the status of their cargo.

The following table sets forth the revenues and net income generated by each subsidiary and associated company in our maritime services business for the periods indicated.

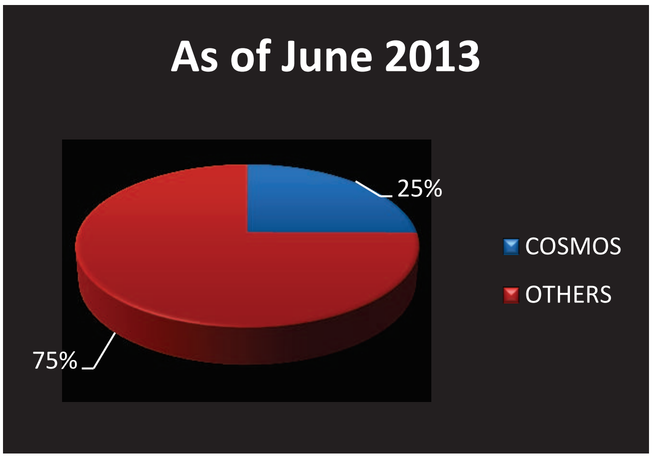
	For the six month period June 30,			For the year ended December 31			
	2013	2013	2012	2012	2012	2011	2010
	(in millions of US$)(1)	(in millions of S/.)		(in millions of US$)(1)	(in millions of S/.)		
Revenues							
Cosmos	38.4	106.8	84.3	68.1	189.5	147.2	144.5
Trimser	1.5	4.2	3.7	2.6	7.3	7.1	5.1
Nautilius (2)	1.4	3.8	3.5	2.6	7.2	7.5	8.7
Svitzer Andino (2)	0.7	2.9	3.0	2.1	5.8	6.1	7.4
Net Income							
Cosmos	3.9	(10.9)	0.7	1.2	3.5	0.2	14.3
Trimser	0.2	0.7	0.3	0.2	0.5	0.8	0.8
Nautilius (2)	0.2	0.7	0.5	0.4	1.1	1.3	0.7
Svitzer Andino (2)	(0.0)	(0.5)	0.3	0.7	2.0	2.1	1.9

(1) Amounts stated in U.S. dollars have been translated from *nuevos soles* at the exchange rate of S/.2.783 to US$ 1.00, which was the exchange rate reported on June 30, 2013, by the SBS. See "Exchange Rate Information".
(2) Not part of consolidated financials.

Cosmos

Cosmos was incorporated in June 1972 and it is currently a leading maritime and stevedoring agency in Peru as measured by fleet size and in TEUs handled. Its main services are provided throughout Peruvian ports and include: maritime services, stevedoring, underwater operations and operations in maritime terminals and ports. We render underwater services to all of our clients, including those engaged in the oil and gas industry, the same that include: (i) maintenance and repair services at various facilities such as submarine hydrocarbon pipelines, underwater hoses, multi-buoy moorings, anchors, hulls, docks, platforms; (ii) underwater inspection and assessment of oil installations such as drilling rigs and docks, as well as inspection of ships and docks, pipes launching services, in compliance with all the launch stages from the signaling, positioning and shooting to the anchoring of the pipeline on the seabed; (iii) hydrographic studies, salvage, search and rescue, positioning of elements and mooring, anchoring systems; (iv) non-destructive testing (NDT), loose groundings, photography and filming underwater, and tugboat services, among others.

The following pie chart sets forth Cosmos' market share in Peru as of June 30, 2013 based on volume of containers handled in TEUs nationwide according to the APN.



Source: APN

The following map sets forth Cosmos's operations throughout Peru.

Cosmos provides services to some of the most important national and foreign shipping companies operating in Peru as well as companies in the oil and gas, mining and energy sectors. Cosmos has an established and long-term business relationship with its clients, which include shipping lines such as: Hamburg Süd, Hapag-Lloyd, Pacific International Line, Hansemar, Hanseática, NYK Line and oil and gas companies such as Pluspetrol, Savia, JO Tankers, Petronet LNG Limited, Perú LNG, BPZ Energy, Oiltanking Andina, Grupo Repsol YPF del Perú S.A. and Petróleos del Perú S.A. ("Petroperu"). As a primary goal, Cosmos develops tailor-made solutions for its clients, adapting and customizing its operating systems according to their needs. Cosmos operates the largest fleet in Peru, consisting of 26 owned workboats and 23 leased workboats, which allows Cosmos to service its client's vessels, personnel, and cargo needs throughout the country. As of December 31, 2012, Cosmos' 10 most important clients accounted for 32% of its total revenues.

Cosmos conducts its operations in compliance with international standards for the maritime services sector and holds the following certifications as of June 30, 2013: (i) ISO 9001:2008 issued by Bureau Veritas for diverse operations in the ports of Callao, Ilo, Paita, Pisco, Pucallpa, Salaverry, Talara, Zorritos; (ii) BASC for our operations in the ports of Callao, Ilo, Paita, Pisco, Salaverry and Zorritos; and (iii) *Marca de Garantía* at the ports of Callao and Mollendo (port of Matarani). Cosmos is in process of qualifying for ISO 14001:2004 (Environmental Management), OHSAS 18001:2007 (Occupational Health & Safety Management) and ISM:2010 (Safe Operations of Ships). The evaluations related to such certifications are scheduled for the last quarter of 2013.

Trimser

Trimser is a company specialized in pilotage services, with more than 14 years of experience in the maritime business. It operates in the main Peruvian ports of Zorritos, Paita, Bayovar, Salaverry, Callao, Pisco and the PLNG Terminal at Melchorita Port. Triton's pilots are subject to regular training programs through sessions using simulators, where the pilots are trained to learn the specific characteristics and conditions of the different terminals, vessels and tugboats. As of June 30, 2013, the Company has eight pilots to cover the ports of Callao, Pisco, Paita, Bayovar and Zorritos.

Trimser has qualified for: (i) BASC and (ii) *Marca de Garantía* for the Port of Callao. Trimser is also in process of qualifying for OHSAS 18001:2007. The evaluation related to such certification is scheduled for the last quarter of 2013.

Trimser’s clients include companies such as: Maersk Line, Hamburg Süd, Hapag Lloyd AG, CMA-CGM The French Line, Mitsui OSK Lines, Seaboard Marine, Stolt Nielsen Transportation Group, Nordic Tankers (USA), Pacific International Line, NYK, Clipper Tanker (USA), Peru LNG, Petroperu, BPZ Energy, and Vale.

Nautilius

Nautilius is an associate company and we do not consolidate its financial statements. Nautilius is a maritime agency that has operated at the port of Callao for over 30 years. Its main services include maritime services, stevedoring services, loading and unloading of containers and bulk cargo. AIH holds 50% of the shares issued by Nautilius and the other 50% is held by the Romero De La Puente family through Catana Inversiones S.A.C. During the past five years we have received S/.3.7 million in dividend payments from Nautilius.

Nautilius’s clients include companies such as: Seaboard Marine, Petrolera Transoceánica, DP World and others.

Svitzer Andino

Svitzer Andino is an associate company and we do not consolidate its financial statements. We own 50% of Svitzer Andino, the remaining 50% being controlled by Svitzer Americas, a leading provider of tugboat and towage services with 175 years of experience worldwide.

Svitzer Andino started operations in August 2009 in order to further develop the harbor and terminal towage business in the Peruvian coastline. Svitzer Andino offers the following services: tugboat services, berth services, vessel rescue and assistance, spill prevention and control, and vessel transshipment.

Svitzer Andino owns two azimuthal tugboats, both of which operate in Zorritos for BPZ Marine, serving the marine operations that are being developed in the Corvina and Albacora platforms.

- the María Luisa II 55 TBP ASD.
- the Cabo Blanco 40 TBP ASD.

Infrastructure Business

Through our infrastructure business, we develop and operate public port and airport facilities through public concessions, as well as private projects. The strategy for our infrastructure business consists of developing more infrastructure projects either as a controlling party or sole sponsor. However, depending on the size of the project and funding needs, we may need equity partners and therefore be required to share a substantial interest in such potential ventures.

TPE

TPE is an associate company and we do not consolidate its financial statements. TPE is a corporation 50% owned by our subsidiary Cosmos, 40% owned by Tertir – Terminais de Portugal S.A., a subsidiary of Mota-Engil, SPGS S.A. (“Mota-Engil”), and 10% owned by Mota-Engil Peru S.A., a subsidiary of Mota-Engil formerly known as Translei S.A. (“Mota-Engil Peru”). Pursuant to TPE’s by-laws, major corporate decisions, including the amendment of its by-laws, approval of corporate reorganizations and any increase or reduction of its capital stock, must be taken with the consent of all shareholders. From 2009 to date, Cosmos has received S/. 4.2 million in dividend payments from TPE.

On September 31, 2009, the Peruvian APN acting on behalf of the Ministry of Transportation and Communications (“MTC”), and on behalf of the Government of Peru, entered into a concession agreement with TPE, which was amended on December 10, 2010. Pursuant to the concession agreement, TPE has the right to operate and maintain the Paita’s Port existing facilities and is required to design, construct, operate and maintain a new container pier and, depending on the level of utilization of the Paita Port, make certain others improvements including the installation of additional port equipment and reinforcing the existing jetty pier. TPE is also required to provide the standard services, which include, among other things, the loading and unloading of cargo, movement of cargo within the port area and weighing of cargo and is entitled to collect fees for other services provided to the users of the Paita Port. The term of the Concession will expire on September 8, 2039 unless earlier terminated The concession agreement may be terminated prior to the expiration date by (i) mutual agreement of the parties, (ii) unilaterally by the Peruvian government for reasons related to public interest, (iii) by the non-breaching party upon a breach of the other party's material obligations or (iv) at our option in case of force majeure or acts of god.

The total investment projected for the works to be carried out is approximately US$270.0 million, US$169.1 million of which is mandatory. The remaining US$100.0 million (i.e., the additional investment) may be invested at any time prior to the expiration of the concession period. The amount of the additional investment is adjusted annually at a rate of 1.19%. In order to meet its investment commitments under the concession agreement, TPE issued notes for US$110 million and its shareholders contributed US$53 million.

Pursuant to the concession agreement, TPE was required to deliver either two bank guarantees (*carta fianza bancarias*) or two stand-by letters of credit, which should be renewed by TPE on an annual basis. The first one ("TPE Bank Guarantee"), secures the correct and punctual fulfillment of all the obligations of TPE under the concession agreement, including the design, construction, exploitation and maintenance of the works, as well as the payment of penalties which may be imposed by the Supervising Body on the Private Investment in Public Use Transport Infrastructure (*Organismo Supervisor de la Inversión en Infraestructura de Transporte de Uso Público* or OSITRAN), excluding the obligations that are secured by the TPE Additional Investments Bank Guarantee (as defined below). The TPE Bank Guarantee shall be maintained until 12 months after the expiration of the concession period. The TPE Bank Guarantee may be executed by OSITRAN, partially or totally, pursuant to instructions of the Peruvian Government or "TPE Grantor" upon a breach of any or all obligations of TPE under the concession agreement, whether related or not to the works, and provided TPE has not cured such breach within the applicable cure period. The second bank guarantee ("TPE Additional Investments Bank Guarantee") secures the obligation of TPE of completing the additional works, for an amount equal to 100% of the amount of such additional works, which can be reduced in relation to the progress in the execution of the additional works. The TPE Additional Investments Bank Guarantee may be executed by OSITRAN, partially or totally, pursuant to instructions of TPE Grantor upon a breach of any or all obligations of TPE under the concession agreement, related to the additional works, provided that TPE has not cured such breach within the applicable cure period. The TPE Bank Guarantee and/or the TPE Additional Investments Bank Guarantee cannot be executed if there is an ongoing proceeding challenging their execution. The aggregate amount of the TPE Bank Guarantee and the TPE Additional Investments Bank Guarantee for which we are liable is US$8 million.

In addition to the aforesaid bank guarantees, on March 3, 2011, AIH provided a corporate guarantee (*fianzas*) for US$12 million to secure on a joint and several basis the making of all the additional investments or the payment of compensation to the MTC. Failure to keep these corporate guarantees effective will result in the imposition of penalties and may result in the termination of the concession agreement granted by MTC.

The port of Paita began operating in 1966, later undergoing renovation works in 1999, and serves as the gateway for exports, such as biological and agricultural products, from the northern region of Peru (including the Piura, Tumbes, Lambayeque, Cajamarca, San Martin and Amazonas regions) and imports in the form of solid bulks and liquid products. Prior to the concession awarded to TPE, the port of Paita was managed by Empresa Nacional de Puertos S.A. "ENAPU", a state-owned company in charge of developing, operating and providing services to publicly held ports.

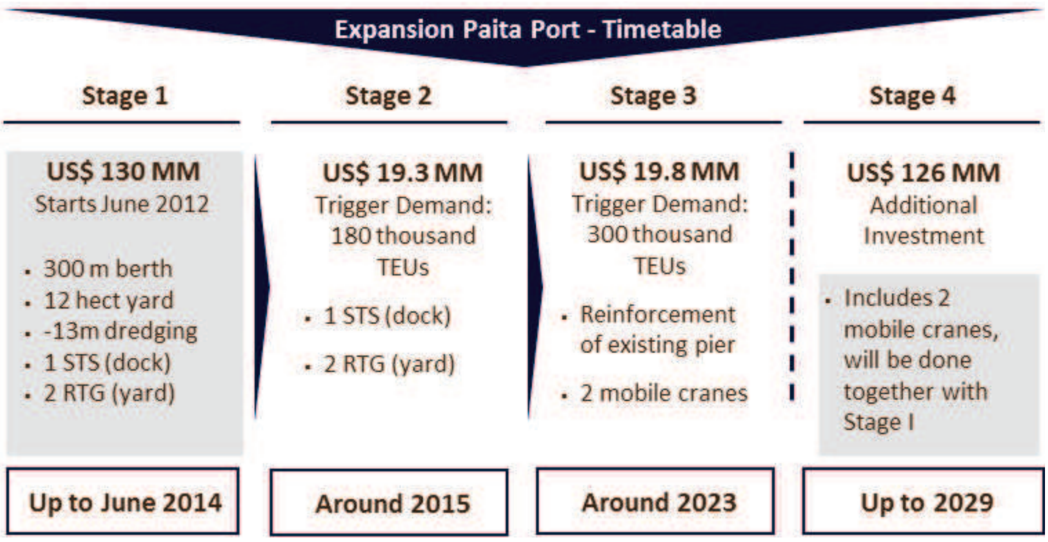
The port conducts its operations in compliance with international standards for the port sector and holds the following certifications as of June 30, 2013: (i) PBIP (International Code for Protection of Vessels and Port Facilities) since February 2010; (ii) IPE or Special Port Facility since April 2010; (iii) CSIP or Security Certification for a Port Facility since August 2010; (iv) BASC since April 2013; and (v) Marca Peru since November 2012. The port is in process of qualifying of ISO 9001; 14001 and OHSAS 18001 and expected to be granted by February 2014.

The port registered a high compound annual growth rate of over 14.4% measured in TEUs from 2010 to 2012, achieving record high results of 165,437 TEUs served in 2012; making it the second largest port in the country and the largest port in the northern region of Peru, in terms of volume of containers processed. The port of Paita is integrated to the northern region's highway network through the IIRSA Norte and Panamericana Norte highways. The port serves world leading shipping lines, including Maersk Line, MSC, Hamburg Sud, Hapag-Lloyd, and APL, among others.

The following table sets forth the number of TEUs, vessels and metric tons (MT) of cargo served at the port of Paita as of and for the years ended December 31, 2009, 2010, 2011 and 2012 and the six month periods ended June 30, 2012 and 2013.

	For the six month period June 30,		**For the year ended December 31,**			
	2013	**2012**	**2012**	**2011**	**2010**	**2009**
TEUs	77,212	74,811	165,437	152,175	126,466	30,142
Vessels	256	217	440	470	626	124
Metric tons	722,474	687,868	1,513,919	1,401,236	1,261,378	281,955

The following table sets forth our estimated calendar of investments in the concession period.



The following table sets forth selected financial information for TPE.

	For the six month period ended June 30,			**For the year ended December 31,**			
	2013	**2013**	**2012**	**2012**	**2012**	**2011**	**2010**
	(in millions of US$)(1)	**(in millions of S/.)**		**(in millions of US$)(1)**	**(in millions of S/.)**		
Revenues	12.6	35.0	29.2	22.7	63.2	19.9	16.0
Net income	1.3	3.7	10.0	1.4	3.8	4.0	2.9

1. Revenues are calculated for such year and converted into U.S. dollars based on the exchange rate published by the SBS on December 31 of the corresponding year.

AAP

AAP is an associate company and we do not consolidate its financial statements. AAP is a joint-venture corporation 50% owned by us, and 50% by Corporación América S.A., an Argentinian conglomerate with multiple lines of business including the operation of airports via concession in other countries. Pursuant to the by-laws of AAP, major corporate decisions, including the amendment of its by-laws, approval of corporate reorganizations and any increase or reduction of its capital stock, must be taken with the consent of all shareholders. As of June 30, 2013, AAP has not distributed any dividends.

On January 5, 2011, AAP and the Peruvian government, acting through the MTC, entered into a concession agreement pursuant to which the Peruvian government granted AAP a 25-year concession to design, construct, improve, maintain and exploit the following five airports in the southern region of Peru:

- Rodríguez Ballón International Airport – Arequipa;
- Coronel FAP Alfredo Mendívil Duarte Airport – Ayacucho;
- Inca Manco Capac International Airport – Juliaca;
- Padre Aldamiz International Airport – Puerto Maldonado; and
- Coronel FAP Carlos Ciriani Santa Rosa International Airport – Tacna.

The following map sets forth the location of the five airports included in the concession.

Pursuant to the concession agreement, AAP is required to design, construct, improve, maintain and operate the airports, and has the right to provide certain airport services. During the first three years of the concession, AAP is required to complete certain works to improve the general characteristics and architectonic aspects of the airports, the safety at the airports and expand and remodel the terminals. Maximum tariffs for the main aeronautical services are regulated in the concession agreement and are subject to adjustment only after the fifth anniversary of the concession. The concession is co-financed by the Peruvian government through quarterly payments to finance the construction work and to guarantee revenues to pay the operation and maintenance expenses of the airports. As strategic investor, we are required to hold at least 25% of the total share capital of AAP for the first five years of the concession.

Pursuant to the first amendment to the concession agreement dated January 4, 2013, the term for the Ministry of Transport and Communications to deliver the Andahuaylas Airport was extended for two years, from the moment when the Peruvian Corporation of Commercial Aviation and Airports (*Corporación Peruana de Aereopuertos y Aviación Commercial S.A.*) delivers it to the Ministry of Transport and Communications.

The total investment projected for the construction to be carried out is approximately US$214.0 million, subject to the MTC's approval. The first stage of the construction started in March 2012 and includes investments of US$50.0 million for a period of approximately three years. All of the investments are fully paid by the Peruvian government. The construction includes runway repairs, terminal upgrades, and parking lots.

Pursuant to the concession agreement, AAP delivered two bank guarantees (*cartas fianza bancarias*). The first one, secures the correct and punctual fulfillment of all the obligations of AAP under the concession agreement, including the payment of penalties which may be imposed by OSITRAN and the quality and service levels of the works ("AAP Bank Guarantee"), excluding the obligations that are secured by the AAP Construction Bank Guarantee (as defined below). The AAP Bank Guarantee may be executed by OSITRAN, partially or totally, pursuant to instructions of the Peruvian Government or "AAP Grantor" upon the identification of a breach of any or all obligations of AAP under the concession agreement, and provided AAP has not cured such breach within the applicable cure period. AAP has the obligation. The second bank guarantee ("AAP Construction Bank Guarantee") secures the performance of the works, including certain rehabilitation work. The AAP Construction Bank Guarantee can be executed by OSITRAN, partially or totally, under previous instructions of the AAP Grantor, upon a breach of any or all obligations of AAP under the concession agreement related to the execution of the works, provided that AAP has not cured such breach within the applicable cure period. The aggregate amount of the AAP Bank Guarantee and the AAP Construction Bank Guarantee for which we are liable is US$3.3 million.

The following table sets forth our estimated calendar of investments during the concession period (in millions of *nuevos soles)*:

City	Work	Start Date	Finish Date	DIRECT COST (S/.)	GENERAL EXPENSES	PROFIT 10%	TOTAL AMOUNT (S/.)
Arequipa.........	Access porches, parking lots, pavements, sieges, terminal improvements	05/03/2012	12/16/2013	28.18	3.84	2.82	34.84
Ayacucho	Access porches, parking lots, pavements, sieges, terminal improvements, Operating Area	08/20/2012	12/20/2013	19.69	3.31	1.97	24.96
Juliaca	Access porches, parking lots, pavements, sieges, terminal improvements, Electric Sistem, Fuel Plant, Solid Waste Disposal	08/15/2012	12/20/2013	19.54	2.86	1.95	24.35
Puerto Maldonado ...	Access porches, parking lots, pavements, sieges, terminal improvements, Electric System, Fuel Plant	08/03/2012	12/20/2013	18.25	2.93	1.83	23.00
Tacna..............	Access porches, parking lots, pavements, sieges, terminal improvements, Electric System	04/01/2012	12/15/2013	27.49	4.22	2.75	34.46

The following table sets forth selected financial information for AAP.

	For the six-month period ended June 30,			For the year ended December 31,			
	2013	2013	2012	2012	2012	2011	2010
	(in millions of US$)(1)	(in millions of S/.)		(in millions of US$)(1)	(in millions of S/.)		
Revenues (1)	3.9	10.8	8.8	6.9	19.5	15.4	—
Net income (expense)...................	0.1	0.2	0.2	0.0	0.2	(0.1)	(0.0)
Net income (expense) attributable to AIH interest	0.0	0.1	0.1	0.0	0.0	(1.9)	1.9

1. Amounts stated in U.S. dollars have been translated from *nuevos soles* at the exchange rate of S/.2.783 to US$1.00, which was the exchange rate reported on June 30, 2013, by the SBS. See "Exchange Rate Information".

Proyecta & Construye is a joint-venture with our partners in AAP, whose sole business purpose is to supervise the construction works relating to the concession of AAP. We own 50% of such company and the other 50% is owned by CEDICOR S.A., the entity that owns Corporación América S.A.

Penta Tanks

Penta Tanks was incorporated in 2010 to develop and operate liquid bulk cargo terminals. On May 2010, Penta Tanks entered into a 20-year project agreement with Maple, renewable at Maple's option for two additional 10-year periods. Under this agreement, Penta Tanks agreed to design, develop and construct certain facilities to receive, store, deliver, transfer, load and ship ethanol in Paita and to provide storage, handling and transportation services exclusively for Maple in connection with its ethanol products. In exchange, Maple agreed to pay Penta Tanks, on a monthly basis, a fixed fee and an operation and maintenance charge based on the amount of cubic meters of ethanol delivered. The facilities began operating in June 2012, and the first loading onto a ship was performed successfully in August 2012. Upon expiration of the agreement with Maple, Penta Tanks shall transfer and assign to Maple, or an entity designated by Maple, the facilities, spare parts, agreements, consents and rights of way required for the operation of the facilities in exchange for a symbolic consideration.

The goal of the project is to provide a one stop shop service to Maple. First, we receive the ethanol dispatched from Maple's premises verifying its volume and quality. Second, ethanol is stored in tailor-made tanks. Third, ethanol is dispatched through a pipeline to a multi buoy terminal built specifically for this purpose. The construction of such facility was financed through a long-term loan with CIFI and CII which is secured by the cash flows arising from the contract with Maple.

As mentioned above, Penta Tanks began operations in June 2012. Its revenues were S/.3.8 million for the five months ended December 31, 2012 and S/.3.6 million for the six months ended June 30, 2013.

Terrano

Terrano owns a 14 hectare plot of land adjacent to the Jorge Chavez International Airport in Lima where Terrano intends to build the Lima Hub Project, which will include three independent but complementary elements: a corporate and commercial center, a logistics center and a hotel center.

We expect that the hotel will occupy 8,500 m2 and will feature basements for parking with a total of 145 rooms that will be operated by GHL under the Novotel brand.

The corporate and commercial center will comprise four buildings, 840 underground parking spaces and diverse shops (such as restaurants, banks, cafes, pharmacies). We expect that in the first stage of development, the project will have 12,000 m2 and 2,500 m2 of leasable office space and retail space, respectively.

In an area of approximately 80,000 m2, the logistics center will intend to meet the demand from air cargo warehouses with direct access to the airport's facilities.

We expect that the total investment for the Lima Hub Project will amount to approximately US$45 million to US$50 million for the first stage. Such investment will be made during the construction phase which is expected to start in the first quarter of 2014, and take approximately two years. Once the project is completed we expect our revenue to derive from the lease of corporate and commercial space.

As of the date of issuance of the notes, Terrano will be an unrestricted subsidiary under the indenture governing the notes.

Oporsa

Oporsa owns a 578,681 m2 plot of land located in the industrial zone of Ventanilla, 15 km north of the port of Callao, where we intend to develop a private port, Terminal Portuario Ventanilla, which will specialize in transferring solid and liquid bulk cargo including the development of extensive and modern facilities for the storage and transfer of cargo.

In April 2011, the APN granted a permit for the use of aquatic area to Terminal Portuario Ventanilla. We expect that the project will benefit from the expansion of Nestor Gambeta Avenue which connects the project site to the port of Callao and Lima.

As of the date of issuance of the notes, Oporsa will be an unrestricted subsidiary under the indenture governing the notes.

Competition

We compete with some of the largest domestic and international logistics and maritime services companies in Peru. Because those sectors are highly competitive, the markets served by our business require substantial resources and highly-skilled and experienced technical personnel. Our principal competitors in the logistics and maritime services businesses include: Tramarsa, Logistica Integral Callao ("Licsa"), Ian Taylor, Transmeridian, Renadsa and Agencias Marítimas Universales. Our principal competitors in the infrastructure business include: DPWorld, APM Terminals, Port of Singapore Authority, Ports America, among others.

For certain projects, in particular for those related to the infrastructure business, due to the size of the project, expertise required and other factors, we may choose to partner with companies, including the aforementioned companies, or reach out to foreign companies with experience in other regions.

Competition for our logistics and maritime services businesses is driven by performance, skill and execution capabilities for providing complex services in a safe, timely and cost-efficient manner, as well as price.

Employees

Our group's companies constantly improve human resources specialization by applying an ongoing employee training plan and focusing on continuous improvement.

The following table sets forth the number of employees of our employees by subsidiary, as of June 30, 2013.

Staff as of June 2013

No	Entity	Employees as of June 2013
1.	Cosmos	949
2.	Neptunia	761
3.	Multitainer	299
4.	File	213
5.	Triton Transports	192
6.	AAP	174
7.	Anserco	35
8.	Almafin	25
9.	Svitzer	19
10.	Trimser	19
11.	Penta	6
12.	AIH	5
13.	Terrano	3
14.	Oporsa	2
	Total	**2,072**

We have implemented programs to attract young and qualified candidates, including internships and training opportunities for students and recent graduates, rewarding the most successful candidates with the opportunity to work full-time as permanent employees. Our focus is not only to attract talented people but also to retain them.

We place significant emphasis on instilling our core corporate values of quality, professionalism, reliability and efficiency and on promoting safety, environmental sustainability and social responsibility throughout the entire organization.

Safety and Efficiency

The pillars of our company in providing services in our different lines of business are: (i) infrastructure and technology, (ii) human resources specialization, (iii) quality and (iv) safety. Our specialized technological support systems (container handling, cargo tracking, warehouse management and transportation, and electronic document management) are vital for us to provide efficient and reliable services. The following are examples of our integrated use of technology:

- Global positioning system devices on all Triton Transports' trucks to detect their location at all times.

- Electronic document management provided by File Service to offer our clients remote access to their files at all times.

- Warehouse Management System and Navis software system used by Neptunia to optimize the management of warehouses and yards, respectively.

- Blue Ship, and Maximo, which are used by Cosmos for its customs documentary management services and the operation and management of the fleet, respectively.

In addition, our subsidiaries have been awarded the most important certifications from our respective sectors, including ISO 9001 and the BASC.

We believe a safe job environment contributes to our reputation and ability to gain new business while enhancing employee morale and reducing costs and exposure to liability. We train our employees in safety, environment, occupational health and related topics, and have trained experts in risk management and prevention who disseminate and regulate risk prevention standards and procedures according to applicable regulations. We have more than 50 staff members across our subsidiaries dedicated to health, safety and environmental matters. In addition, we have operating manuals with respect to the safe handling of certain cargo.

To ensure safe conditions, we perform preventive and routine maintenance on all of our properties, equipment, worksites, systems and machinery, and make repairs and replacements when necessary or appropriate. We also conduct routine and required inspections of those properties in accordance with applicable regulation. Furthermore, we periodically monitor, test, and record the effectiveness of our safety measures and assure that the highest risk lines of business receive the highest priority for scheduling internal inspections or tests for integrity.

AIH conducts its operations in compliance with standards and regulations established by international organizations in the logistics and maritime services sectors, such as (i) standards 29 CFR 1917.71 – Terminal Handling Intermodal Containers, 29 CFR 1917.43 – Powered Industrial Trucks in maritime Terminals, and 29 CFR 1917.78 – Powered Industrial Trucks in General Industry, issued by the Occupational Safety and Health Administration (OSHA); (ii) standard B56.1 – Safety Standards for Low Lift and High Lift Trucks, issued by the Industrial Truck Standards Development Foundation (ANSI-ITDSF); and (iii) standards NFPA 25 – Standard for Inspection, Testing and Maintenance of Water Based Fire Protection Systems, NFPA 704 – Standard System for the Identification of the Hazardous Materials for Emergency Response, and NFPA 400 – Hazardous Materials Code, issued by the National Fire Protection Agency (NFPA).

Insurance and Contingency Planning

We have a contingency plan in place for our computer and IT platforms in case of emergencies such as earthquakes, cyber-attacks, and other extraordinary events. All of our computer systems are backed up in real time by Teléfonica de Perú S.A.A. Pursuant to Peruvian regulations we conduct seismic event drills four times annually.

Properties

One of our main strengths is our real estate portfolio which is owned through our subsidiaries and strategically located in Lima and around major Peruvian ports. The following table sets forth our real estate properties as of June 30, 2013.

	Surface Area (m2)	Valuation (US$)(1)	Liens and Encumbrances
Neptunia	473,851.93	272,807,114	
Av. Nestor Gambetta	65,386.50	52,072,350	Distraint pending to be registered. In trust property securing the Goldman Sachs Syndicated Loan.
Av. Nestor Gambetta	62,035.57	44,689,729	In trust property securing the Goldman Sachs Syndicated Loan.
Av. Nestor Gambetta	36,663.90	29,324,696	In trust property securing the Goldman Sachs Syndicated Loan.
Av. Argentina 2085	80,310.57	51,471,121	In trust property securing the Goldman Sachs Syndicated Loan.
Jr. Villegas 415 Jr. Villegas	91,408.40	41,964,126	In trust property securing the Goldman Sachs Syndicated Loan and one easement right.
Esquina Manco Capac 498 -Con Paraguay 128	544.80		
Jr. Constitucion 535-573	1,620.06		
Jr. Constitucion 577-579	112.56	2,048,887	
Jr. Constitucion 585-593	128.34		
Jr. Constitucion 595-599 Y Calle Paraguay 154-198	77.22		
Av. Nestor Gambetta	53,540.00	37,496,419	Mortgage in favor of BCP for US$5,904,000.00.
Av. Argentina 2187 - 2225	7,420.08	6,494,345	Mortgage in favor of BCP for US$2,000,000.00 and three easement rights. In trust property securing the Goldman Sachs Syndicated.
Zona Industrial II Lt 1 Paita	40,000.00	4,708,907	Mortgage in favor of BCP for US$1,375,000.00.
Zona Industrial II Mz GLt 19 Paita	10,000.00	711,736	
Zona Industrial II Mz F Lote 14	7,715.88	613,784	
Zona Industrial II Mz G Lote 20	16,888.05	1,211,014	
Oporsa	578,680.50	249,519,246	
Terreno Rústico Ventanilla	357,502.37	167,125,830	In trust property securing the Goldman Sachs Syndicated Loan and three easement rights.
Terreno Rústico Ventanilla	80,759.39	28,265,787	In trust property securing the Goldman Sachs Syndicated Loan.
Terreno Ex Senasa	140,418.74	54,127,629	Registration of lawsuit and easement right.
Terrano	140,890.24	78,898,534	
Terreno Av. Elmer Faucett Parcela Nro. 2 Fundo Sa	140,890.24	78,898,534	
Almafin	18,670.43	12,545,676	

Terreno Ex Unilever Av. Argentina	18,670.43	12,545,676	
File Service	19,716.00	5,125,757	
Autopista Panamericana Sur Km 57,5	19,716.00	5,125,757	
Cosmos	16,568.00	2,368,004	
Terreno Pisco - 7,270.80 M2	7,271.00	182,000	
Inmueble Muelle Getty Y Terreno Talara	6,688.00	815,000	
Inmueble Dos Pisos Oficina/Almacenes Y Terreno Il	160.00	35,744	
Edificio Camara De Comercio Pisos 7, 8, Y 9	1,028.00	891,700	Mortgages in favor of BCP for US$62,400.00, US$55,800.00, US$72,500.00, US$54,300.00, and US$ 60,900.00, respectively.
Edificio Camara De Comercio Pisos 1, 12, Y 13	1,421.00	443,560	
Avenida Bolognesi B No. 166 D, Talara	-	-	Registered Distraint.

(1) Valuation is based on Guillermo Sarria Ingenieros (C.T.T.P. 380) Report dated December 2012.

Legal and Administrative Proceedings

As of June 30, 2013, AIH and its subsidiaries are not part of any judicial, administrative or arbitration proceedings for an amount greater than US$2 million, or that could result in a material adverse effect to our businesses, financial condition or results of operations.

Corporate Social Responsibility

In the past years, we have taken the first steps towards developing an integrated social and environmental responsibility management. Several initiatives to generate specific benefits have already been carried out in coordination with local and regional authorities, as well as with communities surrounding the area of influence of our operations.

Our subsidiaries carry out Christmas distribution campaigns in their respective areas of influence which in 2012 benefited approximately 3,000 children from the Vaso de Leche government sponsored program in Callao as part of Neptunia and Terrano’s campaign, 310 children from five different pre-schools and primary schools in the San Bartolo district south of Lima as part of File Service’s campaign and 800 children from 13 different communities in the Puno Andean region as part of AAP’s campaign.

AAP carried out an instruction course on business development, basic English language and customer care for 60 small entrepreneurs that render indirect services such as transportation to the Arequipa airport, In 2012 and 2013, AAP sponsored an artisan fair during the Easter celebrations in Arequipa and organized the “Ayacucho, Peru’s Popular Art and handicrafts capital” (*Ayacucho, Capital del Arte Popular y la Artesanía del Perú*) contest to promote local artisans’ work.

TPE sponsors the “Mechanic Cow” project (*La Vaca Mecánica*) through which it contributes to the daily diet of 600 children in the Paita area in coordination with the municipal government. This initiative is intended to reduce childrens’ malnutrition levels in the area. TPE also supports initiatives from the *Nobles Buenos Amigos Ambientalistas* (NBAA) local organization to recover the El Toril beach in the Paita area through periodic cleanup campaigns, the conditioning of recreational areas and the implementation of recycling stations. Furthermore, TPE assigned Life Out Of Plastic (LOOP) to be in charge of its recycling and environmental management training directed to the members of the NBAA.

Additional initiatives undertaken by AIH and our subsidiaries include but are not limited to: (i) our support to the Hospital de la Fe Diospi Suyana in transporting containers with equipment and necessary material for its free operation; (ii) the sports program intended for young boys and girls from the Ramón Castilla district; (iii) our participation in the recycling program carried out hand in hand with Hewlett-Packard; (iv) our carrying out of the program *Manitos de Papel* to train children in making crafts using recyclable materials while increasing their psychomotor abilities; (v) our assistance in formalizing over 220 formerly informal fishermen in 2012, a program that is currently being extended in 2013 to include 600 new fishermen; (vi) our participation in the Infrastructure Development Program with *Programa no escolarizado de Educación Inicial* (PRONOEI) to carry out infrastructure improvement and construction works in local pre-schools in the Paita area; (vii) our participation in the *Lecto Escritura Leer Para Crecer* program organized by the alliance between the Entrepreneurs for Education association (*Empresarios por la Educacion*) and the education faculty of Cayetano Heredia University, to improve primary school teacher's pedagogic aptitudes; this program has already benefited over 7,000 teachers and students; and (viii) our participation in three health campaigns benefiting approximately 180 people, carried out in 2012 in the Ramón Castilla and La Chalaca districts of Callao

In addition, we participate in non-profit organizations that address public interest issues, specifically related to the logistics, maritime and infrastructure sectors, such as Asociación para el Fomento de la Infraestructura Nacional ("AFIN"), Asociación de Operadores Portuarios ("ASPPOR") and Asociación Peruana de Agentes Marítimos ("APAM").

MANAGEMENT

General

Our businesses and affairs are managed by the Board of Directors in accordance with our by-laws and Peruvian Corporate Law No. 26887 ("Peruvian Corporate Law"). Our by-laws provide for a Board of Directors comprised of between three and nine members. An alternate director for each regular director or a batch of substitute directors, may be elected by the shareholders to act on behalf of a specific regular director (in the case of alternates) or of any director (in the case of substitutes), who is absent from meetings or who is unable to exercise his or her duties

Directors are elected at a shareholders' meeting for a term of three years. Directors may be re-elected for indefinite consecutive terms. Our current Board of Directors is composed of seven directors. If a director resigns or otherwise becomes unable to continue with the duties, the position will be covered by the alternate director. Should both, the regular director and the alternate director, be impaired from occupying a seat in the Board, the Board will appoint the person who will occupy the vacant seat for the remaining term of the Board. The Board of Directors must elect among its members a chairman and a vice chairman.

The Board of Directors typically meets in regularly scheduled monthly meetings and when called by the chairman of the board or by any other director or the chief executive officer. Resolutions must be adopted by the absolute majority of the directors present at the meeting. The quorum for any board meeting is the whole number that is immediately above 50% of the total number of board members.

Board of Directors

The following sets forth our directors and alternate directors and their respective positions as of the date of this offering memorandum. All directors were elected or confirmed at our annual shareholders' meeting held on March 28, 2012, and their term expires on March 28, 2015, the third anniversary from the date of election.

Name	Position	Date of Appointment	Year of Birth
Dieter Matthies Wacker	Chairman of the Board	March 9, 2007	1936
Carlos W. Del Solar Simpson	Vice Chairman of the Board / Independent Director	March 9, 2007	1940
Enrique Gaston Matías Vargas Loret de Mola	Director	June 17, 2005	1968
Luis Eduardo Vargas Loret de Mola	Director	March 9, 2007	1973
Wolf Dieter Krefft Berthold	Director	June 17, 2005	1963
Luis Julián Martín Carranza Ugarte	Independent Director	March 28, 2012	1966
Miguel Aramburú Alvarez Calderón	Independent Director	March 28, 2012	1963

The following sets forth selected biographical information for each of the members of our board of directors. The business address of each of our current directors is Av. Pardo y Aliaga 675, Oficina 402, San Isidro, Lima, Peru.

Dieter Matthies Wacker is a shipping agent with over 50 years of experience in the shipping industry having begun his career in 1954 with the Hamburg Amerikanische Packetfahrt Aktien Gesellschaft (HAPAG). He is the Chairman of the Board of La Hanseática S.A. as well as an advisor for Hansa Servicios Maritimos S.A.C. He is also a shareholder and board member of various companies within AIH.

Carlos W. Del Solar Simpson is a member of the Board of Directors and of the Executive Committees of the Peruvian Association of Mining, Oil and Energy, of the Peruvian Confederation of Private Business Institutions (CONFIEP) and of the Committee of Exporters of Peru (COMEXPERU). He has worked for the last ten years in Hunt Oil Exploration and Production Company Of Peru LLC, Sucursal Del Perú, as President and General Manager and is currently an Executive Consultant and has also held several executive positions for Occidental Oil and Gas of Peru LLC, Sucursal Del Perú. Between 1998 and 2001 he was President and General Manager for Atlantic Richfield Company (ARCO) in Brazil, Colombia, Peru and Trinidad. He is a geologist and geological engineer who graduated from the Universidad Nacional Mayor de San Marcos and has a Master's Degree in Sciences from Stanford University. He completed the Advanced Management Program at University of Piura.

Enrique Gastón Matías Vargas Loret de Mola received a B.S. degree from the University of Tampa in Florida in 1991 and a graduate degree in Maritime and Port Administration from the Escuela Nacional de Marina Mercante "Almirante Miguel Grau" ("ENAMM") in 1997. He completed the Advanced Management Program at University of Piura in 2003 and the Advanced Management Program at Harvard Business School in 2006. He has been the General Manager of Cosmos since 1995.

Luis Eduardo Vargas Loret de Mola: has been AIH director since 2008. Currently is General Manager of Triton Trading S.A. He has received a B.S. degree from the University of Tampa in Florida and a MBA degree from INSEAD (formerly known as "Institut Européen d'Administration des Affaires").

Wolf Dieter Krefft Berthold received a degree with a specialization in Business Administration and Foreign Trade in 1982. He began his shipping career with Hapag-Lloyd Ag. in 1983 while simultaneously attending the Hamburg Shipping School (Hamburger Schiffs-Berufsschule am Berliner Tor) and was awarded a diploma by the Chamber of Commerce of Hamburg, Germany. He is currently the General Manager of Krefft S.A.C., a company with over 54 years of experience in the field of business representation. With over 24 years of experience in the shipping industry, he is a shareholder and board member of various companies within AIH.

Luis Julián Martín Carranza Ugarte has been the Peruvian Minister of Economy and Finance, the Vice Minister of Treasury and Director of the Peruvian Central Bank of Peru. He has also worked for the International Monetary Fund, for BBVA Continental, as Economic Studies Manager, and for Banco Bilbao Vizcaya of Spain, as Chief Economist for Latin America and Emerging Markets. He majored in economics at Pontificia Universidad Católica del Perú. While at the University of Minnesota he obtained the degree of Master and Ph.D. in Economics where he specialized in macroeconomics, public economy and monetary economics.

Miguel Aramburú Alvarez Calderón is a member of the Board of Directors for Castrovirreyna Compañía Minera S.A., Corporación Minera Castrovirreyna S.A., Maestro Perú S.A., and Coronet Metals, Inc., a member of the Investment Committee for Enfoca SAFI S.A.C. and member of the Consultant Committee from Crosland Técnica S.A. He has worked for 15 years, including for a period as General Manager, for Hoschild Mining Company PLC, a mining company listed in the London Stock Exchange. He majored in industrial engineering at Pontificia Universidad Católica del Perú.

Board Committees

As part of our Corporate Governance Policies adopted on November 22, 2011, two special committees have been created within the Board, with three members each, and chaired by an Independent Director.

Auditing Committee

The main functions of this Committee are to supervise risk management processes, review the annual audit plan, as well as the internal audit reports, assess auditors' performance and examine our financial statements. The following members of the Board of Directors belong to this committee:

- Miguel Arámburu Alvarez Calderón (Chairman)
- Luis Eduardo Vargas Loret de Mola
- Dieter Matthies Wacker

Corporate Governance Committee

The main functions of this Committee are to review our corporate governance regulations as well as to establish our practices in this matter. It also verifies that our practices are consistent with our Code of Ethics and Corporate Governance Code. The following members of the Board of Directors belong to this committee:

- Carlos W. Del Solar Simpson (Chairman)
- Wolf Dieter Krefft Berthold
- Enrique Gastón Matías Vargas Loret de Mola

Executive Officers

Our executive officers oversee our businesses and are responsible for the execution of the decisions of the Board of Directors. The following table presents information concerning the current officers of the company and their respective positions:

Name	Position	Year of Birth	Year of Appointment
Carlos Rodolfo Juan Vargas Loret de Mola	General Manager	1966	July 11, 2005
Antonio Marcos Guzmán Barone	Business Development Manager	1972	December 12, 2011
José Carlos Balta del Río	Chief Financial Officer	1974	April 1, 2012
Ximena María Zavala Lombardi	Corporate Affairs Manager	1968	January 5, 2011
Clara María Susanne Noltenius Aurich	Investor Relations Officer	1972	November 8, 2010
Rafael Tupayachi Cruz	Human Resources	1965	February 1, 2013

The following sets forth selected biographical information for each of our executive officers:

Carlos Rodolfo Juan Vargas Loret de Mola majored in economics at Universidad del Pacífico and has studied at Harvard Business School. He has been our General Manager since 2010. Previously to that, he was General Manager of Neptunia S.A. from 2000 to 2010 and has also been Director of Neptunia S.A., Operadora Portuaria S.A., Inmobiliaria Terrano S.A., Triton Transports S.A., Multitainer S.A., Cosmos Agencia Marítima S.A.C., Triton Trading S.A., File Service S.A., Nautilius S.A. among other companies.

Antonio Marcos Guzmán Barone majored in business management at Universidad del Pacífico and was awarded an MBA degree from Columbia Business School. He has also completed the Advanced Management Program at Harvard Business School. He has worked for Banco Wiese and Banco de Crédito del Perú and has also rendered independent consulting services to PricewaterhouseCoopers. Prior to joining our group, he was the Chief Financial Officer of Castrovirreyna Compañía Minera S.A. He has been our Business Development Manager since 2011.

José Carlos Balta del Río majored in economics with a specialization in finances at Universidad de Lima and was awarded an MBA degree by Instituto Empresa (IE) in Madrid, Spain. He also completed the Advanced Management Program of the University of Piura. He has more than 13 years of experience in corporate financial affairs and in the development of businesses in Latin America. He has held executive positions in companies such as: Gilat-To-Home Perú S.A., Tracetebel Perú S.A. and the NBK Group. He has been our Chief Financial Officer since April 2012.

Ximena María Zavala Lombardi majored in Law at Pontificia Universidad Católica del Perú and was awarded an MBA degree by the University of Piura. She has over 10 years of business experience in managerial positions in public and private entities. She has been General Manager for the Peruvian Confederation of Private Business Institutions (CONFIEP), Head of the Agency for the Promotion of Private Investment in Peru

(PROINVERSION) and counsel to the Board of the Peruvian Ministry of Economy and Finance. She has been our Corporate Affairs Manager since 2011.

Clara María Susanne Noltenius Aurich majored in business management at Universidad del Pacífico and was awarded an MBA degree from Universidad Peruana de Ciencias Aplicadas. She has had experience in financial management positions at the Brescia Group and she has been our Administrative Affairs Manager since 2010.

Rafael Eduardo Tupayachi Cruz holds a bachelor degree in Law from Universidad Catolica Los Angeles de Chimbote and majored in business management from Universidad Ricardo Palma. He also holds a masters degree in human resources from Universidad Nacional Mayor de San Marcos. He has more than 20 years of experience in human resources, working mostly at mining companies like Minera Yanacocha S.R.L. (belonging to Newmont Mining), Gold Fields La Cima S.A. and Canteras del Hallazgo S.A.C. (both belonging to Gold Fields Mining). He is also a recognized conference speaker.

Compensation

For the six months ended June 30, 2013, the total compensation paid to members of our board of directors and executive officers amounted to S/.10,462,490.00 (US$3,759,428.67). For the year ended December 31, 2012, the total compensation paid to members of our board of directors and executive officers amounted to S/.17,928,000.00 (US$7,027,832.22.00). This compensation included payments made in connection with the workers' profit sharing plan under Peruvian labor laws, which require us to distribute 5% of our annual income, net of taxes, to all employees, including our executive officers. See "Industry and Regulatory Matters—Regulatory Matters—Labor Regulations" for additional information on the profit sharing regulatory requirements.

Compensation paid to certain of our directors for serving on board committees will be, in aggregate per year, not higher than the total amount paid to our directors for serving on our board of directors. Director compensation must be approved by a majority of shareholders at our annual shareholders' meeting.

Neither we nor any of our subsidiaries have entered into any agreement that provides for any benefit or compensation to any director or executive officer after expiration of his or her term.

Share Ownership

As of August 1, 2013, the most recent date for which information is available, the current members of our board of directors and our executive officers held as a group 26,938,783 of our outstanding shares.

	Common shares	
Shareholder	**Number of shares**	**Percentage**
Wolf Dieter Krefft Berthold	22,723,620	16.90%
Carlos Rodolfo Juan Vargas Loret de Mola*	4,124,914	3.07%
Luis Eduardo Vargas Loret de Mola*	15,000	0.011%
Dieter Matthies Wacker	75,249	0.056%

* Carlos Rodolfo Juan Vargas Loret de Mola and Luis Eduardo Vargas Loret de Mola are also indirect holders of 10,247,759 shares of AIH in their capacity as direct shareholders of VLM S.A.C., and of 35,979,065 shares in their capacities as heirs through the *Sucesión Carlos Vargas Nuñez*.

PRINCIPAL SHAREHOLDERS

As of August 31, 2013, our issued and outstanding share capital was S/. 134,468,696.00 and it was composed of 134,468,696 common shares of par value S/.1.00 each. Our capital stock is fully subscribed and paid in.

We have not issued other classes of shares nor any kind of security convertible into common stock or otherwise granting the right to subscribe shares of our capital stock.

The following table sets forth the beneficial ownership of our common shares as of August 31, 2013.

	Common shares	
Shareholder	**Number of shares**	**Percentage**
Sucesión Carlos Vargas Nuñez	35,979,065	26.76%
Wolf Dieter Krefft Berthold	22,723,620	16.90%
Jan Carsten Matthies Estenssoro	22,723,620	16.90%
VLM S.A.C.	10,247,759	7.62%
Mediterráneo Fondo de Inversión Privado	5,889,647	4.38%
Claus Peter Krumdiek Majeswski	4,505,252	3.35%
Carlos Rodolfo Juan Vargas Loret de Mola	4,124,914	3.07%
Other shareholders	28,755,408	21.02%
Total	134,468,696	100%

(1) Carlos Rodolfo Juan Vargas Loret de Mola, Enrique Gastón Matías Vargas Loret de Mola and Luis Eduardo Vargas Loret de Mola, in their capacity as members of the Sucesión Carlos Vargas Núñez and as shareholders of VLM S.A.C., are indirectly beneficial owners of shares issued by AIH.

(2) See "Management—Share Ownership" for information regarding shares of our common stock owned by members of our board of directors and executive officers.

(3) The *Sucesión Carlos Vargas Nuñez*, Wolf Dieter Krefft Berthold, Jan Carsten Matthies Estenssoro, VLM S.A.C., Claus Peter Krumdiek Majeswki, Carlos Rodolfo Juan Vargas Loret de Mola together with Neptunia owner of 1,247,225 shares (0.93%), Mariella Orietta Vargas Loret de Mola owner of 77,456 shares (0.06%), Dieter Matthies Wacker owner of 75,249 shares (0.06%), Roxana Vargas Loret de Mola owner of 69,456 shares (0.05%) and Luis Eduardo Vargas Loret de Mola owner of 15,000 shares (0.01%) are considered, as a group, to be our controlling shareholders with a joint equity interest of 75.71%.

Sucesión Carlos Vargas Nuñez (heirs of Carlos Vargas Núñez). Carlos Vargas Núñez studied medicine at the San Fernando Faculty – Universidad Nacional Mayor de San Marcos, but devoted his entire professional life to the maritime industry. He was general manager at Carlos Núñez Jenkins S.A., a customs broker and maritime agent and he was the founder and the first general manager at Cosmos Agencia Marítima S.A.C. in 1972. Mr. Vargas was also the general manager of Inmobiliaria Ergo S.A., the company which ultimately changed its corporate name to Neptunia S.A. and, in 2005, together with his partners and sons, he incorporated AIH.

Among the members of Sucesión Carlos Vargas Núñez are Enrique Gastón Matías Vargas Loret de Mola and Luis Eduardo Vargas Loret de Mola who are directors of AIH and Carlos Rodolfo Juan Vargas Loret de Mola who is the general manager of AIH.

Wolf Dieter Krefft Berthold. See "Management — Board of Directors"

Jan Carsten Matthies Estenssoro holds a degree on Maritime Transport at Hamburg and has completed the Management Skills Program (*Programa de Competencias Directivas*) at PAD – Universidad de Piura. He has almost 18 years of experience in the maritime industry mainly with Hapag Lloyd and Hamburg Sud shipping lines. Nowadays he is general manager at Hansa Transports S.A.C. and a board member of La Hanseática S.A., Inmobiliaria Terrano S.A. and Triton Transports S.A.

VLM S.A.C. is a company owned by Carlos Rodolfo Juan Vargas Loret de Mola, Enrique Gastón Matías Vargas Loret de Mola and Luis Eduardo Vargas Loret de Mola. It owns 100% of the shares issued by Triton Trading S.A., which is dedicated to equipment sales and rental.

RELATED-PARTY TRANSACTIONS

Peruvian Law Concerning Related-Party Transactions

Under Peruvian law, board members and executive officers of a publicly held company may not (i) engage in transactions with the company or any related party of the company, except for transactions entered into in the ordinary course of business and on an arm's-length basis or approved at least by two-thirds of the members of the board of directors, (ii) appropriate for their own benefit a business opportunity that belongs to the company, or (iii) participate in any corporate decision that presents a conflict of interest with the company.

Related-Party Transactions

As a general policy, we do not enter into transactions with related parties, including our board members and officers, on terms more favorable than what we would offer to third parties. Any related-party transaction we have entered into in the past has been in the ordinary course of business and on an arm's-length basis.

Loan from Proyecta & Construye

On December 26, 2012, we celebrated a loan agreement with Proyecta & Construye in accordance to which we borrowed US$2,300,000. Interest under this loan accrues at an annual effective rate of 6.0%. There are no guarantees or collateral backing the payment of this loan.

For more information about our related-party transactions, please see note 9 to our unaudited interim condensed consolidated financial statements and note 9 to our annual consolidated financial statements included elsewhere in this offering memorandum.

DESCRIPTION OF NOTES

We will issue the notes under an indenture (the "Indenture") to be entered into between us, the Subsidiary Guarantors and The Bank of New York Mellon, as trustee (the "Trustee"). We summarize below certain provisions of the Indenture, but do not restate the Indenture in its entirety. We urge you to read the Indenture because it, and not this description, defines your rights. You may obtain a copy of the Indenture in the manner described under "Available Information" in this offering memorandum, and, for so long as the notes are admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market, at the office of the paying agent in Luxembourg.

You can find the definition of capitalized terms used in this section of this offering memorandum under "—Certain Definitions." In this section, when we refer to:

- the "Company," we mean Andino Investment Holding S.A.A. (parent company only) and not its Subsidiaries; and

- the "Notes" in this section, we mean the notes offered pursuant to this offering memorandum and, unless the context otherwise requires, any Additional Notes, as described below in "—General."

General

The Notes will:

- be senior unsecured obligations of the Company;

- rank equal in right of payment with all other existing and future senior unsecured indebtedness of the Company;

- rank senior in right of payment to all existing and future subordinated indebtedness of the Company, if any;

- be effectively subordinated to all existing and future secured indebtedness of the Company to the extent of the value of the assets securing such indebtedness;

- be subordinated to obligations of the Company preferred by statute or by operation of law;

- be guaranteed by each Subsidiary Guarantor with such guarantee ranking equal in right of payment with all other existing and future senior unsecured indebtedness of such Subsidiary Guarantor; and

- be effectively subordinated to all existing and future indebtedness of any Subsidiary that does not provide a Subsidiary Guarantee.

As of June 30, 2013, we had S/. 270.5 million (US$97.2 million) of senior unsecured indebtedness and S/. 35.3 million (US$12.7 million) of secured indebtedness. As of the same date, after giving effect to the issuance and sale of the notes and the application of the net proceeds from this offering as described under "Use of Proceeds", we would have had senior unsecured indebtedness of S/.355.4 million (US$127.7 million) and S/.30.8 million (US$11.1 million) of secured indebtedness.

The Company will initially issue US$115.0 million aggregate principal amount of Notes, but may, subject to the limitations set forth under "—Covenants—Limitation on Incurrence of Additional Indebtedness," issue an unlimited principal amount of securities under the Indenture. The Company may, without your consent, issue additional Notes ("Additional Notes") in one or more transactions, which have substantially identical terms (other than issue price, issue date and date from which the interest will accrue) as Notes issued on the Issue Date. Any Additional Notes will be consolidated and form a single class with the Notes issued on the Issue Date, so that, among other things, Holders of any Additional Notes will have the right to vote together with Holders of Notes issued on the Issue Date as one class. Unless such Additional Notes are fungible with the Notes for U.S. federal income tax purposes, such notes shall be issued with a separate CUSIP number.

The Notes will be issued in the form of one or more Global Notes without coupons, registered in the name of a nominee of DTC, as depositary. The Notes will be issued in minimum denominations of US$10,000 and integral multiples of US$1,000 in excess thereof. See "Book-Entry, Delivery and Form" in this offering memorandum.

Principal, Maturity and Interest

The Notes will mature at par on November 13, 2020, unless earlier redeemed in accordance with the terms of the Notes. See "—Optional Redemption."

The Notes will not be entitled to the benefit of any mandatory sinking fund.

Interest on the Notes will accrue at the rate of 11.000% per year and will be payable semi-annually in arrears on May 13 and November 13 of each year, commencing on May 13, 2014. Payments of interest will be made to the persons who are registered Holders at the close of business on the April 28 and October 29, as the case may be, immediately preceding the applicable interest payment date (whether or not a Business Day).

Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from and including the Issue Date. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Initially, the Trustee will act as registrar, transfer agent and paying agent for the Notes. The Company may change the registrar, transfer agent and paying agent, without notice to Holders. If a Holder of a non-Global Note in an aggregate principal amount of at least US$1,000,000 has given wire transfer instructions at least 15 days prior to the applicable interest payment date (whether or not a Business Day) to the Company and the Trustee, the Trustee, as paying agent, will remit all principal, premium, if any, and interest payments in respect of those Notes received from the Company in accordance with those instructions. All other payments on the non-Global Notes will be made at the office or agency of the paying agent in New York City unless the Company elects to make interest payments by check mailed to the registered Holders at their registered addresses. Payments on Global Notes shall be made to DTC in accordance with its applicable procedures.

As long as the Notes are admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market, and the rules of the exchange so require, the Company will also maintain a transfer agent and a paying agent in Luxembourg.

On the Business Day preceding any payment date under the Notes, the Company will deposit with the paying agent funds in an amount equal to the amount due and owing on such payment date with respect of the Notes.

Subsidiary Guarantees

The obligations of the Company pursuant to the Indenture and the Notes, will be fully and unconditionally guaranteed, jointly and severally, on an unsecured basis, by each Subsidiary Guarantor. Our subsidiary Penta Tanks will become a Subsidiary Guarantor on or before the date that is 15 days after the issuance of the Notes offered pursuant to this offering memorandum. If the Company or any of its Restricted Subsidiaries acquires or creates a Restricted Subsidiary after the date of the Indenture, that new Restricted Subsidiary must provide a guarantee of the obligations of the Company with respect to the Indenture and the Notes (a "Subsidiary Guarantee"), except if and to the extent such Subsidiary Guarantee would be prohibited by any agreement to which such Restricted Subsidiary is then a party and which was not entered into in contemplation of such acquisition (including any amendment, refinancing or replacement thereof, to the extent it is not materially more restrictive than the agreement in effect at the time of the acquisition).

Each Subsidiary Guarantee will be limited to the maximum amount that would not render the Subsidiary Guarantor's obligations subject to avoidance under applicable fraudulent conveyance provisions of applicable law. By virtue of this limitation, a Subsidiary Guarantor's obligation under its Subsidiary Guarantee could be significantly less than amounts payable with respect to the Notes, or a Subsidiary Guarantor may have effectively no obligation under its Subsidiary Guarantee. See "Risk Factors—Risks Related to the Notes and the Guarantors —It is possible that the guarantees may not be enforceable in the event of insolvency or bankruptcy or may be limited as to enforcement."

We cannot assure you that this limitation will protect the Subsidiary Guarantees from fraudulent transfer challenges or, if it does, that the remaining amount due and collectible under the Subsidiary Guarantees would suffice, if necessary, to pay the Notes in full when due.

The Subsidiary Guarantee of a Subsidiary Guarantor will terminate upon:

- a sale or other disposition (including by way of consolidation or merger) of the Subsidiary Guarantor or the sale or disposition of all or substantially all the assets of the Subsidiary Guarantor (other than to the Company or a Restricted Subsidiary) otherwise permitted by the Indenture;

- the designation in accordance with the Indenture of the Subsidiary Guarantor as an Unrestricted Subsidiary or the Subsidiary Guarantor otherwise ceases to be a Restricted Subsidiary in accordance with the Indenture; or

- defeasance or discharge of the Notes, as provided in "—Legal Defeasance and Covenant Defeasance" and "—Satisfaction and Discharge."

Unrestricted Subsidiaries

As of the Issue Date, all of the Company's Subsidiaries will be "Restricted Subsidiaries" other than Inmobiliaria Terrano S.A., Inversiones Portuarias S.A. and Operadora Portuaria S.A., which shall be designated Unrestricted Subsidiaries. Under the circumstances described below under the caption "–Covenants – Limitation on Designation of Unrestricted Subsidiaries," the Company will be permitted to designate certain of its Subsidiaries as "Unrestricted Subsidiaries." If so designated, the Company's Unrestricted Subsidiaries will not be subject to the restrictive covenants applicable to Restricted Subsidiaries in the Indenture. As of December 31, 2012 and June 30, 2013, Inmobiliaria Terrano S.A., Inversiones Portuarias S.A. and Operadora Portuaria S.A. together represented 44.1% and 43.1%, respectively, of the Company's consolidated total assets, and for the year ended December 31, 2012 and the six months ended June 30, 2013, 0.1% and zero, respectively, of the Company's consolidated revenues.

Additional Amounts

All payments in respect of the Notes will be made free and clear of and without any deduction or withholding for or on account of any present or future taxes, duties, levies, imposts, assessments or other government charges and any interest, penalties or other liabilities with respect thereto ("Taxes"), unless the withholding or deduction of such Taxes is required by law or the official interpretation thereof, or by the administration thereof or pursuant to any agreement between us and the United States or any authority thereof. If we are required by any law of Peru or any jurisdiction where the Company, any Surviving Entity (on or after the date a Surviving Entity assumes the obligations under the Indenture and the Notes) or any Subsidiary Guarantor is incorporated or resident for tax purposes or from or through which any payment in respect of the Notes is made by the paying agent or the Company, or any political subdivision thereof (a "Relevant Jurisdiction") or any taxing authority of a Relevant Jurisdiction to withhold or deduct any Taxes from or in respect of any sum payable under the Notes, we shall (i) pay such additional amounts ("Additional Amounts") as may be necessary in order that the net amounts receivable by Holders of any Notes after such withholding or deduction shall equal the respective amounts which would have been receivable by such Holder in the absence of such withholding or deduction, (ii) make such withholding or deduction, and (iii) pay the full amount withheld or deducted to the relevant tax or other authority in accordance with applicable law, except that no such Additional Amounts will be payable in respect of:

- any present or future Taxes that would not have been imposed but for any present or former connection between the Holder or beneficial owner (or a fiduciary, settlor, beneficiary, member or shareholder of the Holder or beneficial owner) and the Relevant Jurisdiction (other than the mere receipt of a payment, the ownership or holding of a Note, or enforcing rights thereunder) including but not limited to citizenship, nationality, residence, domicile, or existence of a business, permanent establishment, a dependent agent, a place of business or a place of management present or deemed present in the Relevant Jurisdiction;

- any estate, inheritance, capital gains, excise, personal property tax, sales, transfer, gift, value added or similar Tax;

- any Taxes that would not have been imposed but for the failure of the Holder or any other Person to comply with any certification, identification or other reporting requirement concerning the nationality, residence, identity or connection with the Relevant Jurisdiction, for tax purposes, of the Holder or any beneficial owner of the Note if compliance is required by law, regulation or by an applicable income tax treaty to which the Relevant Jurisdiction is a party, as a precondition to exemption from, or reduction in the rate of the Tax and we have given the Holders at least 30 days' notice, in writing, that Holders will be required to provide such certification, identification or information;

- any Tax payable otherwise than by deduction or withholding from payments on or in respect of the Notes;

- any present or future Taxes with respect to a Note presented for payment, where presentation is required, more than 30 days after the date on which the payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later, except to the extent that the Holder of such Note would have been entitled to such Additional Amounts on presenting such Note for payment on any date during such 30-day period;

- any withholding or deduction that is required to be made pursuant to European Union Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such Directive;

- any Taxes which would have been avoided by a Holder presenting the relevant Note to another paying agent;

- any payment on the Note to a Holder that is a fiduciary, a partnership, a limited liability company or a person other than the sole beneficial owner of any such payment, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership, an interest holder in such a limited liability company or the beneficial owner of the payment would not have been entitled to the Additional Amounts had the beneficiary, settlor, member, interest holder or beneficial owner been the Holder of the Note; or

- in the case of any combination of the items listed above.

The Company will provide the Trustee with documentation reasonably satisfactory to the Trustee evidencing the payment of Taxes in respect of which we have paid any Additional Amount. We will make copies of such documentation available to the Holders of the Notes or the relevant paying agent upon request.

The Company will pay promptly when due any present or future stamp, issue, registration, court or documentary taxes or any excise or property taxes, charges or similar levies that arise in any jurisdiction from the execution, delivery or registration of each Note or any other document or instrument referred to in the Indenture or such Note, excluding any such taxes, charges or similar levies imposed by any jurisdiction that is not a Relevant Jurisdiction except those resulting from, or required to be paid in connection with, the enforcement of such Note or any other such document or instrument after the occurrence and during the continuance of any Event of Default.

Any reference in this offering memorandum, the Indenture or the Notes to principal, premium, interest or any other amount payable in respect of the Notes by us will be deemed also to refer to any Additional Amount that may be payable with respect to that amount under the obligations referred to in this section.

In addition, the obligation to pay Additional Amounts will survive any termination, defeasance or discharge of the Indenture and will apply mutatis mutandis to any jurisdiction in which any successor Person to the Company or any Subsidiary Guarantor is organized or any political subdivision or taxing authority or agency thereof or therein.

Optional Redemption

Optional Redemption with a Make-Whole Premium

At any time prior to November 13, 2016, the Company will have the right, at its option, to redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus, the greater of (1) 1% of the then outstanding principal amount of the Notes, and (2) the excess, if any, of: (a) the present value (as determined by the Independent Investment Banker) at such redemption date of (i) the redemption price of the Notes at November 13, 2016 (such redemption price being set forth in the table below under "— Optional Redemption Without a Make-Whole Premium") plus (ii) all required interest payments thereon through November 13, 2016 (excluding accrued but unpaid interest to the redemption date), discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 50 basis points, over (b) the then outstanding principal amount of the Notes (the "Make- Whole Amount"), plus in each case any accrued and unpaid interest on the principal amount of the Notes to, but excluding, the date of redemption.

"*Treasury Rate*" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

"*Comparable Treasury Issue*" means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to November 13, 2016, that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities with a maturity comparable to November 13, 2016.

"*Independent Investment Banker*" means one of the Reference Treasury Dealers appointed by the Company.

"*Comparable Treasury Price*" means, with respect to any redemption date (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotation or (2) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

"*Reference Treasury Dealer*" means Merrill Lynch, Pierce, Fenner & Smith Incorporated and Goldman, Sachs & Co. or their respective affiliates which are primary United States government securities dealers and not less than two other leading primary United States government securities dealers in New York City reasonably designated by the Company; provided that if any of the foregoing cease to be a primary United States government securities dealer in New York City (a "Primary Treasury Dealer"), the Company will substitute therefor another Primary Treasury Dealer.

"*Reference Treasury Dealer Quotation*" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked price for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 3:30 pm New York City time on the third Business Day preceding such redemption date.

Optional Redemption without a Make-Whole Premium

At any time and from time to time on or after November 13, 2016, the Company may, at its option, redeem the Notes, in whole but not in part, at the redemption prices, expressed as percentages of the principal amount of the Notes, set forth below, plus accrued and unpaid interest thereon, if any, to, but excluding, the applicable redemption date, if redeemed during the 12- month period beginning on November 13 of the years indicated below:

Year	Percentage
2016	108.250%
2017	105.500%
2018	102.750 %
2019 and thereafter	100.000%

Optional Redemption with Proceeds of Equity Offerings

At any time prior to November 13, 2016, the Company may, at its option, on one or more occasions, redeem up to 35% of the aggregate principal amount of Notes (including Additional Notes) at a redemption price of 111.00% of the principal amount thereof, plus accrued and unpaid interest to, but excluding, the redemption date, with the net cash proceeds of one or more Equity Offerings; *provided* that:

(1) Notes in an aggregate principal amount equal to at least 65% of the aggregate principal amount of Notes issued on the first Issue Date remain outstanding immediately after the occurrence of such redemption; and

(2) the redemption must occur within 90 days of the date of the closing of such Equity Offering.

Optional Redemption Upon Tax Event

If the Company determines that, as a result of any amendment to, execution or expiration of, or change in, the laws or treaties (or any rules or regulations thereunder) of the Relevant Jurisdiction, any taxing authority thereof or therein affecting taxation, or any amendment to or change in an official interpretation or application of such laws, treaties, rules or regulations, which amendment to, execution or expiration of, or change of such laws, treaties, rules or regulations becomes effective or, in the case of a change in official interpretation or application, is announced on or after the Issue Date (or on or after the date a Surviving Entity assumes the obligations under the Notes or the Subsidiary Guarantees, in the case of a Surviving Entity with a different Relevant Jurisdiction than the Company), we (or a Subsidiary Guarantor) would be obligated, to pay any Additional Amounts in excess of those attributable to a Peruvian withholding tax rate of 4.99% with respect to the Notes (see "—Additional Amounts" and "Taxation—Peruvian Tax Considerations"), *provided* that the Company, in its business judgment, determines that such obligation cannot be avoided by the Company taking reasonable measures available to it, including reasonable measures to change the paying agent, but not including any change in the Company's jurisdiction of organization or any change that would require the Company to incur material additional costs, then, at its option, all, but not less than all, of the Notes may be redeemed at any time at a redemption price equal to 100% of the principal amount, plus any accrued and unpaid interest due thereon to, but excluding, the redemption date; *provided* that (1) no notice of redemption for tax reasons may be given earlier than 60 days prior to the earliest date on which the Company (or a Subsidiary Guarantor) would be obligated to pay these Additional Amounts if a payment on the Notes were then due, and (2) at the time such notice of redemption is given such obligation to pay such Additional Amounts remains in effect.

Prior to the giving of any notice of redemption pursuant to this provision, the Company will deliver to the Trustee:

- an Officers' Certificate stating that we are entitled to effect the redemption and setting forth a statement of facts showing that the conditions precedent to our right to redeem have occurred; and

- an Opinion of Counsel from legal counsel in a Relevant Jurisdiction (which may be our counsel) of recognized standing to the effect that we have or will become obligated to pay such Additional Amounts as a result of such change, amendment, execution or expiration.

Notice of the redemption, once delivered by us to the Trustee, will be irrevocable.

Optional Redemption Procedures

Notice of any redemption will be given at least 30 but not more than 60 days before the redemption date to Holders of Notes to be redeemed in accordance with the provisions described in "—Notices" below.

Notes called for redemption will become due on the date fixed for redemption. The Company will pay the redemption price for the Notes together with accrued and unpaid interest thereon to but not including the date of redemption. On and after the redemption date, interest will cease to accrue on the Notes as long as the Company has deposited with the paying agent funds in satisfaction of the applicable redemption price together with accrued and unpaid interest thereon pursuant to the Indenture. Upon redemption of the Notes by the Company, the redeemed Notes will be cancelled and cannot be reissued.

If fewer than all of the Notes are being redeemed, the Notes to be redeemed shall be selected as follows: (1) if the Notes are listed on an exchange, in compliance with the requirements of such exchange or (2) on a pro rata basis to the extent practicable, or, if the pro rata basis is not practicable for any reason, by lot or by such other method as the Trustee in its sole discretion will deem to be fair and appropriate, and in each case, as long as the Notes are in global form, the selection of the Notes to be redeemed shall be subject to customary DTC procedures (in integral multiples of US$1,000; *provided* that the remaining principal amount of such Holder's Note will not be less than US$10,000). Upon surrender of any Note redeemed in part, the Holder will receive a new Note equal in principal amount to the unredeemed portion of the surrendered Note. Once notice of redemption is sent to the Holders, Notes called for redemption become due and payable at the redemption price on the redemption date, and, commencing on the redemption date, Notes redeemed will cease to accrue interest (unless the Company defaults in the payment of the redemption price).

Change of Control

Upon the occurrence of a Change of Control Triggering Event, each Holder will have the right to require that the Company purchase all or a portion (in integral multiples of US$1,000; *provided* that the remaining principal amount of such Holder's Note will not be less than US$10,000) of the Holder's Notes at a purchase price equal to 101% of the principal amount thereof, plus any accrued and unpaid interest thereon to, but excluding, the purchase date (the "Change of Control Payment").

Within 30 days following the date upon which the Change of Control Triggering Event occurs, the Company must send a notice to each Holder, with a copy to the Trustee, offering to purchase the Notes as described above (a "Change of Control Offer") as described in "—Notices" below. The Change of Control Offer will state, among other things, the purchase date, which must be at least 30 but not more than 60 days from the date the notice is given, other than as may be required by law (the "Change of Control Payment Date"). The Change of Control Offer may, at the Company's discretion, be subject to the consummation of the transactions triggering the Change of Control as a condition precedent.

On the Business Day immediately preceding the Change of Control Payment Date, the Company will, to the extent lawful, deposit with the paying agent funds in an amount equal to the Change of Control Payment, in respect of all Notes or portions thereof so tendered.

On the Change of Control Payment Date, as applicable, the Company will, to the extent lawful:

(1) accept for payment all Notes or portions thereof properly tendered and not withdrawn; and

(2) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Company.

If only a portion of a Note is purchased pursuant to a Change of Control Offer, as applicable, a new Note in a principal amount equal to the portion thereof not purchased will be issued in the name of the Holder thereof upon cancellation of the original Note (or appropriate adjustments to the amount and beneficial interests in a Global Note will be made, as appropriate). Notes (or portions thereof) purchased pursuant to a Change of Control Offer, as applicable will be cancelled and cannot be reissued.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations to the extent any such rule, laws and regulations are applicable in connection with the purchase of Notes in connection with a Change of Control Offer, as applicable. To the extent that the provisions of any applicable securities laws or regulations conflict with the Change of Control provisions of the Indenture, the Company will comply with such securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by doing so.

Other existing and future indebtedness of the Company may contain prohibitions on the occurrence of events that would constitute a Change of Control or require that Indebtedness be purchased upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Company to repurchase the Notes upon a Change of Control may cause a default under such indebtedness even if the Change of Control itself does not.

If a Change of Control Offer occurs, the Company may not have available funds sufficient to make the Change of Control Payment, for all the Notes that might be delivered by Holders seeking to accept the Change of Control Offer. In the event the Company is required to purchase outstanding Notes pursuant to a Change of Control Offer, the Company expects that it would seek third-party financing to the extent it does not have available funds to meet its purchase obligations and any other obligations it may have. However, we cannot assure you that the Company would be able to obtain necessary financing, and the terms of the Indenture may restrict the ability of the Company to obtain such financing.

Holders will not be entitled to require the Company to purchase their Notes in the event of a takeover, recapitalization, leveraged buyout or similar transaction which is not a Change of Control.

The Company will not be required to make a Change of Control Offer upon a Change of Control Triggering Event if: (a) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer or (b) prior to the date the Change of Control Offer is required to be made, the Company has given notice of redemption in respect of all of the outstanding Notes in accordance with the Indenture.

Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control Triggering Event, conditional upon such Change of Control, if a definitive agreement is in place for the Change of Control at the time of making of the Change of Control Offer.

Covenants in the Indenture restricting the ability of the Company and its Restricted Subsidiaries to Incur additional Indebtedness, to grant Liens on property, to make Restricted Payments and to make Asset Sales may also make more difficult or discourage a takeover of the Company, whether favored or opposed by the management or its Board of Directors. The consummation of any Asset Sale may, in certain circumstances, require redemption or repurchase of the Notes, and the Company or the acquiring party may not have sufficient financial resources to effect such redemption or repurchase. In addition, restrictions on transactions with Affiliates may, in certain circumstances, make more difficult or discourage any leveraged buyout of the Company or any of its Subsidiaries. While these restrictions cover a wide variety of arrangements that have traditionally been used to effect highly leveraged transactions, the Indenture may not afford the Holders protection in all circumstances from the adverse aspects of a highly leveraged transaction, reorganization, restructuring, merger, recapitalization or similar transaction.

One of the events that constitutes a Change of Control under the Indenture is the disposition of "all or substantially all" of the Company's assets under certain circumstances. This term varies based upon the facts and circumstances of the subject transaction and has not been interpreted under New York State law (which is the governing law of the Indenture) to represent a specific quantitative test. As a consequence, in certain circumstances there may be uncertainty in ascertaining whether a particular transaction involved a disposition of "all or substantially all" of the assets of a Person. In the event that Holders elect to require the Company to purchase the Notes and the Company contests such election, there can be no assurance as to how a court interpreting New York State law would interpret that phrase under certain circumstances.

Covenants

Limitation on Incurrence of Additional Indebtedness

(1) The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, Incur any Indebtedness (including Acquired Indebtedness) except that the Company and its Subsidiary Guarantors may Incur Indebtedness if, at the time of and immediately after giving *pro forma* effect to the Incurrence thereof and the application of the net proceeds therefrom, (i) the Consolidated Fixed Charge Coverage Ratio of the Company shall be greater than 3.0 to 1.0 and (ii) the Net Debt to EBITDA Ratio of the Company shall not exceed (a) 4.0 to 1.0 if such Incurrence occurs after the Issue Date and on or prior to June 30, 2015 and (b) 3.5 to 1.0 if such Incurrence occurs on or after July 1, 2015.

(2) Notwithstanding clause (1) above, the Company and its Restricted Subsidiaries, as applicable, may, at any time, Incur the following Indebtedness ("Permitted Indebtedness"):

(a) Indebtedness in respect of the Notes (excluding Additional Notes) and the Subsidiary Guarantees (including in respect of any Additional Notes);

(b) other Indebtedness of the Company and its Restricted Subsidiaries outstanding on the Issue Date, other than Indebtedness otherwise specified under clauses (a) and (c) to (l) of this definition of Permitted Indebtedness;

(c) Hedging Obligations entered into by the Company and its Restricted Subsidiaries for hedging purposes and not for speculative purposes, including without limitation, Hedging Obligations with respect to the Notes;

(d) intercompany Indebtedness between the Company and any Restricted Subsidiary or between Restricted Subsidiaries; *provided* that such Indebtedness must be expressly subordinated to the prior payment in full of all obligations under the Notes and the Indenture, in the case of the Company, or a Subsidiary Guarantor's Subsidiary Guarantee, in the case of a Subsidiary Guarantor; and *provided further*, that in the event that at any time any such Indebtedness becomes beneficially held by a Person other than the Company or any Restricted Subsidiary, such Indebtedness will be deemed to be Incurred by the Company or the relevant Restricted Subsidiary, as the case may be, and not permitted by this clause (d) at the time such event occurs;

(e) Indebtedness of the Company or any of its Restricted Subsidiaries arising from the honoring by a bank or other financial institution of a check, draft or similar instrument (including daylight overdrafts paid in full by the close of business on the day such overdraft was incurred) drawn against insufficient funds in the ordinary course of business; *provided* that such Indebtedness is extinguished within five Business Days of receipt of notice of insufficient funds;

(f) Indebtedness of the Company or any of its Restricted Subsidiaries represented by letters of credit for the account of the Company or any Restricted Subsidiary, as the case may be, in order to provide security for workers' compensation claims, payment obligations in connection with self-insurance or similar requirements in the ordinary course of business;

(g) Indebtedness consisting of letters of credit, banker's acceptances, performance bonds, appeal bonds, surety bonds, customs bonds and other similar bonds and reimbursement obligations Incurred by the Company or any Restricted Subsidiary in the ordinary course of business securing the performance of contractual, concession, franchise or license obligations of the Company or any Restricted Subsidiary (in each case, other than for an obligation for borrowed money);

(h) Indebtedness of the Company or any of its Restricted Subsidiaries to the extent the net proceeds thereof are promptly used to redeem the Notes in full or deposited to defease or discharge the Notes, in each case in accordance with the terms of the Indenture;

(i) Refinancing Indebtedness in respect of:

(i) Indebtedness (other than Indebtedness owed to the Company or any Subsidiary of the Company) Incurred pursuant to clause (1) above (it being understood that no Indebtedness outstanding on the Issue Date is Incurred pursuant to such clause (1)); or

(ii) Indebtedness Incurred pursuant to clauses (a), (b) and (j);

(j) Acquired Indebtedness of any Restricted Subsidiary that was not Incurred to finance the acquisition thereof provided that, after giving effect to the Incurrence of such Acquired Indebtedness, the Company would be permitted to Incur at least US$1.00 of additional Indebtedness under clause (1) above;

(k) Indebtedness arising from agreements of the Company or a Restricted Subsidiary providing for indemnification, adjustment of purchase price or similar obligations, in each case, incurred in connection with the disposition of any business, assets or Subsidiary, other than Guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or Subsidiary for the purpose of financing such acquisition; *provided* that the maximum aggregate liability in respect of all such Indebtedness will at no time exceed the gross proceeds actually received by the Company and the Restricted Subsidiary in connection with such disposition;

(l) the Guarantee by the Company or any Subsidiary Guarantor of Indebtedness of the Company or a Restricted Subsidiary of the Company that was permitted to be Incurred by another provision of this covenant;

(m) Capitalized Lease Obligations of the Company or any Subsidiary Guarantor in an aggregate principal amount at any one time outstanding not to exceed US$10.0 million (or the equivalent thereof in other currencies); and

(n) in addition to Indebtedness referred to in clauses (a) through (m) above, Indebtedness of the Company or any Restricted Subsidiary in an aggregate principal amount at any one time outstanding not to exceed the greater of US$25.0 million and 5.0% of the Company's Consolidated Net Tangible Assets (or the equivalent in other currencies).

(3) For purposes of determining compliance with, and the outstanding principal amount of, any particular Indebtedness Incurred pursuant to and in compliance with this covenant:

(a) the outstanding principal amount of any item of Indebtedness will be counted only once;

(b) in the event that an item of Indebtedness meets the criteria of clause (1) above or more than one of the categories of Permitted Indebtedness described in clauses (a) through (n) of clause (2) above, the Company may, in its sole discretion, divide and classify (or at any time reclassify) such item of Indebtedness in any manner that complies with this covenant;

(c) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness, but may be permitted in part by such provision and in part by one or more other provisions of this covenant permitting such Indebtedness;

(d) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined in accordance with IFRS;

(e) Guarantees of, or obligations in respect of letters of credit or similar instruments relating to, Indebtedness which is otherwise included in the determination of a particular amount of Indebtedness will not be included; and

(f) the accrual of interest, the accretion or amortization of original issue discount, the payment of regularly scheduled interest in the form of additional Indebtedness of the same instrument or the payment of regularly scheduled dividends on Disqualified Capital Stock in the form of additional Disqualified Capital Stock with the same terms will not be deemed to be an Incurrence of Indebtedness for purposes of this covenant.

(4) For purposes of determining compliance with any U.S. dollar-denominated restriction on the Incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a non-U.S. currency will be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or first committed, in the case of revolving credit Indebtedness; provided that if such Indebtedness is Incurred to refinance other Indebtedness denominated in a non-U.S. currency, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction will be deemed not to have been exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, will be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Limitation on Restricted Payments

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, take any of the following actions (each, a "Restricted Payment"):

(a) declare or pay any dividend or return of capital or make any distribution on or in respect of shares of Capital Stock of the Company or any Restricted Subsidiary to holders of such Capital Stock, other than:

- dividends or distributions payable in Qualified Capital Stock of the Company;
- dividends or distributions payable to the Company and/or a Restricted Subsidiary; or

- dividends, distributions or returns of capital made on a *pro rata* basis to the Company and its Restricted Subsidiaries, on the one hand, and minority holders of Capital Stock of a Restricted Subsidiary, on the other hand (or on a less than *pro rata* basis to any minority holder);

(b) purchase, redeem or otherwise acquire or retire for value any Capital Stock of the Company held by Persons other than the Company or any of its Restricted Subsidiaries;

(c) make any principal payment on, purchase, defease, redeem, prepay, decrease or otherwise acquire or retire for value, prior to any scheduled final maturity, scheduled repayment or scheduled sinking fund payment, as the case may be, any Subordinated Indebtedness; or

(d) make any Investment (other than Permitted Investments);

if at the time of the Restricted Payment and immediately after giving *pro forma* effect thereto:

(1) a Default or an Event of Default has occurred and is continuing;

(2) the Company is not able to Incur at least US$1.00 of additional Indebtedness pursuant to paragraph (1) of "—Limitation on Incurrence of Additional Indebtedness;"

or

(3) the aggregate amount (the amount expended for these purposes, if other than in cash, being the Fair Market Value of the relevant property) of the proposed Restricted Payment and all other Restricted Payments made subsequent to the Issue Date up to the date thereof will exceed the sum of:

(A) 50% of cumulative Consolidated Net Income of the Company or, if such cumulative Consolidated Net Income of the Company is a loss, minus 100% of the loss, accrued during the period, treated as one accounting period, from January 1, 2013, to the end of the most recent fiscal quarter for which consolidated financial information of the Company is available; *plus*

(B) 100% of the aggregate net cash proceeds or Fair Market Value of assets received by the Company from any Person from any:

- contribution to the Capital Stock of the Company not representing an interest in Disqualified Capital Stock or issuance and sale of Qualified Capital Stock of the Company, in each case subsequent to the Issue Date; or
- issuance and sale subsequent to the Issue Date (and, in the case of Indebtedness of a Restricted Subsidiary, at such time as it was a Restricted Subsidiary) of any Indebtedness for borrowed money of the Company or any Restricted Subsidiary that has been converted into or exchanged for Qualified Capital Stock of the Company;

excluding, in each case, any net cash proceeds:

(x) received from a Subsidiary of the Company;

(y) used to acquire Capital Stock or other assets from an Affiliate of the Company; or

(z) applied in accordance with clause (2) or (3) of the second paragraph of this covenant below; *plus*

(C) an amount equal to the sum, for all Unrestricted Subsidiaries, of the following:

(x) the cash return, and the Fair Market Value of assets or property received, after the Issue Date, on Investments in an Unrestricted Subsidiary made after the Issue Date pursuant to this paragraph as a result of any sale, repayment, redemption, liquidating distribution or other realization (to the extent not included in clause 3(A) above); *plus*

(y) all distributions or dividends to the Company or a Restricted Subsidiary from Unrestricted Subsidiaries (*provided* that such distributions or dividends shall be excluded in calculating Consolidated Net Income for purposes of clause 3(A) to the extent already included in clause 3(A) above); *plus*

(z) the portion (proportionate to the Company's equity interest in such Subsidiary) of the Fair Market Value of the assets less liabilities of an Unrestricted Subsidiary at the time such Unrestricted Subsidiary is designated a Restricted Subsidiary; *plus*

(D) the cash return, and the Fair Market Value of property received, after the Issue Date, on any other Investment made after the Issue Date pursuant to this paragraph, as a result of any sale, repayment, redemption, liquidating distribution or other realization (to the extent not included in clause 3(A) above).

Notwithstanding the preceding paragraph, this covenant does not prohibit:

(1) the payment of any dividend within 60 days after the date of declaration of such dividend if the dividend would have been permitted on the date of declaration pursuant to the preceding paragraph;

(2) the acquisition of any shares of Capital Stock of the Company,

(x) in exchange for Qualified Capital Stock of the Company; or

(y) through the application of the net cash proceeds received by the Company from a substantially concurrent sale of Qualified Capital Stock of the Company or a contribution to the equity capital of the Company not representing an interest in Disqualified Capital Stock, in each case not received from a Subsidiary of the Company;

provided, that the value of any such Qualified Capital Stock issued in exchange for such acquired Capital Stock and any such net cash proceeds will be excluded from clause (3)(B) of the first paragraph of this covenant (and were not included therein at any time);

(3) the voluntary prepayment, purchase, defeasance, redemption or other acquisition or retirement for value of any Subordinated Indebtedness solely in exchange for, or through the application of net cash proceeds of a substantially concurrent sale, other than to a Subsidiary of the Company, of:

(x) Qualified Capital Stock of the Company; or

(y) Refinancing Indebtedness for such Subordinated Indebtedness;

provided, that the value of any Qualified Capital Stock issued in exchange for Subordinated Indebtedness and any net cash proceeds referred to above shall be excluded from clause (3)(B) of the first paragraph of this covenant (and were not included therein at any time);

(4) repurchases by the Company of Capital Stock of the Company or options, warrants or other securities exercisable or convertible into Capital Stock of the Company from employees or directors of the Company or any of its Subsidiaries or their authorized representatives upon the death, disability or termination of employment or directorship of the employees or directors, in an amount not to exceed US$1.0 million (or the equivalent in other currencies) in any calendar year and US$5.0 million (or the equivalent in other currencies) in the aggregate;

(5) repurchases of Capital Stock deemed to occur upon the exercise of stock options if the Capital Stock represent all or a portion of the exercise price thereof (or related withholding taxes), and Restricted Payments by the Company to allow the payment of cash in lieu of the issuance of fractional shares upon the exercise of options or warrants or upon the conversion or exchange of Capital Stock of the Company; and

(6) if no Default or Event of Default has occurred and is continuing or would exist after giving *pro forma* effect thereto, Restricted Payments in an amount which, when taken together with all Restricted Payments made pursuant to this clause (6) does not exceed US$15.0 million (or the equivalent thereof in other currencies).

In determining the aggregate amount of Restricted Payments made subsequent to the Issue Date, amounts expended pursuant to clauses (1) (without duplication for the declaration of the relevant dividend) and (4) above will be included in such calculation and amounts expended pursuant to clauses (2), (3), (5) and (6) above will not be included in such calculation.

The amount of any Restricted Payments not in cash will be the Fair Market Value on the date of such Restricted Payment of the property, assets or securities proposed to be paid, transferred or issued by the Company or the relevant Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment.

Limitation on Asset Sales

The Company will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(a) the Company or such Restricted Subsidiary, as the case may be, receives consideration at the time of the Asset Sale at least equal to the Fair Market Value (such Fair Market Value to be determined on the date such Asset Disposition is contractually agreed upon) of the assets sold or otherwise disposed of; and

(b) at least 75% of the consideration received for the assets sold by the Company or the Restricted Subsidiary, as the case may be, in the Asset Sale is in the form of (1) cash or Cash Equivalents; (2) assets (other than current assets as determined in accordance with IFRS or Capital Stock) to be used by the Company or any Restricted Subsidiary in a Permitted Business; (3) Capital Stock in a Person engaged solely in a Permitted Business that will become a Restricted Subsidiary as a result of such Asset Sale; or (4) a combination of cash, Cash Equivalents and such assets. For purposes of this clause (b), the assumption by the purchasers of Indebtedness or other obligations (other than Subordinated Debt) of the Company or a Restricted Subsidiary pursuant to a customary novation agreement, and instruments or securities received from the purchasers that are promptly, but in any event within 90 days of the closing, converted by the Company or a Restricted Subsidiary to cash, to the extent of the cash actually so received, shall be considered cash received at closing.

The Company or such Restricted Subsidiary, as the case may be, may apply the Net Cash Proceeds of any such Asset Sale within 365 days thereof to:

(1) repay, prepay or purchase any secured Senior Indebtedness of the Company or any Restricted Subsidiaries, in each case for borrowed money or constituting a Capitalized Lease Obligation and permanently reduce the commitments with respect thereto without Refinancing;

(2) purchase:

(A) assets (other than current assets as determined in accordance with IFRS or Capital Stock) to be used by the Company or any Restricted Subsidiary in a Permitted Business; or

(B) Capital Stock of a Person engaged solely in a Permitted Business that will become, upon purchase, a Restricted Subsidiary,

from a Person other than the Company and its Restricted Subsidiaries; and

(3) any combination of (1) and (2).

To the extent all or a portion of the Net Cash Proceeds of any Asset Sale are not applied within the 365 days of the Asset Sale as described in clauses (1) through (3) of the immediately preceding paragraph (any such Net Cash Proceeds not so applied, "Excess Proceeds"), the Company will make an offer (within 15 Business Days of such 365th day (subject to deferral as described below)) equal to the Excess Proceeds to purchase Notes (the "Asset Sale Offer"), at a purchase price equal to 100% of the principal amount of the Notes to be purchased, plus any accrued and unpaid interest thereon, to the purchase date (the "Asset Sale Offer Amount"). The Company will purchase pursuant to an Asset Sale Offer from all tendering Holders on a *pro rata* basis, and, at the Company's option, on a *pro rata* basis with the holders of any other Senior Indebtedness with similar provisions requiring the Company to offer to purchase the other Senior Indebtedness with the proceeds of Asset Sales, that principal amount (or accreted value in the case of Indebtedness issued with original issue discount) of Notes and the other Senior Indebtedness to be purchased equal to such Excess Proceeds. The Company may satisfy its obligations under this covenant with respect to the Net Cash Proceeds of an Asset Sale by making an Asset Sale Offer prior to the expiration of the relevant period set forth above.

The Company may, however, defer an Asset Sale Offer until there is an aggregate amount of Excess Proceeds from one or more Asset Sales equal to or in excess of US$15.0 million (or its equivalent in other currencies). At that time, the entire amount of Excess Proceeds, and not just the amount in excess of US$15.0 million (or the equivalent in other currencies), will be applied as required pursuant to this covenant.

Pending application in accordance with this covenant, Net Cash Proceeds may be Invested in Cash Equivalents.

Each notice of an Asset Sale Offer will state, among other things, the purchase date, which must be at least 30 and not more than 60 days from the date the notice is given, other than as may be required by law (the "Asset Sale Offer Payment Date"). Upon receiving notice of an Asset Sale Offer, Holders may elect to tender their Notes in whole or in part in integral multiples of US$1,000 in exchange for cash; *provided* that the principal amount of such tendering Holder's Note will not be less than US$10,000.

On the Business Day immediately preceding the Asset Sale Offer Payment Date, the Company will, to the extent lawful deposit with the paying agent funds in an amount equal to the Asset Sale Offer Amount in respect of all Notes or portions thereof so tendered.

On the Asset Sale Offer Payment Date, the Company will, to the extent lawful:

(1) accept for payment all Notes or portions thereof properly tendered pursuant to the Asset Sale Offer; and

(2) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Company.

To the extent that Holders of Notes and holders of other Senior Indebtedness, if any, which are the subject of an Asset Sale Offer properly tender and do not withdraw Notes or the other Senior Indebtedness in an aggregate amount exceeding the amount of Excess Proceeds, the Company will purchase the Notes and the other Senior Indebtedness on a *pro rata* basis (based on amounts tendered). If only a portion of a Note is purchased pursuant to an Asset Sale Offer, a new Note in a principal amount equal to the portion thereof not purchased will be issued in the name of the Holder thereof upon cancellation of the original Note (or appropriate adjustments to the amount and beneficial interests in a Global Note will be made, as appropriate). Notes (or portions thereof) purchased pursuant to an Asset Sale Offer will be cancelled and cannot be reissued.

Upon completion of an Asset Sale Offer, the amount of Net Cash Proceeds will be reset at zero. Accordingly, to the extent that the aggregate amount of Notes and other Senior Indebtedness tendered pursuant to an Asset Sale Offer is less than the aggregate amount of Excess Proceeds, the Company and its Restricted Subsidiaries may use any remaining Net Cash Proceeds in any manner not prohibited by the Indenture.

If at any time any non-cash consideration received by the Company or any Restricted Subsidiary, as the case may be, in connection with any Asset Sale is converted into or sold or otherwise disposed of for cash (other than interest received with respect to any non-cash consideration), the conversion or disposition will be deemed to constitute an Asset Sale hereunder and the Net Cash Proceeds thereof will be applied in accordance with this covenant within 365 days of conversion or disposition.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations to the extent any such rule, laws and regulations are applicable in connection with the purchase of Notes pursuant to an Asset Sale Offer. To the extent that the provisions of any applicable securities laws or regulations conflict with the "Asset Sale" provisions of the Indenture, the Company will comply with these laws and regulations and will not be deemed to have breached its obligations under the "Asset Sale" provisions of the Indenture by doing so.

Limitation on Sale and Leaseback Transactions

The Company will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction with respect to any property or asset unless,

(1) the Company or the Restricted Subsidiary would be entitled to,

   (A) Incur Indebtedness in an amount equal to the Attributable Indebtedness with respect to such Sale and Leaseback Transaction pursuant to the covenant described under the caption "—Limitation on Incurrence of Additional Indebtedness," and

   (B) create a Lien on such property or asset securing such Attributable Indebtedness without equally and ratably securing the Notes pursuant to the covenant described under the caption "—Limitation on Liens," in which case, the corresponding Indebtedness and Lien will be deemed incurred pursuant to those provisions, and

(2) the Company complies with the covenant described under the caption "—Limitation on Asset Sales" in respect of such transaction.

Limitation on Designation of Unrestricted Subsidiaries

The Company may designate after the Issue Date any Subsidiary of the Company as an "Unrestricted Subsidiary" under the Indenture (an "Unrestricted Subsidiary Designation") only if:

(1) no Default or Event of Default has occurred and is continuing at the time of or after giving effect to such Unrestricted Subsidiary Designation and any transactions between the Company or any of its Restricted Subsidiaries and such Unrestricted Subsidiary are in compliance with "—Limitation on Transactions with Affiliates"; and

(2) the Company would be permitted to make an Investment at the time of such Unrestricted Subsidiary Designation (assuming the effectiveness of such Unrestricted Subsidiary Designation and treating such Unrestricted Subsidiary Designation as an Investment at the time of such

Unrestricted Subsidiary Designation) as a Restricted Payment pursuant to the first paragraph of "—Limitation on Restricted Payments" or a Permitted Investment in an amount (the "Designation Amount") equal to the amount of the Company's Investment in such Subsidiary on such date.

The Company may revoke any Unrestricted Subsidiary Designation of a Subsidiary as an Unrestricted Subsidiary (a "Revocation") only if:

(1) no Default or Event of Default has occurred and is continuing at the time of and after giving effect to such Revocation; and

(2) all Liens and Indebtedness of such Unrestricted Subsidiary outstanding immediately following such Revocation would, if Incurred at such time, have been permitted to be Incurred for all purposes of the Indenture.

Upon a Restricted Subsidiary becoming an Unrestricted Subsidiary,

(1) all existing Investments of the Company and the Restricted Subsidiaries therein (valued at the Company's proportional share of the fair market value of its assets less liabilities) will be deemed made at that time;

(2) all existing Capital Stock or Indebtedness of the Company or a Restricted Subsidiary held by it will be deemed Incurred at that time, and all Liens on property of the Company or a Restricted Subsidiary held by it will be deemed incurred at that time;

(3) all existing transactions between it and the Company or any Restricted Subsidiary will be deemed entered into at that time;

(4) it is released at that time from its Subsidiary Guarantee, if any; and

(5) it will cease to be subject to the provisions of the Indenture as a Restricted Subsidiary.

Upon an Unrestricted Subsidiary becoming, or being deemed to become, a Restricted Subsidiary,

(1) all of its Indebtedness and Disqualified or Preferred Stock will be deemed Incurred at that time for purposes of "—Limitation on Incurrence of Additional Indebtedness";

(2) Investments therein previously charged under "Limitation on Restricted Payments" will be credited thereunder; and

(3) it will thenceforward be subject to the provisions of the Indenture as a Restricted Subsidiary.

The designation of a Subsidiary of the Company as an Unrestricted Subsidiary will be deemed to include the designation of all of the Subsidiaries of such Subsidiary. All Unrestricted Subsidiary Designations and Revocations, other than those made on the Issue Date pursuant to the Indenture, must be evidenced by Board Resolutions of the Company's Board of Directors and an Officers' Certificate, delivered to the Trustee certifying compliance with the preceding provisions.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

(a) Except as provided in paragraph (b) below, the Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on or in respect of its Capital Stock to the Company or any other Restricted Subsidiary or pay any Indebtedness owed to the Company or any other Restricted Subsidiary;

(2) make loans or advances to, or Guarantee any Indebtedness or other obligations of, or make any Investment in, the Company or any other Restricted Subsidiary (it being understood that the subordination of loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness Incurred by the Company or any Restricted Subsidiary shall not be deemed a restriction on the ability to make loans or advances); or

(3) transfer any of its property or assets to the Company or any other Restricted Subsidiary.

(b) Paragraph (a) above of this covenant will not apply to encumbrances or restrictions existing under or by reason of:

(1) applicable law, rule, regulation or order;

(2) the Indenture, the Notes or the Subsidiary Guarantees;

(3) the terms of any Indebtedness outstanding on the Issue Date;

(4) the terms of any binding agreement with respect to any Restricted Subsidiary relating to its Capital Stock or assets in effect on the Issue Date, and any amendments or restatements thereof; *provided* that any amendment or restatement is not materially more restrictive with respect to such encumbrances or restrictions than those in existence on the Issue Date;

(5) restrictions on the transfer of assets subject to any Permitted Lien;

(6) customary provisions restricting the ability of any Restricted Subsidiary to undertake any action described in clauses (a)(1) through (a)(3) above in joint venture agreements and other similar agreements entered into in the ordinary course of business and with the approval of the Company's Board of Directors;

(7) customary restrictions on cash or other deposits imposed by customers under contracts or other arrangements entered into or agreed to in the ordinary course of business;

(8) customary non-assignment provisions of any license agreement or other contract and customary provisions restricting assignment or subletting in any lease governing a leasehold interest of any Restricted Subsidiary, or any customary restriction on the ability of a Restricted Subsidiary to dividend, distribute or otherwise transfer any asset that is subject to a Lien that secures Indebtedness, in each case permitted to be Incurred under the Indenture;

(9) restrictions with respect to a Restricted Subsidiary of the Company imposed pursuant to a binding agreement which has been entered into for the sale or disposition of Capital Stock or assets of such Restricted Subsidiary; *provided* that such restrictions apply solely to the Capital Stock or assets of such Restricted Subsidiary being sold;

(10) customary restrictions imposed on the transfer of copyrighted or patented materials;

(11) Purchase Money Indebtedness and Capitalized Lease Obligations that impose encumbrances and restrictions only on the assets so acquired or subject to lease;

(12) restrictions (A) with respect to any Person, or to the property or assets of any Person, at the time the Person is acquired by the Company or any Restricted Subsidiary, or (B) with respect to any Unrestricted Subsidiary at the time it is designated or is deemed to become a Restricted

Subsidiary, which encumbrances or restrictions (i) are not applicable to any other Person or the property or assets of any other Person and (ii) were not put in place in anticipation of such event and any extensions, renewals, replacements or refinancings of any of the foregoing, *provided* that the encumbrances and restrictions in the extension, renewal, replacement or refinancing are, taken as a whole, no less favorable in any material respect to the noteholders than the encumbrances or restrictions being extended, renewed, replaced or refinanced; and

(13) an agreement that amends, extends, renews, refinances or replaces an agreement referred to in clauses (1)—(14) of this paragraph (b); provided that such agreement is, taken as a whole, not materially more restrictive with respect to such encumbrances or restrictions than those contained in the agreement that it amends, extends, renews, refinances or replaces.

Limitation on Liens

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, Incur any Liens of any kind (except for Permitted Liens) against or upon any of their respective properties or assets, whether owned on the Issue Date or acquired after the Issue Date, or any proceeds therefrom, to secure any Indebtedness or trade payables, unless contemporaneously therewith effective provision is made to secure the Notes, the Subsidiary Guarantees and all other amounts due under the Indenture equally and ratably with such Indebtedness or other obligation (or, in the event that such Indebtedness is subordinated in right of payment to the Notes or the Subsidiary Guarantees prior to such Indebtedness or other obligation) with a Lien on the same properties and assets securing such Indebtedness or other obligation for so long as such Indebtedness or other obligation is secured by such Lien.

The Company will not, and will not cause or permit any of its Subsidiaries to, directly or indirectly Incur any Liens of any kind (except for Permitted Liens) upon the Capital Stock of Inmobiliaria Terrano S.A., Inversiones Portuarias S.A. and Operadora Portuaria S.A.

The Company will, and will cause its Restricted Subsidiaries to, cause the release and discharge of any and all mortgages on real estate properties of the Issuer's Restricted Subsidiaries existing on the Issue Date within 90 days after the Issue Date.

Limitation on Merger, Consolidation and Sale of Assets

The Company will not, in a single transaction or series of related transactions, consolidate or merge with or into any Person (whether or not the Company is the surviving or continuing Person), or sell, assign, transfer, lease, convey or otherwise dispose of (or cause or permit any Restricted Subsidiary to sell, assign, transfer, lease, convey or otherwise dispose of) all or substantially all of the Company's properties and assets (determined on a consolidated basis for the Company and its Restricted Subsidiaries), to any Person unless:

(a) either:

(1) the Company is the surviving or continuing Person; or

(2) the Person (if other than the Company) formed by such consolidation or into which the Company is merged or the Person which acquires by sale, assignment, transfer, lease, conveyance or other disposition the properties and assets of the Company and of the Company's Restricted Subsidiaries substantially as an entirety (the "Surviving Entity"):

(A) is a corporation organized and validly existing under the laws of Peru or the United States of America, any State thereof or the District of Columbia; and

(B) expressly assumes, by supplemental indenture (in form and substance satisfactory to the Trustee), executed and delivered to the Trustee, the due and punctual payment of all amounts payable pursuant to the Indenture and the principal of, and premium, if any, and interest on all of the Notes and the performance and observance of the covenants of the Notes and the Indenture on the part of the Company to be performed or observed;

(b) immediately after giving effect to such transaction and the assumption contemplated by clause (a)(2)(B) above (including giving effect on a *pro forma* basis to any Indebtedness (including any Acquired Indebtedness) Incurred or anticipated to be Incurred in connection with or in respect of such transaction), the Company or such Surviving Entity, as the case may be, will be able to Incur at least US$1.00 of additional Indebtedness pursuant to clause (1) of "Limitation on Incurrence of Additional Indebtedness";

(c) immediately before and immediately after giving effect to such transaction and the assumption contemplated by clause (a)(2)(B) above (including, without limitation, giving effect on a *pro forma* basis to any Indebtedness (including any Acquired Indebtedness) Incurred or anticipated to be Incurred and any Lien granted in connection with or in respect of the transaction), no Default or Event of Default has occurred or is continuing;

(d) if the surviving or continuing Person is not the Company, each Subsidiary Guarantor has confirmed by supplemental indenture that its Subsidiary Guarantee will apply to the Obligations of the Surviving Entity in respect of the Indenture and the Notes; and

(e) if the Company is organized under the laws of Peru and merges with a corporation that is (or the Surviving Entity is) organized under the laws of the United States, any State thereof or the District of Columbia, or if the Company is organized under the laws of the United States, any State thereof or the District of Columbia and merges with a corporation that is (or the Surviving Entity is) organized under the laws of Peru, the Company or the Surviving Entity will have delivered to the Trustee:

(1) an Opinion of Counsel from U.S. counsel to the effect that Holders of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the transaction and will be subject to U.S. federal income tax in the same manner and on the same amounts (assuming solely for this purpose that no Additional Amounts are required to be paid on the Notes) and at the same times as would have been the case if the transaction had not occurred; and

(2) an Opinion of Counsel from Peruvian counsel to the effect that Holders of the Notes will not recognize income, gain or loss for Peruvian income tax purposes as a result of the transaction and will be subject to Peruvian income taxes in the same manner and on the same amounts (assuming solely for this purpose that no Additional Amounts are required to be paid on the Notes) and at the same times as would have been the case if the transaction had not occurred; and

(f) the Company or the Surviving Entity has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that the consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition and, if required in connection with such transaction, the supplemental indenture(s), if any, comply with the applicable provisions of the Indenture and that all conditions precedent in the Indenture relating to the transaction and the execution of the supplemental indenture(s), if any, have been satisfied.

For purposes of this covenant, the transfer (by lease, assignment, sale or otherwise, in a single transaction or series of transactions) of all or substantially all of the properties or assets of one or more Restricted Subsidiaries of the Company, the Capital Stock of which constitutes all or substantially all of the properties and assets of the Company (determined on a consolidated basis for the Company and its Restricted Subsidiaries), will be deemed to be the transfer of all or substantially all of the properties and assets of the Company.

The provisions of clause (b) above will not apply to any merger or consolidation of the Company into an Affiliate of the Company incorporated solely for the purpose of reincorporating the Company in another jurisdiction so long as the Indebtedness of the Company and its Restricted Subsidiaries taken as a whole is not increased thereby.

The foregoing shall not apply to (i) any transfer of assets by the Company to any Subsidiary Guarantor or (ii) any transfer of assets among Subsidiary Guarantors.

Upon any consolidation, combination or merger or any transfer of all or substantially all of the properties and assets of the Company and its Restricted Subsidiaries in accordance with this covenant, in which the Company is not the continuing Person, the Surviving Entity formed by such consolidation or into which the Company is merged or to which such conveyance, lease or transfer is made will succeed to, and be substituted for, and may exercise every right and power of, the Company under the Indenture and the Notes with the same effect as if such Surviving Entity had been named as such and the Company shall be relieved of its obligations under the Indenture and the Notes. For the avoidance of doubt, compliance with this covenant will not affect the obligations of the Company (including a Surviving Entity, if applicable) under "—Change of Control" if applicable.

No Subsidiary Guarantor may consolidate with or merge with or into any Person, or sell, convey, transfer or dispose of, all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions, to any Person, or permit any Person to merge with or into the Subsidiary Guarantor unless:

(a)

(i) the other Person is the Company or any Restricted Subsidiary that is a Subsidiary Guarantor or becomes a Subsidiary Guarantor concurrently with the transaction; or

(ii) (1) either (x) the Subsidiary Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person expressly assumes by supplemental indenture all of the obligations of the Subsidiary Guarantor under its Subsidiary Guarantee; and (2) immediately after giving effect to the transaction, no Default has occurred and is continuing; or

(iii) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of the Subsidiary Guarantor or the sale or disposition of all or substantially all the assets of the Subsidiary Guarantor (in each case other than to the Company or a Restricted Subsidiary) otherwise permitted by the Indenture; and

(b) the Subsidiary Guarantor or the continuing Person has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that the consolidation, merger, assignment, transfer, lease, conveyance or other disposition and, if required in connection with such transaction, the supplemental indenture(s), if any, comply with the applicable provisions of the Indenture and that all conditions precedent in the Indenture relating to the transaction and the execution of the supplemental indenture(s), if any, have been satisfied.

Limitation on Transactions with Affiliates

(1) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into any transaction or series of related transactions (including, without limitation, the purchase, sale, lease or exchange of any property or the rendering of any service) with, or for the benefit of, any of its Affiliates (each an "Affiliate Transaction"), unless:

(a) the terms of such Affiliate Transaction are no less favorable than those that could reasonably be expected to be obtained in a comparable transaction at such time on an arm's-length basis from a Person that is not an Affiliate of the Company;

(b) in the event that such Affiliate Transaction involves aggregate payments, or transfers of property or services with a Fair Market Value, in excess of US$5.0 million (or the equivalent in other currencies), the terms of such Affiliate Transaction will be set forth in an Officers' Certificate delivered to the Trustee stating that such transaction complies with clause (a) above;

(c) in the event that such Affiliate Transaction involves aggregate payments, or transfers of property or services with a Fair Market Value, in excess of US$10.0 million (or the equivalent in other currencies), the terms of such Affiliate Transaction will be approved by a majority of the members of the Company's Board of Directors (including a majority of the disinterested members thereof, if any), the approval to be evidenced by a Board Resolution stating that the Board of Directors has determined that such transaction complies with clause (a) above; and

(d) in the event that such Affiliate Transaction involves aggregate payments, or transfers of property or services with a Fair Market Value, in excess of US$15.0 million (or the equivalent in other currencies), the Company will, prior to the consummation thereof, obtain a favorable opinion as to the fairness of such Affiliate Transaction to the Company and any such Restricted Subsidiary, if any, from a financial point of view from an Independent Financial Advisor and deliver the same to the Trustee.

(2) Paragraph (1) above will not apply to:

(a) Affiliate Transactions with or among the Company and any Restricted Subsidiary or between or among Restricted Subsidiaries;

(b) reasonable fees and compensation paid to, and any indemnity provided on behalf of, officers, directors and employees of the Company or any Restricted Subsidiary;

(c) Affiliate Transactions undertaken pursuant to the terms of any agreement or arrangement to which the Company or any of its Restricted Subsidiaries is a party as of or on the Issue Date, as these agreements or arrangements may be amended, modified, supplemented, extended, renewed or replaced from time to time; *provided* that any future amendment, modification, supplement, extension, renewal or replacement entered into after the Issue Date will be permitted to the extent that its terms are not more materially disadvantageous to the Holders of the Notes than the terms of the agreements or arrangements in effect on the Issue Date;

(d) the entering into of a customary agreement providing registration rights to the shareholders of the Company and the performance of such agreements;

(e) transactions or payments, including grants of securities, stock options and similar rights, pursuant to any employee, officer or director compensation or benefit plans or arrangements entered into in the ordinary course of business or approved by the Company's Board of Directors in good faith;

(f) any employment agreements entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business;

(g) any letter of credit, surety bond or performance bond issued upon the instruction of the Company or any of its Restricted Subsidiaries to secure obligations of an Unrestricted Subsidiary or a joint venture in which the Company may have an interest or be a party to, *provided* such obligations are in the ordinary course of business of any such Unrestricted Subsidiary or joint venture;

(h) any Restricted Payments made in compliance with "—Limitation on Restricted Payments" and Permitted Investments; and

(i) loans and advances to officers, directors and employees of the Company or any Restricted Subsidiary in the ordinary course of business and not exceeding US$2.0 million (or the equivalent in other currencies) outstanding at any one time.

Conduct of Business

The Company and its Restricted Subsidiaries will not engage in any business other than a Permitted Business.

Anti-Layering

Neither the Company nor any Subsidiary Guarantor may Incur any Indebtedness that is subordinate in right of payment to other Indebtedness of the Company or any Subsidiary Guarantor unless such Indebtedness is also subordinate in right of payment to the Notes or the relevant Subsidiary Guarantee on substantially identical terms. This does not apply to distinctions between categories of Indebtedness that exist by reason of any Liens or Guarantees securing or in favor of some but not all of such Indebtedness. For purposes of this covenant, no Indebtedness will be deemed to be contractually subordinate or junior in right of payment solely by virtue of being unsecured.

Use of Proceeds

The Company will use the net proceeds from the offering as described under "Use of Proceeds."

Reports to Holders

So long as any Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Company will furnish to the Holders of the Notes and to prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

The Company will furnish or cause to be furnished to the Trustee in English:

- within 90 days after the end of the first, second and third quarters of the Company's fiscal year ending December 31 (commencing with the quarter ending September 30, 2013), quarterly unaudited financial statements (consolidated) prepared in accordance with IFRS of the Company for such period; and

- within 120 days after the end of the fiscal year of the Company commencing with the fiscal year ended December 31, 2013, annual audited financial statements (consolidated) prepared in accordance with IFRS of the Company for such fiscal year and a report on such annual financial statements by the Auditors. Each such annual audited financial statement will be accompanied by an annual report including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" in English in a level of detail comparable to the management discussion and analysis of the results of operations and liquidity and capital resources the Company includes in its annual reports filed with the Peruvian Capital Markets Superintendency (*Superintendecia del Mercado de Valores*) (the "SMV"); *provided* that if the Company is no longer required to file annual reports with the SMV, it shall continue to include in the annual report furnished to the Holders of the Notes the "Management's Discussion and Analysis of Financial Condition and Results of Operations" required by this paragraph in comparable detail to that which it would be required to file with the SMV if it were so required;

provided, that if such financial statements and reports are available in English on the Company's website, and written notice containing a hyperlink to such financial statements and reports is provided to a Responsible Officer of the Trustee each time they are made available on the Company's website, they will be deemed to have been furnished to the Trustee. Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such reports shall not constitute actual or constructive notice of any information contained therein or determinable from information contained therein.

The Trustee shall not be obligated to monitor or confirm, on a continuing basis or otherwise, the Company's or any other Person's compliance with the covenants described above or with respect to any reports or other documents filed under the Indenture.

Covenant Suspension

If on any date following the Issue Date (i) the Notes have Investment Grade Ratings from at least two of Fitch, Moody's and S&P, and (ii) no Default has occurred and is continuing under the Indenture (the occurrence of the events described in the foregoing clauses (i) and (ii) being collectively referred to as a "Covenant Suspension Event"), the Company and its Restricted Subsidiaries will not be subject to the following covenants (collectively, the "Suspended Covenants"):

(1) "—Covenants—Limitation on Incurrence of Additional Indebtedness";

(2) "—Covenants—Limitation on Restricted Payments";

(3) "—Covenants—Limitation on Asset Sales";

(4) "—Covenants—Limitation on Designation of Unrestricted Subsidiaries";

(5) "—Covenants—Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries";

(6) clause (b) of the first paragraph of "—Covenants—Limitation on Merger, Consolidation and Sale of Assets"; and

(7) "—Covenants—Limitation on Transactions with Affiliates."

In the event that the Company and its Restricted Subsidiaries are not subject to the Suspended Covenants under the Indenture for any period of time as a result of the foregoing, and on any subsequent date (the "Reversion Date") at least two of Fitch, Moody's or S&P no longer give the Notes an Investment Grade Rating, then the Company and its Restricted Subsidiaries will thereafter again be subject to the Suspended Covenants under the Indenture.

The period of time between the occurrence of a Covenant Suspension Event and the Reversion Date is referred to in this description as the "Suspension Period." In the event of any such reinstatement, no action taken or omitted to be taken by the Company or any of its Restricted Subsidiaries in respect of the Suspended Covenants prior to such reinstatement will give rise to a Default or Event of Default under the Indenture; provided that (1) with respect to Restricted Payments made after any such reinstatement, the amount of Restricted Payments made will be calculated as though the covenant described under "—Covenants—Limitation on Restricted Payments" had been in effect prior to, but not during, the Suspension Period, provided further that any Subsidiaries designated as Unrestricted Subsidiaries during the Suspension Period shall automatically become Restricted Subsidiaries on the Reversion Date (subject to the Company's right to subsequently designate them as Unrestricted Subsidiaries pursuant to "—Covenants—Limitation on Designation of Unrestricted Subsidiaries"), and (2) all Indebtedness Incurred, or Disqualified Capital Stock or Preferred Stock issued, during the Suspension Period will be classified to have been Incurred or issued pursuant to clause (b) of the second paragraph of "—Covenants—Limitation on Incurrence of Additional Indebtedness."

The Notes may never achieve or maintain Investment Grade Ratings.

Notices

Notices to Holders of non-Global Notes will be mailed to them at their registered addresses. Notices to Holders of Global Notes will be given to DTC in accordance with its applicable procedures.

In addition, from and after the date the Notes are listed on the Official List of the Luxembourg Stock Exchange and so long as it is required by the rules of such exchange, all notices to Holders of Notes will be published in English on the website of the Luxembourg Stock Exchange at www.bourse.lu.

Notices will be deemed to have been given on the date of delivery to DTC or mailing, as applicable, or of publication as aforesaid or, if published on different dates, on the date of the first such publication.

Events of Default

The following are "Events of Default" under the Indenture:

(1) default in the payment when due of the principal of or premium, if any, on (including, in each case, any related Additional Amounts) any Notes, including the failure to make a required payment to purchase Notes tendered pursuant to an optional redemption, Change of Control Offer or an Asset Sale Offer;

(2) default for 30 days or more in the payment when due of interest (including any related Additional Amounts) on any Notes;

(3) the failure to perform or comply with any of the provisions described under "—Covenants—Limitation on Merger, Consolidation and Sale of Assets";

(4) the failure by the Company or any Restricted Subsidiary to comply with any other covenant or agreement contained in the Indenture or the Notes for 60 days or more after written notice to the Company thereof from the Trustee or to the Company and the Trustee from the Holders of at least 25% in aggregate principal amount of the then outstanding Notes;

(5) default by the Company or any Restricted Subsidiary under any Indebtedness which:

(a) is caused by a failure to pay principal of or premium, if any, or interest on such Indebtedness and continues following the expiration of any applicable grace period provided in such Indebtedness and has not been cured or waived; or

(b) results in the acceleration of such Indebtedness prior to its Stated Maturity;

and the principal or accreted amount of Indebtedness covered by clause (a) or (b) at the relevant time, aggregates US$10.0 million (or the equivalent in other currencies) or more;

(6) failure by the Company or any of its Restricted Subsidiaries to pay one or more final judgments against any of them, aggregating US$10.0 million (or the equivalent in other currencies) or more, which are not paid, discharged or stayed for a period of 60 days or more (net of any amount covered by liability insurance);

(7) certain events of bankruptcy affecting the Company or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary; or

(8) except as permitted by the Indenture, any Subsidiary Guarantee of any Significant Subsidiary or group of Subsidiary Guarantors that, taken together, would constitute a Significant Subsidiary is held to be unenforceable or invalid in a judicial proceeding or ceases for any reason to be in full force and effect or any such Subsidiary Guarantor or group of Subsidiary Guarantors denies or disaffirms its obligations under its Subsidiary Guarantee.

If an Event of Default (other than an Event of Default specified in clause (7) above with respect to the Company) has occurred and is continuing, the Trustee or the Holders of at least 25% in principal amount of outstanding Notes may declare the unpaid principal of and premium, if any, and accrued and unpaid interest on all the Notes to be immediately due and payable by notice in writing to the Company (and the Trustee if given by the Holders) specifying the Event of Default and that it is a "notice of acceleration." If an Event of Default specified in clause (7) above occurs with respect to the Company, then the unpaid principal of and premium, if any, and accrued and unpaid interest on all the Notes will become immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

At any time after a declaration of acceleration with respect to the Notes as described in the preceding paragraph, the Holders of a majority in principal amount of the outstanding Notes may rescind and cancel such declaration and its consequences:

(1) if the rescission would not conflict with any judgment or decree;

(2) if all existing Events of Default have been cured or waived, except nonpayment of principal or interest that has become due solely because of the acceleration;

(3) to the extent the payment of such interest is lawful, interest on overdue installments of interest and overdue principal, which has become due otherwise than by such declaration of acceleration, has been paid; and

(4) if the Company has paid the Trustee its compensation and reimbursed the Trustee for its expenses, disbursements and advances (including without limitation, reasonable and documented counsel fees and expenses) outstanding at that time.

No rescission will affect any subsequent Default or impair any rights relating thereto.

The Holders of a majority in principal amount of the outstanding Notes may waive any existing Default or Event of Default under the Indenture, and its consequences, except a default in the payment of the principal of, premium, if any, or interest on any Notes.

The Trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request, order or direction of any of the Holders, unless such Holders have offered to the Trustee indemnity and/or security satisfactory to it. Subject to all provisions of the Indenture and applicable law, the Holders of a majority in aggregate principal amount of the then outstanding Notes have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee.

No Holder of any Notes will have any right to institute any proceeding with respect to the Indenture or for any remedy thereunder, unless:

(1) such Holder gives to the Trustee written notice of a continuing Event of Default;

(2) Holders of at least 25% in principal amount of the then outstanding Notes make a written request to the Trustee to pursue the remedy;

(3) such Holders of the Notes provide to the Trustee satisfactory indemnity or security;

(4) the Trustee does not comply within 60 days after receipt of the request; and

(5) during such 60-day period the Holders of a majority in principal amount of the outstanding Notes do not give the Trustee a written direction which, in the opinion of the Trustee, is inconsistent with the request;

provided that a Holder of a Note may institute suit for enforcement of payment of the principal of and premium, if any, or interest on such Note on or after the respective due dates expressed in such Note.

The Company is required, within five Business Days of becoming aware of any Default or Event of Default, to deliver to a Responsible Officer of the Trustee an Officers' Certificate describing such Default or Event of Default, the status thereof and what action the Company is taking or proposes to take in respect thereof. In addition, the Company is required to deliver to a Responsible Officer of the Trustee, within 120 days after the end of each fiscal year, an Officers' Certificate indicating whether the signers thereof know of any Default or Event of Default that occurred during the previous fiscal year. In the absence of any such notice of Default or Event of Default from the Company or any Holder and any description of any Default or Event of Default in such Officers' Certificate, the Trustee shall not be deemed to have notice of or be charged with actual or constructive knowledge of any Default or Event of Default. The Indenture provides that if a Default or Event of Default occurs and a Responsible Officer of the Trustee has received written notice thereof, the Trustee must give to each Holder notice of the Default or Event of Default within 45days after it is known to a Responsible Officer of the Trustee. Except in the case of a Default or Event of Default in the payment of principal of, premium, if any, or interest on any Note, the Trustee may withhold notice if and so long as a committee of its trust officers in good faith determines that withholding notice is in the interests of the Holders.

Legal Defeasance and Covenant Defeasance

The Company may, at its option and at any time, elect to have its obligations discharged with respect to the outstanding Notes and all obligations of the Subsidiary Guarantors discharged with respect to the Subsidiary Guarantees ("Legal Defeasance"). Legal Defeasance means that the Company will be deemed to have paid and discharged the entire indebtedness represented by the outstanding Notes on the 91st day after the deposit specified in clause (1) of the second following paragraph, except for:

(1) the rights of Holders to receive payments in respect of the principal of, premium, if any, and interest on, the Notes when such payments are due solely out of the trust referred to below;

(2) the Company's obligations with respect to the Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payments;

(3) the rights, powers, trusts, duties, immunities and indemnities of the Trustee and obligations of the Company and the Subsidiary Guarantors in connection therewith; and

(4) the Legal Defeasance provisions of the Indenture.

In addition, the Company may, at its option and at any time, elect to have its obligations released with respect to the covenants that are described under "—Covenants" (other than "Limitation on Merger, Consolidation and Sale of Assets") ("Covenant Defeasance") and thereafter any omission to comply with such obligations will not constitute a Default or Event of Default. In the event Covenant Defeasance occurs, certain events (other than non-payment and bankruptcy, receivership, reorganization and insolvency events with respect to the Company) described under "—Events of Default" will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders, cash in U.S. dollars, certain direct non-callable obligations of, or guaranteed by, the United States, or a combination thereof, in such amounts as will be sufficient without reinvestment, in the written opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants delivered to the Trustee, to pay the principal of, premium, if any, and interest (including Additional Amounts) on the outstanding Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be;

(2) in the case of Legal Defeasance, the Company has delivered to the Trustee an Opinion of Counsel from U.S. counsel reasonably acceptable to the Trustee (subject to customary exceptions and exclusions) and independent of the Company to the effect that:

    (a) the Company has received from, or there has been published by, the Internal Revenue Service a ruling; or

(b) since the Issue Date, there has been a change in the applicable U.S. federal income tax law,

in either case to the effect that, and based thereon such Opinion of Counsel shall state that, the Holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Company has delivered to the Trustee an Opinion of Counsel from U.S. counsel reasonably acceptable to the Trustee (subject to customary exceptions and exclusions) and independent of the Company to the effect that the Holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default has occurred and is continuing on the date of the deposit pursuant to clause (1) of this paragraph (except any Default or Event of Default resulting from any failure to comply with "—Covenants—Limitation on Incurrence of Additional Indebtedness" as a result of the borrowing of the funds required to effect such deposit);

(5) the Company has delivered to the Trustee an Officers' Certificate stating that such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, the Indenture or any other material agreement or instrument to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;

(6) the Company has delivered to the Trustee an Officers' Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders over any other creditors of the Company or any Subsidiary of the Company or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Company or others;

(7) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel from U.S. counsel reasonably acceptable to the Trustee (subject to customary exceptions and exclusions) and independent of the Company, each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance in the Indenture, as the case may be, have been complied with.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect (except as to surviving rights of registration of transfer or exchange of the Notes and the rights, powers, trusts, indemnities and immunities of the Trustee and the obligations of the Company and the Subsidiary Guarantors in connection therewith, as expressly provided for in the Indenture) as to all Notes issued thereunder when:

(1) either:

(a) all the Notes theretofore authenticated and delivered (except lost, stolen or destroyed Notes which have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust) have been delivered to the Trustee for cancellation; or

(b) all Notes not theretofore delivered to the Trustee for cancellation have become due and payable or will become due and payable within one year, and the Company has irrevocably deposited or caused to be deposited with the Trustee funds or certain direct, non-callable obligations of, or guaranteed by, the United States or a combination thereof sufficient without reinvestment in the written opinion of a nationally recognized investment bank, appraisal firm or firm of independent accountants delivered to the Trustee to pay and discharge the entire Indebtedness on the Notes not theretofore delivered to the Trustee for cancellation, for principal of, premium, if any, and interest on the Notes to the date of deposit (in the case of Notes that have become due and payable), or to the stated maturity or redemption date, as the case may be, together with irrevocable instructions from the Company directing the Trustee to apply such funds to the payment;

(2) the Company has paid all other sums payable by it under the Indenture and the Notes; and

(3) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel stating that all conditions precedent relating to the satisfaction and discharge of the Indenture have been complied with.

Modification of the Indenture

From time to time, the Company, the Subsidiary Guarantors and the Trustee, without the consent of the Holders, may amend, modify or supplement the Indenture, the Notes and the Subsidiary Guarantees for the following purposes:

(1) to cure any ambiguity, defect or inconsistency contained therein;

(2) to provide for the assumption by a Surviving Entity of the obligations of the Company under the Indenture or assumption by a continuing person of the obligations of a Subsidiary Guarantor under its Subsidiary Guarantee;

(3) to add Subsidiary Guarantees or additional Guarantees with respect to the Notes or release a Subsidiary Guarantee in accordance with the terms of the Indenture;

(4) to secure the Notes;

(5) to add to the covenants of the Company for the benefit of the Holders or to make changes that would provide additional rights to the Holders or to surrender any right or power conferred upon the Company and/or any Restricted Subsidiary;

(6) to provide for the issuance of Additional Notes in accordance with the Indenture;

(7) to evidence the replacement of the Trustee as provided for under the Indenture;

(8) if necessary, in connection with any release of any security permitted under the Indenture;

(9) to make any other change that does not adversely affect the rights of any Holder in any material respect;

(10) to provide for uncertificated Notes in addition to or in place of certificated Notes; or

(11) to conform the text of the Indenture, the Subsidiary Guarantees or the Notes to any provision of this "Description of the Notes," to the extent such provision was intended to be a verbatim recitation of the text of the Indenture, the Subsidiary Guarantees or the Notes (as applicable), which such intention shall be evidenced to the Trustee by delivery of an Officers' Certificate from the Company, upon which the Trustee may conclusively rely.

Other modifications to, amendments of, and supplements to, the Indenture, the Notes or the Subsidiary Guarantees may be made with the consent of the Holders of a majority in principal amount of the then outstanding Notes issued under the Indenture, except that, without the consent of each Holder affected thereby, no amendment may:

(1) reduce the percentage of the principal amount of the outstanding Notes whose Holders must consent to an amendment, supplement or waiver;

(2) reduce the rate of or change or have the effect of changing the time for payment of interest on any Notes;

(3) reduce the principal of or change or have the effect of changing the fixed maturity of any Notes, or change the date on which any Notes may be subject to redemption, or reduce the redemption price therefor;

(4) make any Notes payable in money other than that stated in the Notes;

(5) make any change in provisions of the Indenture entitling each Holder to receive payment of principal of, premium, if any, and interest on such Notes on or after the due date thereof or to bring suit to enforce such payment, or permitting Holders of a majority in principal amount of outstanding Notes to waive Defaults or Events of Default;

(6) amend, change or modify in any material respect the obligation of the Company to make and consummate a Change of Control Offer in respect of a Change of Control Triggering Event that has occurred or make and consummate an Asset Sale Offer with respect to any Asset Sale that has been consummated;

(7) eliminate or modify in any manner a Subsidiary Guarantor's obligations with respect to its Subsidiary Guarantee which adversely affects Holders in any material respect, except as contemplated in the Indenture;

(8) make any change in the provisions of the Indenture described under "—Additional Amounts" that adversely affects the rights of any Holder or amend the terms of the Notes in a way that would result in a loss of exemption from any applicable taxes; and

(9) make any change to the provisions of the Indenture or the Notes that adversely affects the ranking of the Notes.

Governing Law; Jurisdiction

The Indenture, the Notes and the Subsidiary Guarantees will be governed by, and construed in accordance with, the law of the State of New York.

Each of the Company and the Subsidiary Guarantors will submit to the jurisdiction of the U.S. federal and New York state courts located in The City of New York, Borough of Manhattan and will appoint an agent for service of process with respect to any actions brought in these courts arising out of or based on the Indenture, the Notes or any Subsidiary Guarantee.

According to the laws of the State of New York, claims against us for the payment of principal of and premium, if any, and interest on the Notes must be made within six years from the due date for payment thereof.

The Trustee

The Bank of New York Mellon is the Trustee under the Indenture. The office of the Trustee at which its corporate trust business is principally administered is located at 101 Barclay Street, Floor 7 East, New York, NY 10286, Attention: Global Corporate Trust.

Except during the continuance of an Event of Default, the Trustee will perform only such duties as are specifically set forth in the Indenture. During the existence of an Event of Default, the Trustee will exercise such rights and powers vested in it by the Indenture, and use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

No Personal Liability

No past, present or future incorporator, director, officer, employee, shareholder or controlling person, as such, of the Company or any Subsidiary Guarantor will have any liability for any obligations of the Company under the Notes, the Indenture or the Subsidiary Guarantee or for any claims based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the U.S. federal securities laws or under Peruvian corporate law.

Currency Indemnity

The Company, and each Subsidiary Guarantor, will pay all sums payable under the Indenture, the Notes or such Subsidiary Guarantee solely in U.S. Dollars. Any amount received or recovered in a currency other than U.S. Dollars by any payee, in respect of any sum expressed to be due to it from the Company or any Subsidiary Guarantor, will only constitute a discharge to the Company or any such Subsidiary Guarantor to the extent of the U.S. Dollar amount which such payee is able to purchase with the amount received or recovered in that other currency on the date of the receipt or recovery or, if it is not practicable to make the purchase on that date, on the first date on which such payee is able to do so. If the U.S. Dollar amount is less than the U.S. Dollar amount expressed to be due to the Trustee under the Indenture or any Holder under the Indenture or any Note, the Company, and any Subsidiary Guarantor, will indemnify such payee against any loss it sustains as a result. In any event, the Company and the Subsidiary Guarantors will indemnify each payee against the cost of making any purchase of U.S. Dollars. For the purposes of this paragraph, it will be sufficient for a payee to certify in a satisfactory manner that it would have suffered a loss had an actual purchase of U.S. Dollars been made with the amount received in that other currency on the date of receipt or recovery or, if it was not practicable to make the purchase on that date, on the first date on which it was able to do so. In addition, payees will also be required to certify in a satisfactory manner the need for a change of the purchase date.

The indemnities described above:

- constitute a separate and independent obligation from the other obligations of the Company and the Subsidiary Guarantors;
- will give rise to a separate and independent cause of action;
- will apply irrespective of any indulgence granted by any Holder or the Trustee; and
- will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under the Indenture, any Note or any Subsidiary Guarantee.

Listing

In the event that the Notes are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market, the Company will use its best efforts to maintain such listing; provided that if, as a result of the Directive 2004/39/EC (the “Markets in Financial Instruments Directive” or MiFID) or any legislation implementing the MiFID or other directives or legislation, the Company could be required to publish financial information either more regularly than it otherwise would be required to or according to accounting principles which are materially different from the accounting principles which the Company would otherwise use to prepare its published financial information, the Company may delist the Notes from the Official List of the Luxembourg Stock Exchange in accordance with the rules of the exchange and seek an alternative admission to listing, trading and/or quotation for the Notes by such other listing authority, stock exchange and/or quotation system inside or outside the European Union as the Company's Board of Directors may decide.

Certain Definitions

The following sets forth certain of the defined terms used in the Indenture. Reference is made to the Indenture for full disclosure of all such terms, as well as any other terms used herein for which no definition is provided.

"*Acquired Indebtedness*" means Indebtedness of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary or at the time it merges or consolidates with the Company or any of its Restricted Subsidiaries or is assumed in connection with the acquisition of assets from such Person. Acquired Indebtedness will be deemed to have been Incurred at the time such Person becomes a Restricted Subsidiary or at the time it merges or consolidates with the Company or a Restricted Subsidiary or at the time such Indebtedness is assumed in connection with the acquisition of assets from such Person.

"*Additional Amounts*" has the meaning set forth under "—Additional Amounts" above.

"*Additional Notes*" has the meaning set forth under "—General" above.

"*Affiliate*" means, with respect to any specified Person, any other Person who directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person. Solely for purposes of this definition, the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings.

"*Asset Acquisition*" means:

(1) an Investment by the Company or any Restricted Subsidiary in any other Person pursuant to which such Person will become a Restricted Subsidiary, or will be merged with or into the Company or any Restricted Subsidiary;

(2) the acquisition by the Company or any Restricted Subsidiary of the assets of any Person (other than a Subsidiary of the Company) which constitute all or substantially all of the assets of such Person or comprises any division or line of business of such Person or any other properties or assets of such Person other than in the ordinary course of business; or

(3) any Revocation with respect to an Unrestricted Subsidiary.

"*Asset Sale*" means any direct or indirect sale, disposition, issuance, conveyance, transfer, lease, assignment or other transfer, including, without limitation, a Sale and Leaseback Transaction (each, a "disposition"), by the Company or any Restricted Subsidiary of:

(a) any Capital Stock other than Capital Stock of the Company (other than directors' qualifying shares and shares issued to foreign nationals to the extent required by applicable law); or

(b) any property or assets (other than cash, Cash Equivalents or Capital Stock) of the Company or any Restricted Subsidiary.

Notwithstanding the preceding, the following items will not be deemed to be Asset Sales:

(1) the disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries as permitted under "—Covenants—Limitation on Merger, Consolidation and Sale of Assets" or any disposition which constitutes a Change of Control;

(2) the sale of property or equipment that, in the reasonable determination of the Company, has become worn out, obsolete or damaged or otherwise unused in connection with the business of the Company or any Restricted Subsidiary;

(3) sales or other dispositions of equipment, inventory, accounts receivable or other assets in the ordinary course of business;

(4) for purposes of "—Covenants—Limitation on Asset Sales" only, the making of a Restricted Payment permitted under "—Covenants—Limitation on Restricted Payments" and any Permitted Investment;

(5) a disposition to the Company or a Restricted Subsidiary, including a Person that is or will become a Restricted Subsidiary immediately after the disposition;

(6) the creation of a Permitted Lien;

(7) dispositions of receivables and related assets or interests in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(8) (i) the licensing or sublicensing of intellectual property or other general intangibles, including entering into cross-licensing arrangements, in the ordinary course of business and (ii) the abandonment or other disposition of intellectual property that is, in the reasonable judgment of management of the Company or the relevant Restricted Subsidiary, no longer convenient to maintain or useful in the conduct of the Permitted Business;

(9) any sale of Capital Stock in, or Indebtedness of other securities of, an Unrestricted Subsidiary;

(10) a Sale and Leaseback Transaction permitted under the proviso at the end of "—Covenants—Limitation on Sale and Leaseback Transactions";

(11) the good faith surrender or waiver of contract rights, tort claims or statutory rights in connection with a settlement;

(12) the lease, assignment, licensing or sub-lease or sub-licensing of any real or personal property in the ordinary course of business; and

(13) any transaction or series of related transactions involving property or assets with a Fair Market Value not in excess of US$2.0 million (or the equivalent in other currencies).

"*Asset Sale Offer*" has the meaning set forth under "—Covenants—Limitation on Asset Sales."

"*Asset Sale Offer Amount*" has the meaning set forth under "—Covenants—Limitation on Asset Sales."

"*Asset Sale Offer Payment Date*" has the meaning set forth under "—Covenants—Limitation on Asset Sales."

"*Asset Sale Transaction*" means any Asset Sale and, whether or not constituting an Asset Sale, (1) any sale or other disposition of Capital Stock, (2) any designation with respect to an Unrestricted Subsidiary and (3) any sale or other disposition of property or assets excluded from the definition of Asset Sale by clause (4) of that definition.

"*Attributable Indebtedness*" means, in respect of a Sale and Leaseback Transaction the present value, discounted at the interest rate implicit in the Sale and Leaseback Transaction, of the total obligations of the lessee for rental payments during the remaining term of the lease in the Sale and Leaseback Transaction.

"*Board of Directors*" means, with respect to any Person, the board of directors or similar governing body of such Person or any duly authorized committee thereof.

"*Board Resolution*" means, with respect to any Person, a copy of a resolution certified by the Secretary or an Assistant Secretary of such Person to have been duly adopted by the Board of Directors of such Person and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"*Business Day*" means a day other than a Saturday, Sunday or any day on which banking institutions are authorized or required by law to close in New York City, United States or in Lima, Peru.

"*Capital Stock*" means, with respect to any Person, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated and whether or not voting) of equity of such Person, including each class of Common Stock, Preferred Stock, limited liability interests or partnership interests, but excluding any debt securities convertible into such equity.

"*Capitalized Lease Obligations*" means, as to any Person, the obligations of such Person under a lease that are required to be classified and accounted for as capital lease obligations under IFRS. For purposes of this definition, the amount of indebtedness represented by such obligations at any date will be the capitalized amount of such obligations at such date, determined in accordance with IFRS, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under the related lease through to the first date on which such lease may be prepaid by the lessee without payment of penalty.

"*Cash Equivalents*" shall mean:

(1) United States dollars, nuevos soles, or any local currencies held by the Company or any Restricted Subsidiary from time to time;

(2) securities issued or directly and fully guaranteed or insured by the United States or the Peruvian governments or any agency or instrumentality of the United States or Peruvian, governments (provided that the full faith and credit of the United States or Peru, as the case may be, is pledged in support of those securities) having maturities of not more than 12 months from the date of acquisition;

(3) certificates of deposit, demand and time deposits and eurodollar time deposits with maturities of 12 months or less from the date of acquisition, bankers' acceptances with maturities not exceeding 12 months and overnight bank deposits, in each case, with any commercial bank having capital and surplus in excess of US$250 million, the outstanding indebtedness of which is rated at least "A-" by S&P or at least A3 by Moody's (or the equivalent of such rating by such rating organization, or, if no rating of S&P or Moody's then exists because neither of the foregoing then rates obligations of the type described in this clause, the equivalent of such rating by any other United States, or if the commercial bank is a licensed Peruvian bank, a Peruvian, nationally recognized securities rating agency);

(4) commercial paper with a maturity of 365 days or less from the date of acquisition of a United States or Peruvian issuer and rated at least "A-2" by Standard & Poor's Rating Group or at least "P-2" by Moody's (or the equivalent of such rating by such rating organization, or, if no rating of S&P or Moody's then exists because neither of the foregoing then rates obligations of the type described in this clause, the equivalent of such rating by any other United States nationally recognized securities rating agency);

(5) readily marketable direct obligation issued by any state of the United States or any political subdivision thereof, in either case having one of the two highest rating categories obtainable from either Moody's or S&P and in each case maturing within 12 months after the date of acquisition; and

(6) money market funds that invest primarily in securities described in clauses (1) through (5) of this definition

"*Change of Control*" means the occurrence of one or more of the following events:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Company and its Subsidiaries taken as a whole to any Person (including any "person" (as such term is used in Section 13(d)(3) of the Exchange Act)) other than to the Company or one of its Subsidiaries or transactions with a Permitted Holder;

(2) the consummation of any transaction (including without limitation, any merger or consolidation) the result of which is that (i) any Person other than one or more Permitted Holders (including any "person" (as such term is used in Section 13(d)(3) of the Exchange Act)) becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 40% of the outstanding Voting Stock of the Company, measured by voting power rather than number of shares or (ii) the Permitted Holders cease to be the beneficial owners, directly or indirectly, of more than 50% of the outstanding Voting Stock of the Company, measured by voting power rather than number of shares;

(3) the Company consolidates with, or merges with or into, any Person, or any Person consolidates with, or merges with or into, the Company, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of the Company or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the shares of the Voting Stock of the Company outstanding immediately prior to such transaction constitute, or are converted into or exchanged for, a majority of the Voting Stock of the surviving Person immediately after giving effect to such transaction; or

(4) the adoption of a plan relating to the liquidation or dissolution of the Company.

"*Change of Control Offer*" has the meaning set forth under "—Change of Control."

"*Change of Control Payment*" has the meaning set forth under "—Change of Control."

"*Change of Control Payment Date*" has the meaning set forth under "—Change of Control."

"Change of Control Triggering Event" means the occurrence of both a Change of Control and a Rating Downgrade Event.

"*Commodity Agreement*" means, with respect to any Person, any commodity swap agreement, commodity cap agreement, commodity collar agreement, commodity or raw material futures contract or any other agreement as to which such Person is a party designed to manage commodity risk of such Person.

"*Common Stock*" means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common equity interests, whether outstanding on the Issue Date or issued after the Issue Date, and includes, without limitation, all series and classes of such common equity interests.

"*Consolidated Adjusted EBITDA*" means, with respect to any Person for any period, Consolidated Net Income for such Person for such period, *plus* the following (without duplication) to the extent deducted or added in calculating such Consolidated Net Income for such period:

(1) Consolidated Interest Expense for such Person;

(2) Consolidated Income Tax Expense for such Person;

(3) Consolidated Non-cash Charges for such Person;

(4) any non-operating and/or non-recurring charges, expenses or losses of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) for such period; and

(5) any net loss from disposed or discontinued operations.

less (x) all non-cash items increasing Consolidated Net Income for such Person for such period, (y) all cash payments made by such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) during such period relating to non-cash charges that were added back in determining Consolidated Adjusted EBITDA in any prior period and (z) non-operating and/or non-recurring income or gains (less all fees and expenses related thereto) increasing Consolidated Net Income of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) for such period.

Notwithstanding the foregoing, to the extent not otherwise already included, the items specified in clauses (1) through (4) above for any Subsidiary (Restricted Subsidiary in the case of the Company) will be added to Consolidated Net Income in calculating Consolidated Adjusted EBITDA for any period:

(a) in proportion to the percentage of the total Capital Stock of such Subsidiary (Restricted Subsidiary in the case of the Company) held directly or indirectly by such Person at the date of determination; and

(b) to the extent that a corresponding amount would be permitted at the date of determination to be distributed to such Person by such Subsidiary (Restricted Subsidiary in the case of the Company) pursuant to its charter and bylaws (*estatutos sociales*) and each law, regulation, agreement or judgment applicable to such distribution.

"*Consolidated Fixed Charge Coverage Ratio*" means, with respect to any Person as of any date of determination, the ratio of the aggregate amount of Consolidated Adjusted EBITDA of such Person for the four most recent full fiscal quarters for which financial statements are available ending prior to the date of such determination (the "Four Quarter Period") to Consolidated Interest Expense for such Person for such Four Quarter Period. For purposes of this definition, Consolidated Adjusted EBITDA and Consolidated Interest Expense will be calculated after giving effect on a pro forma basis in good faith for the period of such calculation to the following:

(1) the Incurrence, repayment or redemption of any Indebtedness (including Acquired Indebtedness) of such Person or any of its Subsidiaries (Restricted Subsidiaries in the case of the Company) and the application of the proceeds thereof, including the Incurrence of any Indebtedness (including Acquired Indebtedness), and the application of the proceeds thereof, giving rise to the need to make such determination, occurring during such Four Quarter Period and at any time subsequent to the last day of such Four Quarter Period and prior to or on such date of determination, as if such Incurrence, and the application of the proceeds thereof, repayment or redemption occurred on the first day of such Four Quarter Period; and

(2) any Asset Sale Transaction or Asset Acquisition by such Person or any of its Subsidiaries (Restricted Subsidiaries in the case of the Company), including any Asset Sale or Asset Acquisition giving rise to the need to make such determination, occurring during the Four Quarter

Period or at any time subsequent to the last day of the Four Quarter Period and prior to or on such date of determination, as if such Asset Sale Transaction or Asset Acquisition occurred on the first day of such Four Quarter Period.

For purposes of making such *pro forma* computation:

(a) interest on any Indebtedness bearing a floating rate of interest will be calculated as if the rate in effect on the applicable date of determination had been the applicable rate for the entire Four Quarter Period (taking into account any Interest Rate Agreements applicable to such Indebtedness);

(b) interest on any Indebtedness under a revolving credit facility will be computed based upon the average daily balance of such Indebtedness during such Four Quarter Period, or if such facility was created after the end of such Four Quarter Period, the average daily balance of such Indebtedness during the period from the date of creation of such facility to the date of such calculation; and

(c) interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, will be deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate chosen as the Company may designate.

"*Consolidated Income Tax Expense*" means, with respect to any Person for any period, the provision for national, state, local and any other income taxes payable by such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) for such period as determined on a consolidated basis in accordance with IFRS.

"*Consolidated Interest Expense*" means, with respect to any Person for any period, the sum (without duplication) determined on a consolidated basis and in each case in accordance with IFRS of, net of any interest income:

(1) the aggregate of cash and non-cash interest expense of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) for such period determined on a consolidated basis in accordance with IFRS, including, without limitation, the following (whether or not interest expense in accordance with IFRS):

(a) any amortization or accretion of debt discount or any interest paid on Indebtedness of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) in the form of additional Indebtedness;

(b) any amortization of deferred financing and issuance costs including the amortization of original issue discount resulting from the issuance of Indebtedness below par;

(c) the net costs under Hedging Obligations (including amortization of fees) in respect of Indebtedness or that are otherwise treated as interest expense or equivalent under IFRS; *provided* that if Hedging Obligations result in net benefits rather than costs, such benefits will be credited to reduce Consolidated Interest Expense unless, pursuant to IFRS, such net benefits are otherwise reflected as a cash gain in Consolidated Net Income;

(d) all capitalized interest;

(e) the interest portion of any deferred payment obligation;

(f) commissions, discounts and other fees and charges Incurred in respect of letters of credit or bankers' acceptances;

(g) any interest expense on Indebtedness of another Person that is Guaranteed by such Person or one of its Subsidiaries (Restricted Subsidiaries in the case of the Company) or secured by a Lien on the assets of such Person or one of its Subsidiaries (Restricted Subsidiaries in the case of the Company), whether or not such Guarantee or Lien is called upon; and

(2) the interest component of Capitalized Lease Obligations paid, accrued and/or scheduled to be paid or accrued by such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) during such period; and

(3) the product of

(x) cash and non-cash dividends paid, declared, accrued or accumulated on any Disqualified Capital Stock of the Company or a Restricted Subsidiary, except for dividends payable in the Company's Qualified Capital Stock or paid to the Company or to a Restricted Subsidiary, and

(y) a fraction, the numerator of which is one and the denominator of which is one minus the sum of the currently effective combined national, state, local and foreign tax rate applicable to the Company and its Restricted Subsidiaries.

"*Consolidated Net Income*" means, with respect to any Person for any period, the aggregate net income (or loss) of such Person and its Subsidiaries (after deducting (or adding) the portion of such net income (or loss) attributable to minority interests in Subsidiaries of such Person) for such period on a consolidated basis, determined in accordance with IFRS; *provided* that there will be excluded therefrom to the extent reflected in such aggregate net income (loss):

(1) net after-tax gains or losses from Asset Sale Transactions or abandonments or reserves relating thereto;

(2) net after-tax items classified as extraordinary gains or losses or income or expenses or charges;

(3) the net income (or loss) of any Person, other than such Person and any Subsidiary of such Person (Restricted Subsidiary in the case of the Company); except that the Company's equity in the net income of any Person will be included up to the aggregate amount of cash actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution to a Restricted Subsidiary, to the limitations contained in clause (4) below); and except further that the Company's equity in the net loss of any Person will be included to the extent such loss has been funded with cash from the Company or a Restricted Subsidiary;

(4) solely for the purpose of determining the amount available for Restricted Payments under clause (3)(A) of "—Covenants—Limitation on Restricted Payments," the net income (but not loss) of any Subsidiary of such Person (Restricted Subsidiary in the case of the Company) to the extent that a corresponding amount could not be distributed to such Person at the date of determination as a result of any restriction pursuant to the constituent documents of such Subsidiary (Restricted Subsidiary in the case of the Company) or any law, regulation, agreement or judgment applicable to any such distribution;

(5) any restoration to income of any contingency reserve, except to the extent that provision for such reserve was made out of Consolidated Net Income accrued at any time following the Issue Date;

(6) any gain (or loss) from foreign exchange translation or change in net monetary position;

(7) any net gain or loss (after any offset) resulting in such period from Hedging Obligations entered into for bona fide hedging purposes and not for speculative purposes; *provided* that the net effect on income or loss (including in any prior periods) will be included upon any termination or early

extinguishment of such Hedging Obligations, other than any Hedging Obligations with respect to Indebtedness (that is not itself a Hedging Obligation) and that are extinguished concurrently with the termination or other prepayment of such Indebtedness; and

(8) the cumulative effect of changes in accounting principles.

"*Consolidated Net Tangible Assets*" means the total consolidated assets of the Company and its Restricted Subsidiaries, as shown on the most recent balance sheet of the Company provided to the trustee pursuant to "—Covenants—Reports to Holders" (or required to be provided thereunder), less (a) all current liabilities of the Company and its Restricted Subsidiaries after eliminating (1) all intercompany items between the Company and any Restricted Subsidiary or between Restricted Subsidiaries and (2) all current maturities of long-term Indebtedness; and (b) all goodwill, patents, tradenames, trademarks, copyrights, franchises, experimental expenses, organization expenses and any other amounts classified as intangible assets in accordance with IFRS; all calculated in accordance with IFRS and calculated on a pro forma basis to give effect to any acquisition or disposition of companies, divisions, lines of businesses or operations by the Company and its Restricted Subsidiaries subsequent to such date and on or prior to the date of determination.

"*Consolidated Non-cash Charges*" means, with respect to any Person for any period, the aggregate depreciation, amortization and other non-cash expenses or losses of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) for such period, determined on a consolidated basis in accordance with IFRS (excluding any such charge which constitutes an accrual of or a reserve for cash charges for any future period or the amortization of a prepaid cash expense paid in a prior period).

"*Consolidated Net Indebtedness*" means, with respect to any Person as of any date of determination, an amount equal to the aggregate amount (without duplication) of all Indebtedness of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) outstanding at such time, less the sum of (without duplication) consolidated cash and Cash Equivalents and marketable securities recorded as current assets (except for any Capital Stock in any Person) in all cases determined in accordance with IFRS and as set forth in the most recent consolidated balance sheet of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company).

"*Covenant Defeasance*" has the meaning set forth under "—Legal Defeasance and Covenant Defeasance."

"*Covenant Suspension Event*" has the meaning set forth under "—Covenant Suspension."

"*Currency Agreement*" means, with respect to any Person, any foreign exchange contract, currency swap agreement, futures contract, option contract or other similar agreement as to which such Person is a party designed solely to hedge foreign currency risk of such Person.

"*Default*" means an event or condition the occurrence of which is, or with the lapse of time or the giving of notice or both would be, an Event of Default.

"*Designation Amount*" has the meaning set forth under "—Covenants—Limitation on Designation of Unrestricted Subsidiaries" above.

"*Disqualified Capital Stock*" means that portion of any Capital Stock which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder thereof), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the sole option of the holder thereof.

"*Equity Offering*" means an offering for cash, after the Issue Date, of Qualified Capital Stock of the Company or of any direct or indirect parent of the Company (to the extent the proceeds thereof are contributed to the common equity of the Company).

"*Event of Default*" has the meaning set forth under "—Events of Default."

"*Excess Proceeds*" has the meaning set forth under "Covenants—Limitation on Asset Sales."

"*Exchange Act*" means the U.S. Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto.

"*Fair Market Value*" means, with respect to any asset, the fair market value of such asset that would be paid in an arm's length transaction, as determined by senior management of the Company in good faith; *provided* that the Fair Market Value of any such asset or assets, if greater than US$5.0 million, will be determined conclusively by the Board of Directors of the Company acting in good faith, and will be evidenced by a Board Resolution.

"*Fitch*" means Fitch Ratings Ltd. and its successors.

"*Four Quarter Period*" has the meaning set forth in the definition of Consolidated Fixed Charge Coverage Ratio above.

"*Guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person:

(1) to purchase or pay, or advance or supply funds for the purchase or payment of, such Indebtedness of such other Person, whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise; or

(2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof, in whole or in part;

provided that "Guarantee" will not include endorsements for collection or deposit in the ordinary course of business. "Guarantee," when used as a verb, has a corresponding meaning.

"*Hedging Obligations*" means the obligations of any Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Agreement.

"*Holder*" means the Person in whose name a Note is registered in the note register pursuant to the terms of the Indenture.

"*IFRS*" means the International Financial Reporting Standards as adopted by the International Accounting Standards Board which are in effect from time to time.

"*Incur*" means, with respect to any Indebtedness or other obligation of any Person, to create, issue, incur (including by conversion, exchange or otherwise), assume, Guarantee or otherwise become liable in respect of such Indebtedness or other obligation on the balance sheet of such Person (and "Incurrence" and "Incurred" will have meanings correlative to the foregoing); *provided* that (1) any Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary of the Company will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary of the Company and (2) neither the accrual of interest nor the accretion of original issue discount nor the payment of interest in the form of additional Indebtedness with the same terms and the payment of dividends on Disqualified Capital Stock or Preferred Stock in the form of additional shares of the same class of Disqualified Capital Stock or Preferred Stock will be considered an Incurrence of Indebtedness.

"*Indebtedness*" means, with respect to any Person, without duplication:

(1) the principal amount (or, if less, the accreted value) of all obligations of such Person for borrowed money;

(2) the principal amount (or, if less, the accreted value) of all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all Capitalized Lease Obligations of such Person;

(4) all obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations and all obligations under any title retention agreement (but excluding trade accounts payable in the ordinary course of business);

(5) all reimbursement obligations of such Person in respect of the face amount of letters of credit or other similar instruments (other than obligations with respect to letters of credit, performance bonds or other similar instruments securing obligations (other than obligations described in clauses (1), (2) and (4) above) entered into in the ordinary course of business of such Person, to the extent such letters of credit, performance bonds or other similar instruments are not drawn upon or, if and to the extent drawn upon, such drawing is reimbursed no later than the third business day following receipt by such Person of a demand for reimbursement following payment on the letter of credit, performance bond or other similar instrument, as the case may be);

(6) Guarantees and other contingent obligations of such Person in respect of Indebtedness referred to in clauses (1) through (5) above and clauses (8) through (11) below;

(7) all Indebtedness of any other Person of the type referred to in clauses (1) through (6) above which is secured by any Lien on any property or asset of such Person, the amount of such Indebtedness being deemed to be the lesser of the Fair Market Value of such property or asset and the amount of the Indebtedness so secured;

(8) all net obligations under Hedging Obligations of such Person (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time);

(9) all liabilities recorded on the balance sheet of such Person in connection with a sale or other disposition of accounts receivables and related assets; and

(10) all Disqualified Capital Stock issued by such Person with the amount of Indebtedness represented by such Disqualified Capital Stock being equal to the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price, but excluding accrued dividends, if any; *provided* that:

    (a) if the Disqualified Capital Stock does not have a fixed repurchase price, such maximum fixed repurchase price will be calculated in accordance with the terms of the Disqualified Capital Stock as if the Disqualified Capital Stock were purchased on any date on which Indebtedness will be required to be determined pursuant to the Indenture;

    (b) if the maximum fixed repurchase price is based upon, or measured by, the fair market value of the Disqualified Capital Stock, the fair market value will be the Fair Market Value thereof; and

(11) all liabilities recorded on the balance sheet of such Person in connection with any equity commitments, whether pursuant to letters of credit or otherwise, other than any such liabilities in connection with any equity contribution commitment that (i) is or would be permitted under the covenant "—Limitation on Restricted Payments" so long as treated as an Investment and (ii) the corresponding amount of the equity contribution commitment is deposited in a reserve account and is not recognized as cash, Cash Equivalents or marketable securities of the Person or any of its Subsidiaries in calculating the Consolidated Net Indebtedness thereof.

The amount of Indebtedness of any Person at any date will be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of any contingency obligations at such date.

"*Independent Financial Advisor*" means an accounting firm, appraisal firm, investment banking firm or consultant of internationally recognized standing that is, in the judgment of the Company's Board of Directors, qualified to perform the task for which it has been engaged and which is independent in connection with the relevant transaction.

"*Interest Rate Agreement*" means, with respect to any Person, any interest rate protection agreement (including, without limitation, interest rate swaps, caps, floors, collars, derivative instruments and similar agreements) and/or other types of hedging agreements designed solely to hedge interest rate risk of such Person.

"*Investment*" means, with respect to any Person, any:

(1) direct or indirect loan, advance or other extension of credit (including, without limitation, a Guarantee) or performance guarantee to any other Person (other than advances or extensions of credit to customers in the ordinary course of business);

(2) capital contribution (including any commitment to make such capital contribution) (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others) to any other Person; or

(3) any purchase or acquisition by such Person of any Capital Stock, bonds, notes, debentures or other securities or evidences of Indebtedness issued by, any other Person.

"*Investment*" will exclude accounts receivable or deposits arising in the ordinary course of business. "Invest," "Investing" and "Invested" have corresponding meanings.

For purposes of the "—Limitation on Restricted Payments" covenant, the Company will be deemed to have made an "Investment" in an Unrestricted Subsidiary at the time of its Unrestricted Subsidiary Designation, which will be valued at the Fair Market Value of the sum of the net assets of such Unrestricted Subsidiary at the time of its Unrestricted Subsidiary Designation and the amount of any Indebtedness of such Unrestricted Subsidiary or owed to the Company or any Restricted Subsidiary immediately following such Unrestricted Subsidiary Designation. Any property transferred to or from an Unrestricted Subsidiary will be valued at its Fair Market Value at the time of such transfer. If the Company or any Restricted Subsidiary sells or otherwise disposes of any Capital Stock of a Restricted Subsidiary (including any issuance and sale of Capital Stock by a Restricted Subsidiary) such that, after giving effect to any such sale or disposition, such Restricted Subsidiary would cease to be a Subsidiary of the Company, the Company will be deemed to have made an Investment on the date of any such sale or disposition equal to the sum of the Fair Market Value of the Capital Stock of such former Restricted Subsidiary held by the Company or any Restricted Subsidiary immediately following such sale or other disposition and the amount of any Indebtedness of such former Restricted Subsidiary Guaranteed by the Company or any Restricted Subsidiary or owed to the Company or any other Restricted Subsidiary immediately following such sale or other disposition.

"*Investment Grade Rating*" means a rating equal to or higher than (a) BBB-, in the case of S&P and Fitch, and (b) Baa3, in the case of Moody's.

"*Issue Date*" means the first date of issuance of Notes under the Indenture.

"*Legal Defeasance*" has the meaning set forth under "—Legal Defeasance and Covenant Defeasance."

"*Lien*" means any lien, mortgage, deed of trust, pledge, security interest, charge or encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof and any agreement to give any security interest); *provided* that the lessee in respect of a Capitalized Lease Obligation or Sale and Leaseback Transaction will be deemed to have Incurred a Lien on the property leased thereunder; provided that in no event shall an operating lease be deemed to constitute a Lien.

"*Machinery*" means all now existing or hereafter acquired new and used light and heavy machinery of all types and descriptions, whether held for sale, lease, rental or operational purposes, which relate to the Company's or any Restricted Subsidiary's new and used Machinery retailing, wholesaling, leasing and related activities.

"*Moody's*" means Moody's Investors Service, Inc., or any successor thereto.

"*Net Cash Proceeds*" means, with respect to any Asset Sale, the proceeds in the form of cash or Cash Equivalents, including payments in respect of deferred payment obligations when received in the form of cash or Cash Equivalents received by the Company or any of its Restricted Subsidiaries from such Asset Sale, net of:

(1) reasonable out-of-pocket expenses and fees relating to such Asset Sale (including, without limitation, legal, accounting and investment banking fees and sales commissions);

(2) taxes paid or payable in respect of such Asset Sale after taking into account any reduction in consolidated tax liability due to available tax credits or deductions and any tax sharing arrangements;

(3) repayment of Indebtedness secured by a Lien permitted under the Indenture that is required to be repaid in connection with such Asset Sale;

(4) all distributions and other payments required to be made to minority interest holders in Subsidiaries or joint ventures as a result of such Asset Sale; and

(5) appropriate amounts to be provided by the Company or any Restricted Subsidiary, as the case may be, as a reserve, in accordance with IFRS, against any liabilities associated with such Asset Sale and retained by the Company or any Restricted Subsidiary, as the case may be, after such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, but excluding any reserves with respect to Indebtedness.

"*Obligations*" means, with respect to any Indebtedness, any principal, interest (including, without limitation, Post-Petition Interest), premium, Additional Amounts, penalties, fees, indemnifications, reimbursements, damages, expenses, and other liabilities payable under the documentation governing such Indebtedness, including in the case of the Notes and the Subsidiary Guarantees, the Indenture.

"*Officer*" means, with respect to any Person, the chairman of the Board of Directors, president, chief executive officer, chief financial officer, chief operating officer, or any vice president, treasurer or secretary of such Person.

"*Officers' Certificate*" means, in connection with any action to be taken by the Company or any Subsidiary Guarantor a certificate signed by two Officers of such Person in accordance and compliance with the terms of the Indenture and that is delivered to the Trustee.

"*Opinion of Counsel*" means a written opinion of counsel, who may be an employee of or counsel for the Company (except as otherwise provided in the Indenture), obtained at the expense of the Company, a Surviving Entity or a Restricted Subsidiary, and who is reasonably acceptable to the Trustee.

"*Permitted Business*" means the business or businesses conducted by the Company and its Restricted Subsidiaries as of the Issue Date and any business that is similar, reasonably related, incidental, ancillary or complementary thereto.

"*Permitted Holders*" means (i) the members of the Vargas Loret de Mola Family, Jan C. Matthies Estenssoro, Wolf D. Krefft Berthold and Claus Krumdiek Majewski (ii) any spouse or child of the individuals referred to in the preceding clause (i) and (iii) any non-natural Person that is an Affiliate of any of the Persons referred to in the preceding clauses (i) and (ii) and with respect to which a Person or Persons listed in the preceding clauses (i) and (ii) owns the majority of the aggregate of the total voting power of the Voting Stock in such non-natural Person, on a fully diluted basis.

"*Permitted Indebtedness*" has the meaning set forth under clause (2) of "—Covenants—Limitation on Incurrence of Additional Indebtedness."

"*Permitted Investments*" means:

(1) any Investment in the Company or in a Restricted Subsidiary of the Company;

(2) any Investment in Cash Equivalents;

(3) any Investment by the Company or any Subsidiary of the Company in a Person that is engaged in Permitted Business, if as a result of such Investment,

(a) such Person becomes a Restricted Subsidiary, or

(b) such Person is merged or consolidated with or into, or transfers or conveys substantially all its assets to, or is liquidated into, the Company or a Restricted Subsidiary;

(4) Investments received as non-cash consideration in an Asset Sale made pursuant to and in compliance with the provisions of "—Covenants—Limitation on Asset Sales" or a disposition excluded under the definition of Asset Sale;

(5) any Investment acquired solely in exchange for Qualified Capital Stock of the Company or the licensing of intangible property;

(6) Hedging Obligations otherwise permitted under the Indenture;

(7) (i) receivables owing to the Company or any Restricted Subsidiary if created or acquired in the ordinary course of business, (ii) Cash Equivalents or other cash management investments or liquid or portfolio securities pledged as collateral pursuant to the covenant described under the caption "—Covenants—Limitation on Liens," (iii) endorsements for collection or deposit in the ordinary course of business, and (iv) securities, instruments or other obligations received in compromise or settlement of debts created in the ordinary course of business, or by reason of a composition or readjustment of debts or reorganization of another Person, or in satisfaction of claims or judgments;

(8) Investments in Unrestricted Subsidiaries and joint ventures engaged in a Permitted Business in an aggregate amount that, taken together with all other Investments made in reliance on this clause, do not exceed US$20.0 million (net of, with respect to the Investment in any particular Person, the cash return thereon received after the Issue Date as a result of any sale for cash, repayment, redemption, liquidating distribution or other cash realization (not included in Consolidated Adjusted EBITDA), not to exceed the amount of Investments in such Person made after the Issue Date in reliance on this clause);

(9) Investments with proceeds of the Notes in Inmobiliaria Terrano S.A. in an aggregate amount not to exceed US$15.0 million and in other Unrestricted Subsidiaries engaged in a Permitted Business in an amount not to exceed US$3.5 million;

(10) any Investment existing on the Issue Date or made pursuant to binding commitments in effect on the Issue Date or an Investment consisting of any extension, modification or renewal of any Investments existing as of the Issue Date (but not Investments involving additional advances, contributions or other investments of cash or property or other increases thereof, other than as a result of the accrual or accretion of interest or original issue discount or payment-in-kind pursuant to the terms of such Investment as of the Issue Date, or as otherwise permitted under the Indenture);

(11) guarantees of Indebtedness permitted under "—Covenants—Limitation on Incurrence of Additional Indebtedness" and the creation of Liens on the assets of the Company or any Restricted Subsidiary in compliance with the covenant described under "—Covenants— Limitation on Liens";

(12) advances, loans or extensions of trade credit in the ordinary course of business by the Company or any of its Restricted Subsidiaries, including loans or advances to employees, officers or directors of the Company or any Restricted Subsidiary in the ordinary course in an aggregate amount not to exceed US$2.0 million in the aggregate at any one time outstanding;

(13) payroll, travel and other loans or advances to, or Guarantees issued to support the obligations of, officers and employees, in each case in the ordinary course of business; and

(14) in addition to Investments listed above, Investments in Persons engaged in Permitted Businesses in an aggregate amount, taken together with all other Investments made in reliance on this clause (14), not to exceed US$10.0 million.

"*Permitted Liens*" means any of the following Liens:

(1) Liens existing on the Issue Date and any extension, renewal or replacement thereof, *provided* that any mortgages on real estate properties of the Issuer's Restricted Subsidiaries existing on the Issue Date and any extension, renewal or replacement thereof will not be considered Permitted Liens after 90 days after the Issue Date;

(2) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, suppliers, materialmen, repairmen and other Liens imposed by law incurred in the ordinary course of business for sums not yet delinquent or being contested in good faith, if such reserve or other appropriate provision, if any, as shall be required by IFRS shall have been made in respect thereof;

(3) (a) licenses, sublicenses, leases or subleases granted by the Company or any of its Restricted Subsidiaries to other Persons not materially interfering with the conduct of the business of the Company or any of its Restricted Subsidiaries and (b) any interest or title of a lessor, sublessor or licensor under any lease or license agreement permitted by the Indenture to which the Company or any Restricted Subsidiary is a party;

(4) Liens Incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, including any Lien securing letters of credit issued in the ordinary course of business consistent with past practice in connection therewith, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, customs duties, bids, leases, government performance and return-of-money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money);

(5) Liens upon specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(6) Liens on patents, trademarks, service marks, trade names, copyrights, technology, know-how and processes to the extent such Liens arise from the granting of license to use such patents, trademarks, service marks, trade names, copyrights, technology, know-how and processes to any Person in the ordinary course of business of the Company or any of its Restricted Subsidiaries;

(7) Liens securing reimbursement obligations with respect to commercial letters of credit which encumber documents and other property relating to such letters of credit and products and proceeds thereof;

(8) Liens encumbering deposits made to secure obligations arising from statutory, regulatory, contractual, or warranty requirements of the Company or a Restricted Subsidiary, including rights of offset and set-off;

(9) Liens for taxes, assessments or other governmental charges not yet subject to penalties for non-payment or which are being contested in good faith by appropriate proceedings, *provided* that appropriate reserves required pursuant to IFRS have been made in respect thereof;

(10) encumbrances, ground leases, easements or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including, without limitation, minor defects or irregularities in title and similar encumbrances) as to the use of real properties or liens incidental to the conduct of the business of such Person or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(11) deposits in the ordinary course of business securing liability for reimbursement obligations of insurance carriers providing insurance to the Company or its Restricted Subsidiaries and any Liens thereon;

(12) judgment Liens not giving rise to an Event of Default so long as such Lien is adequately bonded and any appropriate legal proceedings which may have been duly initiated for the review of such judgment have not been finally terminated or the period within which such proceeding may be initiated has not expired;

(13) Liens arising solely by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary institution;

(14) Liens securing Hedging Obligations;

(15) Liens to secure any Refinancing Indebtedness which is Incurred to Refinance any Indebtedness which has been secured by a Lien permitted under the covenant described under "—Covenants—Limitation on Liens" not incurred pursuant to clause (18) or (20) below and which Indebtedness has been Incurred in accordance with "—Covenants—Limitation on Incurrence of Additional Indebtedness"; *provided* that such new Liens:

    (a) are no less favorable to the Holders of Notes and are not more favorable to the lienholders with respect to such Liens than the Liens in respect of the Indebtedness being Refinanced; and

    (b) do not extend to any property or assets other than the property or assets securing the Indebtedness Refinanced by such Refinancing Indebtedness;

(16) Liens securing Indebtedness or other obligations of a Restricted Subsidiary owing to the Company or another Restricted Subsidiary and permitted to be Incurred under the Indenture;

(17) Liens securing Acquired Indebtedness Incurred in accordance with "—Covenants—Limitation on Incurrence of Additional Indebtedness" not incurred in connection with, or in anticipation or contemplation of, the relevant acquisition, merger or consolidation; *provided* that

(a) such Liens secured such Acquired Indebtedness at the time of and prior to the Incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary and were not granted in connection with, or in anticipation of the Incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary; and

(b) such Liens do not extend to or cover any property of the Company or any Restricted Subsidiary other than the property that secured the Acquired Indebtedness prior to the time such Indebtedness became Acquired Indebtedness of the Company or a Restricted Subsidiary and are no more favorable to the lienholders than the Liens securing the Acquired Indebtedness prior to the Incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary;

(18) Liens securing Purchase Money Indebtedness or Capitalized Lease Obligations Incurred to finance the acquisition, construction, improvement or leasing of property of the Company or a Restricted Subsidiary used in a Permitted Business; *provided* that:

(a) the related Purchase Money Indebtedness does not exceed the cost of such property and will not be secured by any property of the Company or any Restricted Subsidiary other than the property so acquired, constructed, improved or leased; and

(b) the Lien securing such Indebtedness will be created within 365 days of such acquisition, construction, improvement or lease;

(19) Liens securing the Notes and any Subsidiary Guarantees;

(20) Sale and Leaseback Transactions pursuant to the proviso at the end of the covenant described under the caption "—Covenants—Limitation on Sale and Leaseback Transactions"; and

(21) Liens arising from precautionary Uniform Commercial Code financing statement and similar filings in other jurisdictions regarding operating leases entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business.

"*Person*" means an individual, partnership, limited partnership, corporation, company, limited liability company, unincorporated organization, trust or joint venture, or a governmental agency or political subdivision thereof.

"*Post-Petition Interest*" means all interest accrued or accruing after the commencement of any insolvency or liquidation proceeding (and interest that would accrue but for the commencement of any insolvency or liquidation proceeding) in accordance with and at the contract rate (including, without limitation, any rate applicable upon default) specified in the agreement or instrument creating, evidencing or governing any Indebtedness, whether or not, pursuant to applicable law or otherwise, the claim for such interest is allowed as a claim in such insolvency or liquidation proceeding.

"*Preferred Stock*" means, with respect to any Person, any Capital Stock of such Person that has preferential rights over any other Capital Stock of such Person with respect to dividends, distributions or redemptions or upon liquidation.

"*Purchase Money Indebtedness*" means Indebtedness Incurred for the purpose of financing all or any part of the purchase price, or other cost of construction or improvement of any property; *provided* that the aggregate principal amount of such Indebtedness does not exceed the lesser of the Fair Market Value of such property or such purchase price or cost, including any Refinancing of such Indebtedness that does not increase the aggregate principal amount (or accreted amount, if less) thereof as of the date of the Refinancing.

"*Qualified Capital Stock*" means any Capital Stock that is not Disqualified Capital Stock and any warrants, rights or options to purchase or acquire Capital Stock that is not Disqualified Capital Stock that are not convertible into or exchangeable into Disqualified Capital Stock.

"Rating Agencies" means each of Fitch, Moody's and S&P, or if any of the foregoing shall not make a rating on the Notes publicly available, a "nationally recognized statistical organization" (within the meaning of Rule 15c(3)-1(c)(2)(vi)(F) under the Exchange Act) as selected by the Company, which shall be substituted for Moody's, Fitch or S&P, as the case may be.

"*Rating Downgrade Event*" means the rating on the Notes is lowered from their rating then in effect by any of the Rating Agencies on any date during the period (the "*Trigger Period*") commencing on the date of the first public announcement by the Company of any Change of Control (or pending Change of Control) and ending 60 days following consummation of such Change of Control (which Trigger Period will be extended following consummation of a Change of Control for so long as any of the Rating Agencies has publicly announced that it is considering a possible ratings downgrade); *provided* that a Rating Downgrade Event otherwise arising by virtue of a particular lowering in rating will not be deemed to have occurred in respect of a particular Change of Control (and thus will not be deemed a Rating Downgrade Event for purposes of the definition of Change of Control Triggering Event hereunder) if the Rating Agency making the rating downgrade to which this definition would otherwise apply does not announce or publicly confirm or inform the Trustee in writing that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of the applicable Change of Control (whether or not the applicable Change of Control shall have occurred at the time of the Rating Downgrade Event). Notwithstanding the foregoing, no Rating Downgrade Event will be deemed to have occurred in connection with any particular Change of Control unless and until such Change of Control has actually been consummated.

"*Refinance*" means, in respect of any Indebtedness, to issue any Indebtedness in exchange for or to refinance, replace, defease or refund such Indebtedness in whole or in part. "Refinanced" and "Refinancing" have correlative meanings.

"*Refinancing Indebtedness*" means Indebtedness of the Company or any Restricted Subsidiary issued to Refinance any other Indebtedness of the Company or a Restricted Subsidiary so long as:

(1) the aggregate principal amount (or initial accreted value, if applicable) of such new Indebtedness as of the date of such proposed Refinancing does not exceed the aggregate principal amount (or initial accreted value, if applicable) of the Indebtedness being Refinanced (plus the amount of any premium required to be paid under the terms of the instrument governing such Indebtedness and the amount of reasonable expenses incurred by the Company in connection with such Refinancing);

(2) such new Indebtedness has:

(a) a Weighted Average Life to Maturity that is equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being Refinanced; and

(b) a final maturity that is equal to or later than the final maturity of the Indebtedness being Refinanced; and

(3) if the Indebtedness being Refinanced is:

(a) Indebtedness of the Company or any Subsidiary Guarantor, then such Refinancing Indebtedness will be Indebtedness of the Company or such Subsidiary Guarantor; and

(b) Subordinated Indebtedness, then such Refinancing Indebtedness will be subordinated to the Notes or any relevant Subsidiary Guarantee, if applicable, at least to the same extent and in the same manner as the Indebtedness being Refinanced.

"*Responsible Officer*" means, with respect to the Trustee, any Officer within the principal corporate trust office of the Trustee with direct responsibility for the administration of the Indenture and also, with respect to a particular matter, any other Officer to whom such matter is referred because of such Officer's knowledge of and familiarity with the particular subject.

"*Restricted Payment*" has the meaning set forth under "—Covenants—Limitation on Restricted Payments."

"*Restricted Subsidiary*" means any Subsidiary of the Company which at the time of determination is not an Unrestricted Subsidiary.

"*Reversion Date*" has the meaning set forth under "—Covenant Suspension."

"*Revocation*" has the meaning set forth under "—Covenants—Limitation on Designation of Unrestricted Subsidiaries."

"*Sale and Leaseback Transaction*" means any direct or indirect arrangement with any Person or to which any such Person is a party providing for the leasing to the Company or a Restricted Subsidiary of any property, whether owned by the Company or any Restricted Subsidiary at the Issue Date or later acquired, which has been or is to be sold or transferred by the Company or such Restricted Subsidiary to such Person or to any other Person by whom funds have been or are to be advanced on the security of such Property.

"*S&P*" means Standard & Poor's Rating Service or any successor thereto.

"*Senior Indebtedness*" means the Notes and the Subsidiary Guarantees and any other Indebtedness of the Company or any Restricted Subsidiary that ranks equal in right of payment with the Notes or the relevant Subsidiary Guarantee, as the case may be.

"*Significant Subsidiary*" means a Restricted Subsidiary of the Company that would constitute a "Significant Subsidiary" of the Company in accordance with Rule 1-02 under Regulation S-X under the Securities Act in effect on the Issue Date.

"*Stated Maturity*" means, with respect to any security, the date specified in such security as the fixed date on which the final payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency unless such contingency has occurred).

"*Subordinated Indebtedness*" means, with respect to the Company or any Restricted Subsidiary, any Indebtedness of the Company or such Restricted Subsidiary, as the case may be, which is expressly subordinated in right of payment to the Notes or the relevant Subsidiary Guarantee, as the case may be.

"*Subsidiary*" means, with respect to any Person, any other Person of which such Person owns, directly or indirectly, more than 50% of the voting power of the other Person's outstanding Voting Stock.

"*Subsidiary Guarantee*" means the unconditional guarantee, on a joint and several basis, of the full and prompt payment of all Obligations of the Company under the Indenture and the Notes, in accordance with the terms of the Indenture.

"*Subsidiary Guarantor*" means each Restricted Subsidiary of the Company in existence on the Issue Date and any Restricted Subsidiary created or acquired by the Company or any of its Restricted Subsidiaries after the Issue Date.

"*Surviving Entity*" has the meaning set forth under "—Covenants—Limitation on Merger, Consolidation and Sale of Assets."

"*Suspended Covenants*" has the meaning set forth under "—Covenant Suspension."

"*Suspension Period*" has the meaning set forth under "—Covenant Suspension."

"*Net Debt to EBITDA Ratio*" means, with respect to any Person as of any date of determination, the ratio of the aggregate amount of Consolidated Net Indebtedness for such Person as of such date to Consolidated Adjusted EBITDA for such Person for the Four Quarter Period.

For purposes of this definition, Consolidated Net Indebtedness and Consolidated Adjusted EBITDA will be calculated after giving effect on a *pro forma* basis in good faith for the period of such calculation for the following:

(1) the Incurrence, repayment or redemption of any Indebtedness (including Acquired Indebtedness) of such Person or any of its Subsidiaries (Restricted Subsidiaries in the case of the Company), and the application of the proceeds thereof, including the Incurrence of any Indebtedness (including Acquired Indebtedness), and the application of the proceeds thereof, giving rise to the need to make such determination, occurring during such Four Quarter Period or at any time subsequent to the last day of such Four Quarter Period and prior to or on such date of determination, to the extent, in the case of an Incurrence, such Indebtedness is outstanding on the date of determination, as if such Incurrence, and the application of the proceeds thereof, repayment or redemption occurred on the first day of such Four Quarter Period; and

(2) any Asset Sale Transaction or Asset Acquisition by such Person or any of its Subsidiaries (Restricted Subsidiaries in the case of the Company), including any Asset Sale or Asset Acquisition giving rise to the need to make such determination, occurring during the Four Quarter Period or at any time subsequent to the last day of the Four Quarter Period and prior to or on such date of determination, as if such Asset Sale Transaction or Asset Acquisition occurred on the first day of the Four Quarter Period.

For purposes of making such *pro forma* computation, the amount of Indebtedness under any revolving credit facility will be computed based on:

(a) the average daily balance of such Indebtedness during such Four Quarter Period; or

(b) if such facility was created after the end of such Four Quarter Period, the average daily balance of such Indebtedness during the period from the date of creation of such facility to the date of such calculation,

in each case giving *pro forma* effect to any borrowings related to any transaction referred to in clause (2) above.

"*Unrestricted Subsidiary*" means any Subsidiary of the Company designated as an Unrestricted Subsidiary pursuant to "—Covenants—Limitation on Designation of Unrestricted Subsidiaries." Any such Unrestricted Subsidiary Designation may be revoked by a Board Resolution of the Company, subject to the provisions of such covenant. As of the Issue Date, Inmobiliaria Terrano S.A., Inversiones Portuarias S.A. and Operadora Portuaria S.A. shall be designated Unrestricted Subsidiaries.

"*Unrestricted Subsidiary Designation*" has the meaning set forth under "—Covenants—Limitation on Designation of Unrestricted Subsidiaries" above.

"*Vargas Loret de Mola Family*" means Sucesión Carlos Vargas Nuñez, Carlos Rodolfo Juan Vargas Loret de Mola, Enrique Gastón Matías Vargas Loret de Mola, Luis Eduardo Vargas Loret de Mola, Mariella Orietta Vargas Loret de Mola, Roxana Vargas Loret de Mola and VLM S.A.C.

"*Voting Stock*" means, with respect to any Person, securities of any class of Capital Stock of such Person then outstanding and normally entitled to vote in the election of members of the Board of Directors (or equivalent governing body) of such Person. The term "normally entitled" means without regard to any contingency.

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness at any date, the number of years (calculated to the nearest one-twelfth) obtained by dividing:

(1) the then outstanding aggregate principal amount or liquidation preference, as the case may be, of such Indebtedness into

(2) the sum of the products obtained by multiplying:

(a) the amount of each then remaining installment, sinking fund, serial maturity or other required payment of principal or liquidation preference, as the case may be, including payment at final maturity, in respect thereof, by

(b) the number of years (calculated to the nearest one-twelfth) which will elapse between such date and the making of such payment.

BOOK-ENTRY, DELIVERY AND FORM

The certificates representing the notes will be issued in fully registered form without interest coupons. Notes sold in reliance on Rule 144A under the Securities Act initially will be represented by permanent notes in global, fully registered form without interest coupons (each, a "Restricted Global Note"). The notes sold in offshore transactions in reliance upon Regulation S under the Securities Act will initially be represented by permanent notes in global, fully registered form without interest coupons (each, a "Regulation S Global Note," together with the Restricted Global Notes, the "Global Notes"). The Global Notes will be deposited with the trustee as a custodian for DTC, as depositary, and registered in the name of a nominee of such depositary.

The Global Notes (and any notes issued in exchange therefor) will be subject to certain restrictions on transfer set forth therein and in the indenture and will bear the applicable legend regarding such restrictions set forth under the heading "Transfer Restrictions—Legends" herein. QIBs or non-U.S. purchasers may elect to take a Certificated Security (as defined below under "Certificated Securities") instead of holding their interests through the Global Notes (collectively referred to herein as the "Non-Global Purchasers"), which Certificated Securities will be ineligible to trade through DTC, only in the limited circumstances described below. For a description of the restrictions on transfer of Certificated Securities and any interest in the Global Notes, see "Transfer Restrictions" and "Plan of Distribution—Notes Are Not Being Registered."

The Global Notes

We expect that, pursuant to procedures established by DTC, (i) upon the issuance of the Global Notes, DTC or its custodian will credit, on its internal system, the principal amount at maturity of the individual beneficial interests represented by such Global Notes to the respective accounts of persons who have accounts with such depositary ("participants") and (ii) ownership of beneficial interests in the Global Notes will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of participants) and the records of participants (with respect to interests of persons other than participants). Such accounts initially will be designated by or on behalf of the initial purchasers and ownership of beneficial interests in the Global Notes will be limited to participants or persons who hold interests through participants. Holders may hold their interests in the Global Notes directly through DTC if they are participants in such system, or indirectly through organizations that are participants in such system.

So long as DTC or its nominee is the registered owner or holder of the notes, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the notes represented by such Global Notes for all purposes under the indenture governing the notes. No beneficial owner of an interest in the Global Notes will be able to transfer that interest except in accordance with DTC's procedures, in addition to those provided for under the indenture with respect to the notes.

Payments of the principal of, and premium (if any) and interest on, the Global Notes will be made to DTC or its nominee, as the case may be, as the registered owner thereof. None of us, the trustee, any paying agent, any transfer agent or the registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interest.

We expect that DTC or its nominee, upon receipt of any payment of principal of, and premium (if any) and interest on the Global Notes, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the Global Notes as shown on the records of DTC or its nominee. We also expect that payments by participants to owners of beneficial interests in the Global Notes held through such participants will be governed by standing instructions and customary practice, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants.

DTC has advised us that it will take any action permitted to be taken by a holder of notes (including the presentation of notes for exchange as described below) only at the direction of one or more participants to whose account the DTC interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of notes as to which such participant or participants has or have given such direction. However, if there is an event of default under the indenture, DTC will exchange the Global Notes for Certificated Securities, which it will distribute to its participants and which will be legended as set forth under the heading "Transfer Restrictions" and "Plan of Distribution—Notes Are Not Being Registered." DTC has advised us as follows: DTC is a limited-purpose trust company organized under New York banking law, a "banking organization" within the meaning of the New York banking law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for issues of U.S. and non–U.S. equity, corporate and municipal debt issues that participants deposit with DTC. DTC also facilitates the post–trade settlement among participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between participants' accounts. This eliminates the need for physical movement of securities certificates. Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Access to the DTC system is also available to indirect participants such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a participant, either directly or indirectly.

Although DTC has agreed to the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants of DTC, it is under no obligation to perform such procedures, and such procedures may be discontinued at any time. None of us, the trustee, any paying agent, any transfer agent or the registrar will have any responsibility for the performance by DTC or its participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Certificated Securities

A Global Note is exchangeable for certificated notes in fully registered form without interest coupons ("Certificated Securities") only in the following limited circumstances: DTC notifies us that it is unwilling or unable to continue as depositary for the Global Note and we fail to appoint a successor depositary within 90 days of such notice, or there shall have occurred and be continuing an event of default with respect to the notes under the indenture and DTC shall have requested the issuance of Certificated Securities.

Certificated Securities may not be exchanged for beneficial interests in any Global Note unless the transferor first delivers to the trustee a written certificate (in the form provided in the indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such notes. See "Transfer Restrictions" and "Plan of Distribution—Notes Are Not Being Registered."

The laws of some states require that certain persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer the notes will be limited to such extent.

Exchanges Between Regulation S Notes and Restricted Global Notes

Beneficial interests in one Global Note may generally be exchanged for interests in another Global Note. Depending on whether the transfer is being made during or after the 40-day period commencing on the original issue date of the notes, and to which Global Note the transfer is being made, the seller may be required to provide certain written certifications in the form provided in the indenture. A beneficial interest in a Global Note that is transferred to a person who takes delivery through another Global Note will, upon transfer, become subject to any transfer restrictions and other procedures applicable to beneficial interests in the other Global Note.

Transfers involving exchanges of beneficial interests between the Regulation S Global Notes and the Restricted Global Notes will be effected by DTC by means of an instruction originated through the DTC deposit/withdrawal at custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Restricted Global Note or vice versa, as applicable. Any beneficial interest in one of the Global Notes that is transferred to a person who takes delivery in the form of an interest in the other Global Note will, upon transfer, cease to be an interest in such Global Note and will become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Note for so long as it remains such an interest.

TAXATION

The following discussion summarizes certain Peruvian and U.S. federal income tax consequences of acquiring, holding and disposing of the notes.

This discussion is not a comprehensive discussion of all the tax considerations that may be relevant to a decision to purchase our notes and is not applicable to all categories of investors, some of which may be subject to special rules, and does not specifically address all of the Peruvian and U.S. federal income tax considerations applicable to any particular holder. It is based upon the tax laws of Peru and the United States as in effect on the date of this offering memorandum, which are subject to change, possibly with retroactive effect, and to differing interpretations. Each prospective purchaser is urged to consult its independent tax advisor about the particular Peruvian and U.S. federal income tax consequences that would affect it due to an investment in the notes.

Peruvian Tax Considerations

The discussion in this offering memorandum regarding Peruvian tax considerations is not intended or written to be used, and cannot be used or relied upon by any person, for the purpose of avoiding Peruvian taxation, and was written to support the promotion or marketing of this offering. Prospective investors should consult an independent tax advisor with respect to the Peruvian tax consequences of acquiring, owning or disposing of the notes.

The following is a general summary of certain material Peruvian tax consequences that may be relevant with respect to the ownership or disposition of the notes by non-Peruvian holders. This summary is not intended to be a comprehensive description of all of the Peruvian tax considerations that may be relevant to a decision by non-Peruvian holders to make an investment in the notes.

For purposes of this section, “non-Peruvian holder” means (i) any individual who is not domiciled in Peru; and (ii) any legal entity incorporated outside of Peru, provided that it does not conduct any trade or business through a permanent establishment in Peru or hold the notes through a Peruvian branch. A non-Peruvian individual will be deemed domiciled in Peru for tax purposes if such individual has resided or has remained in Peru for more than 183 calendar days during any twelve-month period.

Income tax

Payment of interest

Interest paid on the notes to non-Peruvian holders will be treated as Peruvian-source income and will be subject to a Peruvian withholding income tax at a rate of 4.99%. However, if the non-Peruvian holder of the notes is considered to be related to us under Peruvian tax laws or if the non-Peruvian holder is an individual and the interest derives from “or through a tax haven” the withholding income tax rate will be of 30%.

We are required to act as withholding agent for income tax payable in connection with interest paid on the notes to non-Peruvian holders.

Sale of the notes

Proceeds received by a non-Peruvian holder on a sale, exchange or disposition of a beneficial interest in the global notes held through a clearing system will not be subject to any Peruvian withholding or capital gains tax. In the event that the beneficial interests in the global notes are exchanged for definitive notes, any capital gain arising from the sale, exchange or other disposition of these definitive notes by non-Peruvian holders would be subject to Peruvian income tax at a preferential rate of 5% if the following requirements are satisfied: (i) the definitive notes are registered with the Peruvian Securities Public Registry, and (ii) the definitive notes are negotiated in a Peruvian Stock Market. Otherwise, capital gains will be taxable at a 30% rate.

A capital gain will be equal to the difference between (i) the amount realized on the sale, exchange or disposition of the definitive notes, and (ii) the purchase price paid for the notes, which must be certified by the Peruvian Tax Administration pursuant to a form submitted by the seller along with back-up documentation evidencing, among others, that the purchase price has been paid in a Peruvian bank account, unless the sale, exchange or disposition is made through the Peruvian Stock Market.

Redemption of the notes

Any premium received upon an early redemption of the notes will be subject to a withholding tax at a rate of either 4.99% or 30% depending on whether the premium is characterized as interest or capital gain. However, a 30% withholding tax rate will apply to any premium received if the non-Peruvian holder of the notes is considered to be related to us.

We have agreed, subject to specific exceptions and limitations, to pay Additional Amounts to the holders of the notes in respect of certain Peruvian income taxes mentioned above. See "Description of Notes—Payment of Additional Amounts."

Non-Peruvian holders of the notes should consult an independent tax advisor regarding the specific Peruvian income tax considerations of acquiring, owning or disposing of the notes.

Financial transaction tax

In Peru, there is a financial transactions tax ("FTT"), which taxes at a rate of 0.005% any debit or credit made in an account opened with a Peruvian bank or any other financial institution, either in Peruvian or foreign currency. Thus, if the issue price paid for the notes is deposited in a Peruvian Financial System ("PFS") bank account, such credit will also be levied at the corresponding FTT rate. The taxpayer of the FTT is the holder of the PFS bank account.

Certain United States Federal Income Tax Considerations

To ensure compliance with Internal Revenue Service Circular 230, you are hereby notified that any discussion of tax matters set forth in this offering memorandum was written in connection with the promotion or marketing of the transactions or matters addressed herein and was not intended or written to be used, and cannot be used by any prospective investor, for the purpose of avoiding tax-related penalties under federal, state or local tax law. Each prospective investor should seek advice based on its particular circumstances from an independent tax advisor.

The following is a summary of certain United States federal income tax consequences of the purchase, ownership and disposition of notes as of the date hereof. Except where noted, this summary deals only with notes that are held as capital assets by a U.S. holder (as defined below) who acquires the notes upon original issuance at their initial offering price. As used herein, a "U.S. holder" means a beneficial owner of the notes that is for United States federal income tax purposes any of the following:

- an individual citizen or resident of the United States;
- a corporation (or any other entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (2) has a

valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

This summary is based upon provisions of the Internal Revenue Code of 1986, as amended, and regulations, rulings and judicial decisions as of the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in United States federal income tax consequences different from those summarized below. This summary does not address all aspects of United States federal income taxes and does not deal with foreign, state, or local or other tax considerations that may be relevant to U.S. holders in light of their personal circumstances. In addition, it does not represent a detailed description of the United States federal income tax consequences applicable to you if you are subject to special treatment under the United States federal income tax laws. For example, this summary does not address:

- tax consequences to holders who may be subject to special tax treatment, such as dealers in securities or currencies, traders in securities that elect to use the mark to market method of accounting for their securities, financial institutions, regulated investment companies, real estate investment trusts, partnerships or other pass-through entities for United States federal income tax purposes, tax-exempt entities or insurance companies;

- tax consequences to persons holding the notes as part of a hedging, integrated, constructive sale or conversion transaction or a straddle;

- tax consequences to holders of the notes whose "functional currency" is not the United States dollar;

- tax consequences to certain United States expatriates;

- alternative minimum tax consequences, if any; or

- any state, local or foreign tax consequences.

If a partnership (including any entity classified as a partnership for United States federal income tax purposes) holds our notes, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partnership or a partner of a partnership holding our notes, you should consult your own tax advisors.

If you are considering the purchase of notes, you should consult your own tax advisors concerning the particular United States federal income tax consequences to you of the ownership of the notes, as well as the consequences to you arising under the laws of any other taxing jurisdiction.

Stated Interest

Stated interest on a note generally will be taxable to you as ordinary income at the time it is received or accrued, depending on your method of accounting for United States federal income tax purposes. In addition to interest on the notes, which includes any Peruvian tax withheld from the interest payments you receive, you will be required to include in income any additional amounts paid in respect of such Peruvian tax withheld.

You may be entitled to deduct or credit such tax withheld, subject to certain limitations (including that the election to deduct or credit foreign taxes applies to all of your foreign taxes for a particular tax year). Stated interest on a note (including any additional amounts paid) generally will be considered foreign source income and, for purposes of the United States foreign tax credit, generally will be considered passive category income. You will generally be denied a foreign tax credit for foreign taxes imposed with respect to the notes where you do not meet a minimum holding period requirement during which you are not protected from risk of loss. The rules governing the foreign tax credit are complex. You are urged to consult your own tax advisors regarding the availability of the foreign tax credit under your particular circumstances.

Sale, Exchange and Other Taxable Disposition of Notes

Upon the sale, exchange, retirement, redemption, or other taxable disposition of a note, you generally will recognize gain or loss equal to the difference between the amount realized upon the sale, exchange, retirement, redemption or other taxable disposition (less an amount equal to any accrued and unpaid stated interest, which amount will be taxable as interest income to the extent not previously included in income) and the adjusted tax basis of the note. Your adjusted tax basis in a note will, in general, be your cost for that note. Any gain or loss will be capital gain or loss and will generally be treated as United States source gain or loss. Consequently, you may not be able to claim a credit for any Peruvian tax imposed upon a disposition of a note unless such credit can be applied (subject to applicable limitation) against tax due on other income treated as derived from foreign sources. If any Peruvian income tax is withheld on the sale or other taxable disposition of a note, the amount realized by a U.S. holder will include the gross amount of the proceeds of that sale or other taxable disposition before deduction of such tax. Capital gains of non-corporate U.S. holders (including individuals) derived in respect of capital assets held for more than one year are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to certain payments of interest paid on the notes and to the proceeds of the sale or other taxable disposition (including an exchange, retirement or redemption) of a note paid to you (unless, in each case, you are an exempt recipient). Additionally, if you fail to provide your taxpayer identification number or, in the case of interest payments, fail either to report in full dividend and interest payments or to make certain certifications, you may be subject to backup withholding.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against your United States federal income tax liability provided the required information is timely furnished to the Internal Revenue Service.

Certain U.S. holders are required to report information relating to an interest in the notes, subject to certain exceptions (including an exception for notes held in accounts maintained by certain financial institutions), by attaching a complete IRS Form 8938, Statement of Specified Foreign Financial Assets, with their tax return for each year in which they hold an interest in the notes. You are urged to consult your own tax advisors regarding information reporting requirements relating to your ownership of the notes.

The above description is not intended to constitute a complete analysis of all tax consequences relating to the ownership of notes. Prospective purchasers of notes should consult their own tax advisors concerning the tax consequences of their particular situations.

PLAN OF DISTRIBUTION

We intend to offer the notes through the initial purchasers. Goldman, Sachs & Co. and Merrill Lynch, Pierce, Fenner & Smith Incorporated are acting as the initial purchasers. Subject to the terms and conditions contained in a purchase agreement between us and the initial purchasers, we have agreed to sell to the initial purchasers and the initial purchasers have, severally and not jointly, agreed to purchase from us, the principal amount of the notes listed opposite their names below.

Initial Purchasers	Principal
Goldman, Sachs & Co.	US$57,500,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	US$57,500,000
Total	US$115,000,000

The purchase agreement provides that the obligations of the initial purchasers to purchase the notes are several and not joint and subject to approval of legal matters by counsel and to other conditions. The offering of the notes by the initial purchasers is subject to receipt and acceptance and subject to the initial purchasers' right to reject any order in whole or in part. The initial purchasers must purchase all the notes if they purchase any of the notes. If an initial purchaser defaults, the purchase agreement provides that the purchase commitments of the initial purchase may be increased or the purchase agreement may be terminated. Each of the initial purchasers may offer and sell the notes through certain of its affiliates.

The initial purchasers propose to resell the notes at the offering price set forth on the cover page of this offering memorandum within the United States to persons they reasonably believe to be qualified institutional buyers (as defined in Rule 144A) in reliance on Rule 144A and outside of the United States to non-U.S. persons in reliance on Regulation S. The notes sold to "qualified institutional buyers" under Rule 144A will be represented by one or more global notes and the notes sold outside of the United States to non-U.S. persons in reliance on Regulation S will be represented by one or more global notes. The notes will be subject to restrictions on transfer and will bear restrictive legends. See "Transfer Restrictions." The price at which the notes are offered may be changed at any time without notice.

We have agreed to indemnify the several initial purchasers and their controlling persons against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the initial purchasers may be required to make in respect of those liabilities.

The initial purchasers are offering the notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by its U.S. and Peruvian counsel, including the validity of the notes, and other conditions contained in the purchase agreement, such as, but not limited to, the receipt by the initial purchasers of officers' certificates and legal opinions. The initial purchasers reserve the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part.

In addition, Credibolsa Sociedad Agente de Bolsa S.A., an affiliate of Banco de Crédito del Perú, is acting as local placement agent solely with respect to the placement of the notes in Peru, for which it will receive a fee. Credibolsa Sociedad Agente de Bolsa S.A. is not an initial purchaser nor a U.S. registered broker dealer and will not make any offers or sales of the notes within the U.S. or to U.S. persons.

Notes Are Not Being Registered

The notes have not been, and will not be, registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See "Transfer Restrictions."

Pursuant to Section 4(3) of the Securities Act, until 40 days after the commencement of the offering (the "Distribution Compliance Period"), an offer or sale of notes within the United States by a dealer (whether or not participating in this offering) may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act or pursuant to another exemption from registration under the Securities Act.

No Sale of Similar Securities

We have agreed that we will not, for a period of 90 days after the date of this offering memorandum, without first obtaining the prior written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated and Goldman, Sachs & Co., directly or indirectly, issue, sell, offer to contract or grant any option to sell, pledge, transfer or otherwise dispose of, any debt securities or securities exchangeable for or convertible into debt securities, except for the notes sold to the initial purchasers pursuant to the purchase agreement.

New Issue of Notes

The notes are a new issue of securities with no established trading market. We do not intend to apply for listing of the notes on any U.S. securities exchange or for quotation of the notes on any automated dealer quotation system. The initial purchasers have advised us that they presently intend to make a market in the notes after completion of this offering. However, they are under no obligation to do so and may discontinue any marketmaking activities at any time without any notice. We cannot assure the liquidity of the trading market for the notes. If an active trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected. If the notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors.

Although application will be made to the Luxembourg Stock Exchange for the notes to be admitted to the Official List and to be traded on the Euro MTF Market, we cannot ensure that a liquid or active public trading market for the notes will develop. If an active trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected. If the notes are traded, they may trade at a discount from their offering price, depending on prevailing interest rates, the market for similar securities, our performance, general economic conditions and other factors.

Price Stabilization and Short Positions

In connection with the offering, the initial purchasers may purchase and sell notes in the open market. Purchases and sales in the open market may include short sales, purchases to cover syndicate short positions and stabilizing purchases.

- Short sales involve secondary market sales by the initial purchasers of a greater number of notes than they are required to purchase in the offering.
- Syndicate covering transactions involve purchases of notes in the open market after the distribution has been completed in order to cover short positions.
- Stabilizing transactions involve bids to purchase notes for the purpose of pegging, fixing or maintaining the price of the notes so long as the stabilizing bids do not exceed a specified maximum.

Purchases to cover syndicate short positions and stabilizing purchases, as well as other purchases by the initial purchasers for their own accounts, may have the effect of preventing or retarding a decline in the market price of the notes. They may also cause the price of the notes to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The initial purchasers may conduct these transactions in the over-the-counter market or otherwise but are not required to do so. If the initial purchasers commence any of these transactions, they may discontinue them at any time.

Other Relationships

Some of the initial purchasers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the initial purchasers and their respective affiliates, officers, directors and employees may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve or relate to assets, securities and/or instruments of ours (directly, as collateral securing other obligations or otherwise) or our affiliates. Certain of the initial purchasers or their affiliates that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, such initial purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such short positions could adversely affect future trading prices of the notes offered hereby. The initial purchasers and their affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such assets, securities and instruments.

We expect to use proceeds from the notes offering to repay our syndicated loan agreement with Goldman Sachs Credit Partners L.P. Goldman Sachs Credit Partners L.P. is an affiliate of Goldman, Sachs & Co., an initial purchaser. See "Use of Proceeds."

Stamp Taxes

Purchasers of any notes sold outside of the United States may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the offering price paid by such purchasers for such notes.

Notice to Prospective Investors in Chile

The offer of the Notes is subject to General Rule No. 336 of the Chilean Securities Commission (*Superintendencia de Valores y Seguros de Chile*, or the "SVS"). The Notes being offered are not registered in the Securities Registry (*Registro de Valores*) or in the Foreign Securities Registry (*Registro de Valores Extranjeros*) of the SVS and, therefore, the Notes are not subject to the supervision of the SVS. As unregistered securities, we are not required to disclose public information about the Notes in Chile. The Notes may not be publicly offered in Chile unless they are registered in the corresponding securities registry.

La oferta de los valores y esta acogida a la NCG 336 de fecha 27 de junio de 2012 de la Superintendencia de Valores y Seguros de Chile (la "SVS"). La oferta versa sobre valores no inscritos en el Registro de Valores o en el Registro de Valores Extranjeros que lleva la SVS, por lo que los valores no están sujetos a la fiscalización de dicho organismo. Por tratarse de valores no inscritos, no existe obligación por parte del emisor de entregar en Chile información pública respecto de los valores. Estos valores no pueden ser objeto de oferta pública a menos que sean inscritos en el registro de valores correspondiente.

Notice to Residents in the Republic of Colombia

The notes may not be offered, sold or negotiated in Colombia, except under circumstances which do not constitute a public offering of securities under applicable Colombian securities laws and regulations. Furthermore, foreign financial entities must abide by the terms of Decree 2555 of 2010 to offer privately the notes to their Colombian clients.

Notice to Prospective Investors in Hong Kong

This prospectus has not been approved by or registered with the Securities and Futures Commission of Hong Kong or the Registrar of Companies of Hong Kong. The notes will not be offered or sold in Hong Kong other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the notes which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) has been issued or will be issued in Hong Kong or elsewhere other than with respect to securities which are or are intended to be disposed of only to persons outside of Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Notice to Residents in the Republic of Panama

The notes have not been, and will not be, registered for public offering in Panama with the Superintendency of Capital Markets of Panama under Decree-Law 1 of July 8, 1999, as amended (the "Panamanian Securities Act"). Accordingly, the notes may not be offered or sold in Panama, except in certain limited transactions exempted from the registration requirements of the Panamanian Securities Act. The notes do not benefit from tax incentives accorded by the Panamanian Securities Act and are not subject to regulation or supervision by the Superintendency of Capital Markets of Panama.

Notice to Prospective Investors in Peru

The notes have not been and will not be registered with or approved by the SMV or the BVL. Accordingly, the notes cannot be offered or sold in Peru, except if such offering is considered a private offering under the securities laws and regulations of Peru. The Peruvian securities market law establishes that any particular offer may qualify as private if it is directed exclusively to institutional investors.

Notice to Prospective Investors in Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offering may not be circulated or distributed, nor may the notes be offered, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act (Chapter 289) (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. Where the notes are subscribed for under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, then securities, debentures and units of securities and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the notes under Section 275 except: (i) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA; (ii) where no consideration is given for the transfer; or (iii) by operation of law.

Notice to Prospective Investors in Switzerland

This offering memorandum does not constitute an issue prospectus pursuant to Article 652a or Article 1156 of the Swiss Code of Obligations and the notes will not be listed on the SIX Swiss Exchange. Therefore, this offering memorandum may not comply with the disclosure standards of the listing rules (including any additional listing rules or prospectus schemes) of the SIX Swiss Exchange. Accordingly, the notes may not be offered for exchange to the public in or from Switzerland, but only to a selected and limited circle of investors who do not subscribe to the notes with a view to distribution. Any such investors will be individually approached by the initial purchasers from time to time.

Notice to Prospective Investors in Italy

This offering of notes has not been cleared by the Italian Securities Exchange Commission (*Commissione Nazionale per le Società e la Borsa*), or the CONSOB pursuant to Italian securities legislation and, accordingly, the notes may not and will not be offered, sold or delivered, nor may or will copies of this offering memorandum or any other documents relating to the notes or the offer be distributed in Italy except:

a. to qualified investors (*investitori qualificati*), pursuant to Article 100 of Legislative Decree No. 58 of February 24, 1998 (the "Consolidated Financial Services Act") and Article 34-ter, paragraph 1, letter b), of CONSOB Regulation No. 11971 of May 14, 1999 (the "CONSOB Regulation"), all as amended; or

b. in any other circumstances where an express exemption from compliance with the restrictions on offers to the public applies, as provided under Article 100 of the Consolidated Financial Services Act and Article 34-ter of the CONSOB Regulation.

Subject to the foregoing, any offer, sale or delivery of the notes or distribution of copies of this offering memorandum or any other document relating to the notes or the offer in Italy under (a) and (b) above must be:

i. made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Consolidated Financial Services Act, Legislative Decree No. 385 of September 1, 1993 (the "Banking Act"), and CONSOB Regulation No. 16190 of October 29, 2007, all as amended from time to time;

ii. in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the offering or issue of securities in Italy; and

iii. in compliance with any securities, tax, exchange control and any other applicable laws and regulations including any limitation or requirement which may be imposed from time to time, inter alia, by the CONSOB or the Bank of Italy.

Any investor purchasing the notes in the offering is solely responsible for ensuring that any offer or resale of notes it purchased in the offer occurs in compliance with applicable laws and regulations.

This offering memorandum, any other document relating to the notes, and the information contained herein are intended only for the use of its recipient and are not to be distributed to any third party resident or located in Italy for any reason. No person resident or located in Italy other than the original recipients of this document may rely on it or its content.

Notice to Prospective Investors in the United Kingdom

This offering memorandum is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). The notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Each of the initial purchasers has represented, warranted and agreed that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("FSMA")) received by it in connection with the issue or sale of any notes in circumstances in which Section 21(1) of the FSMA does not apply to the issuer; and

- it has complied and will comply, with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area which has implemented a Prospectus Directive (each, a "Relevant Member State"), with the effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") no offer of notes may be made to the public in that Relevant Member State other than:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;

- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the initial purchasers; or

- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of notes shall require the Company or any of the initial purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

This offering memorandum has been prepared on the basis that any offer of notes in any Relevant Member State will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of notes. Accordingly, any person making or intending to make an offer in that Relevant Member State of notes which are subject of the offering contemplated in this offering memorandum may only do so in circumstances in which no obligation arises for the Company or any of the initial purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither the Company nor the initial purchasers have authorized, nor do they authorize, the making of any offer of notes in circumstances in which an obligation arises for the Company or the initial purchasers to publish a prospectus for such offer.

For the purpose of the above provisions, the expression "an offer to the public" in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, as the same may be varies in the Relevant Member State by any measure implementing the Prospectus Directive in the Relevant Member State; "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in the relevant Member State; and "2010 PD Amending Directive" means the Directive 2010/73/EU.

TRANSFER RESTRICTIONS

Because the following restrictions will apply with respect to the resale of the notes, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the notes.

The notes have not been, and will not be, registered under the Securities Act or any state securities laws, and they may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the notes are being offered and sold only (A) to QIBs in compliance with Rule 144A and (B) outside of the United States in offshore transactions in reliance upon Rule 903 or Rule 904 of Regulation S under the Securities Act, or Regulation S. As used herein, the terms “United States” and “U.S. person” have the meanings given to them in Regulation S.

Each purchaser of the notes in the United States will be deemed to have represented and agreed as follows: the purchaser is either (1) a QIB and is aware that the sale of the notes to it is being made in reliance on exemptions from the registration requirements of the Securities Act and such acquisition will be for its own account or for the account of a qualified institutional buyer or (2) a non-U.S. person who, at the time the buy order for the notes was originated, was outside of the United States.

In making its decision to purchase the notes, the purchaser understands and acknowledges that:

- the notes are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act; that the notes have not been registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;
- it shall not resell or otherwise transfer any of such notes, except (A) to the Company or any of its subsidiaries, (B) to a QIB in a transaction complying with Rule 144A, (C) outside of the United States in compliance with Rule 903 or Rule 904 of Regulation S, (D) in accordance with another exemption from the registration requirements of the Securities Act (if available and based upon an opinion of counsel if the Company so requests) or (E) pursuant to an effective registration statement under the Securities Act;
- it agrees that it will give to each person to whom it transfers the notes notice of any restrictions on transfer of such notes;
- prior to any proposed transfer of notes in certificated form or of beneficial interests in a Global Note (in each case other than pursuant to an effective registration statement), the holder of notes or the holder of beneficial interests in a Global Note, as the case may be, may be required to provide certifications and other documentation relating to the manner of such transfer and submit such certifications and other documentation as provided in the Indenture;
- it understands that the Restricted Global Note will bear a legend substantially to the following effect unless otherwise agreed by us and the holder thereof:

  THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY STATE OR OTHER SECURITIES LAWS, AND MAY NOT BE OFFERED, SOLD, PLEDGED, OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT IT, AND ANY ACCOUNT FOR WHICH IT IS ACTING, (A) IS A QUALIFIED INSTITUTIONAL BUYER (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”)) OR (B) IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION PURSUANT TO RULE 903 OR RULE 904 OF REGULATION S

UNDER THE SECURITIES ACT ("REGULATION S") AND, WITH RESPECT TO (A) AND (B), EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO SUCH ACCOUNT, (2) AGREES FOR THE BENEFIT OF THE ISSUER THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY OR ANY BENEFICIAL INTEREST HEREIN, EXCEPT (A) (I) TO THE ISSUER OR ANY SUBSIDIARY THEREOF, (II) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT, (III) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A, (IV) IN AN OFFSHORE TRANSACTION COMPLYING WITH THE REQUIREMENTS OF RULE 903 OR RULE 904 OF REGULATION S, OR (V) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE), AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS, AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE RESPECTIVE MEANINGS GIVEN TO THEM BY REGULATION S.

THIS LEGEND MAY ONLY BE REMOVED AT THE OPTION OF THE ISSUER.

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH PARAGRAPH 2A(V) ABOVE, THE ISSUER RESERVES THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS, OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

- it understands that the Regulation S Global Note will bear a legend substantially to the following effect unless otherwise agreed by us and the holder thereof.

  THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE OR OTHER SECURITIES LAWS. PRIOR TO EXPIRATION OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")), THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON, EXCEPT TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF THE INDENTURE. THE TERMS "UNITED STATES" AND "U.S. PERSON" HAVE THE RESPECTIVE MEANINGS GIVEN TO THEM BY REGULATION S.

- the foregoing restrictions apply to holders of beneficial interests in the notes, as well as holders of the notes;

- the trustee will not be required to accept any notes for registration of transfer or exchange, except upon presentation of evidence satisfactory to us that the restrictions set forth herein have been complied with; and

- we, the initial purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that if any of the acknowledgments, representations or agreements deemed to have been made by its purchase of the notes is no longer accurate, it shall promptly notify us and the initial purchasers. If it is acquiring the notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgments, representations, and agreements on behalf of each account.

LEGAL MATTERS

The validity of the notes will be passed upon for us by Simpson Thacher & Bartlett LLP, our U.S. counsel, and by Miranda & Amado Abogados, our Peruvian counsel, and for the initial purchasers by Milbank, Tweed, Hadley & McCloy LLP, U.S. counsel for the initial purchasers, and by Rubio Leguia Normand, Peruvian counsel for the initial purchasers.

INDEPENDENT AUDITORS

Our annual audited consolidated financial statements as of and for the year ended December 31, 2012, 2011 and 2010 included in this offering memorandum have been audited by Dongo-Soria Gaveglio y Asociados Sociedad Civil de Responsabilidad Limitada a member firm of PricewaterhouseCoopers, as set forth in their report included in this offering memorandum.

Our unaudited interim condensed consolidated financial statements as of and for the six months ended June 30, 2012 and 2013 included in this offering memorandum have been subject to limited review procedures by Dongo-Soria Gaveglio y Asociados Sociedad Civil de Responsabilidad Limitada a member firm of PricewaterhouseCoopers.

LISTING AND GENERAL INFORMATION

1. The issuance of the notes has been authorized by the resolutions of our general shareholders' meeting and Board of Directors dated August 28, and October 25, 2013, respectively.

2. For so long as the notes are listed on the Luxembourg Stock Exchange, copies of the following documents (together, where necessary, with English translations thereof) in physical format may be obtained during normal business hours, at the offices of the Luxembourg listing agent and at our principal office, addresses for each of which are listed on the inside back cover page of this offering memorandum:

- our latest published unaudited interim and audited year-end financial statements;
- our *estatutos sociales* (by-laws); and
- the indenture governing the notes.

3. The global notes representing the notes have been accepted into the systems used by DTC. The CUSIP, ISIN and Common Code numbers, as applicable, for the notes are as follows:

Restricted Global Note CUSIP:	Restricted Global Note ISIN:	
034221 AA9	US034221AA91	
Regulation S Global Note CUSIP:	Regulation S Restricted Global Note ISIN:	Regulation S Restricted Global Note Common Code:
P0323N AC6	USP0323NAC67	099446404

4. Except as described in this offering memorandum, there are no pending actions, suits or proceedings against or affecting us or any of our subsidiaries or any of their respective properties, which, if determined adversely to us or any such subsidiary, would individually or in the aggregate have an adverse effect on our financial condition and that of our subsidiaries taken as a whole or would adversely affect our ability to perform our obligations under the notes or which are otherwise material in the context of the issue of the notes, and, to the best of our knowledge, no such actions, suits or proceedings are threatened.

Except as described in this offering memorandum, since June 30, 2013, there has been no change (or any development or event involving a prospective change of which we are or might reasonably be expected to be aware) which is materially adverse to our financial condition and that of our subsidiaries taken as a whole.

5. Claims against us or against the subsidiary guarantors for payment of principal and interest on the notes will become void unless presentment for payment is made (where so required herein) within a period of six years from the applicable original payment date therefor.

Index to Financial Statements

Audited Consolidated Financial Statements as of December 31, 2012 and 2011 and for the years ended December 31, 2012, 2011 and 2010

Unaudited Condensed Interim Consolidated Financial Statements as of June 30, 2013 and for the six months ended June 30, 2013 and 2012

ANDINO INVESTMENT HOLDING S.A.A. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

ANDINO INVESTMENT HOLDING S.A.A. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

CONTENTS

S/. = New Peruvian Sol
S/.000 = Thousands of New Peruvian Sol
US$ = United States Dollar

REPORT OF INDEPENDENT PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of
Andino Investment Holding S.A.A

March 27, 2013

We have audited the accompanying consolidated financial statements of **Andino Investment Holding S.A.A. and subsidiaries** which comprise the consolidated statements of financial position as of December 31, 2012 and 2011 and the consolidated statements of comprehensive income, of changes in equity and of cash flows for the three years ended December 31, 2012, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the accompanying consolidated financial statements, present fairly, in all material respects, the financial position of **Andino Investment Holding S.A.A. and subsidiaries** as of December 31, 2012 and 2011, their financial performance and their cash flows for the three years ended December 31, 2012, in accordance with International Financial Reporting Standards.

Dongo-Soria Gaveglio y Asociados

Countersigned by

---(partner)
Pablo Saravia Magne
Peruvian Certified Public Accountant
Registration No.01-24367

ANDINO INVESTMENT HOLDING S.A.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

	Note	As of December 31, 2012 S/.000	2011 S/.000
Current assets			
Cash and cash equivalents	7	16,882	19,235
Trade accounts receivable	8	75,978	54,335
Accounts receivable from related parties	9	10,508	10,914
Recoverable taxes		13,109	13,446
Other receivables	10	45,023	17,524
Inventories	11	21,822	16,047
Prepaid expenses		3,628	5,696
Total current assets		186,950	137,197
Non-current assets			
Investments in jointly controlled businesses	13	73,401	19,265
Property, plant and equipment	12	1,758,274	693,187
Intangible assets	14	28,934	28,052
Total non-current assets		1,860,609	740,504
Total assets		2,047,559	877,701

LIABILITIES AND EQUITY

	No
Current liabilities	
Short term borrowings	
Trade accounts payable	
Accounts payable to related parties	
Income tax payable	
Other accounts payable	
Current portion of long-term borrowings	
Total current liabilities	
Non-current liabilities	
Long-term borrowings	
Deferred income tax liability	
Deferred income	
Total non-current liabilities	
Total liabilities	
Equity	
Share capital	
Treasury shares	
Share premium	
Revaluation surplus	
Legal reserve	
Retained earnings	
Non-controlling interest	
Total equity	
Total liabilities and equity	

The accompanying notes on pages 7 to 50 are an integral part of these consolidated financial statements.

ANDINO INVESTMENT HOLDING S.A.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the year ended December 31, 2012 S/.000	2011 S/.000	2010 S/.000
Revenue from services rendered	23	517,015	465,590	402,362
Cost of services rendered	24	(400,405)	(356,856)	(305,420)
Gross profit		116,610	108,734	96,942
Selling expenses	25	(30,882)	(22,419)	(19,378)
Administration expenses	26	(57,781)	(65,961)	(64,121)
Other income	28	17,816	19,167	31,234
Other expenses	28	(14,465)	(10,282)	(23,877)
Operating profit		31,298	29,239	20,800
Financial income		2,977	5,444	5,986
Financial costs	29	(36,623)	(34,799)	(17,982)
Profit attributable to jointly controlled businesses	13	5,591	3,703	5,652
Exchange difference, net	3.a)	14,166	8,564	2,802
Profit before income tax		17,409	12,151	17,258
Income tax	21	(1,335)	(6,951)	(3,862)
Profit for the year		16,074	5,200	13,396
Profit for the year attributable to:				
- Owners of the Company		15,808	4,728	10,021
- Non-controlling interest		266	472	3,375
Profit for the year		16,074	5,200	13,396
Basic and diluted earnings per share (expressed in New Peruvian sol):	30	0.12	0.05	0.10
Comprehensive income for the year:				
- Profit for the year		16,074	5,200	13,396
Other comprehensive income:				
- Lands revaluation surplus	2.25	1,065,400	-	-
- Deferred income tax on lands revaluation	2.25	(318,354)	-	-
Total comprehensive income for the year		763,120	5,200	13,396
Comprehensive income for the year attributable to:				
- Owners of the Company		744,219	4,728	10,021
- Non-controlling interest		18,901	472	3,375
Comprehensive income for the year		763,120	5,200	13,396

The accompanying notes on pages 7 to 50 are an integral part of these consolidated financial statements.

ANDINO INVESTMENT HOLDING S.A.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2012 AND DECEMBER 31, 2011

		Attributable to owners of the Company					
	Number of common shares	Share capital	Treasury shares	Share premium	Revaluation surplus	Legal reserve	Retained earnings
	In thousands	S/.000	S/.000	S/.000	S/.000	S/.000	S/.000
Balances as of January 1, 2010	99,665	9,665	-	-	-	6,118	114,642
Comprehensive income for the year	-	-	-	-	-	-	10,021
Transactions with shareholders:							
Dividends distribution	-	-	-	-	-	-	-
Transfer to the legal reserve	-	-	-	-	-	819	(853)
Others	-	-	-	-	-	-	1,890
Total transactions with shareholders	-	-	-	-	-	819	1,037
Balances as of December 31, 2010	99,665	99,665	-	-	-	6,937	125,700
Balances as of January 1, 2011	99,665	99,665	-	-	-	6,937	125,700
Comprehensive income for the year	-	-	-	-	-	-	4,728
Transactions with shareholders:							
Purchase of non-controlling interest	-	-	-	-	-	652	108,936
Dividends distribution	-	-	-	-	-	-	(1,653)
Transfer to the legal reserve	-	-	-	-	-	277	(277)
Others	-	-	-	-	-	-	(2,504)
Total transactions with shareholders	-	-	-	-	-	929	104,502
Balances as of December 31, 2011	99,665	99,665	-	-	-	7,866	234,930
Balances as of January 1, 2012	99,665	99,665	-	-	-	7,866	234,930
Comprehensive income for the year	-	-	-	-	728,411	-	15,808
Transactions with shareholders:							
Capital contribution	34,804	34,804	-	77,180	-	-	-
Purchase of own shares	-	-	(7,416)	-	-	-	-
Transfer to the legal reserve	-	-	-	-	-	187	(187)
Others	-	-	-	-	-	-	2,317
Total transactions with shareholders	34,804	34,804	(7,416)	77,180	-	187	2,130
Balances as of December 31, 2012	134,469	134,469	(7,416)	77,180	728,411	8,053	252,868

The accompanying notes on pages 7 to 50 are an integral part of these consolidated financial statements.

ANDINO INVESTMENT HOLDING S.A.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

	For the year ended December 31,		
	2012	2011	2010
	S/.000	S/.000	S/.000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year	16,074	5,200	13,396
Adjustments to net profit:			
Depreciation and amortization	23,422	22,086	21,799
(Profit) loss on sale of property, plant and equipment	1,101	(570)	5,994
Allowance for doubtful accounts	332	316	158
Deferred income tax	(3,995)	1,864	(2,523)
Profit attributable to jointly controlled businesses	(5,591)	(3,703)	(5,652)
Others	819	(3,767)	5,023
(Increase) decrease in assets:			
Trade accounts receivable	(21,975)	(1,195)	(17,586)
Accounts receivables from related parties	406	1,828	(10,477)
Other accounts receivable	(27,499)	(17,796)	(556)
Inventories	(5,775)	(5,529)	(3,363)
Prepaid expenses	2,068	(1,848)	1,169
Increase (decrease) in liabilities:			
Trade accounts payables	2,778	21,404	1,520
Accounts payable to related parties	8,349	(7,853)	5,979
Current income tax and employees' profit sharing and other payables	9,050	4,898	2,478
Deferred income	(86)	16	279
Net cash (used in) generated from operating activities	(522)	15,351	17,638
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments in jointly controlled businesses	(49,857)	(700)	(4,367)
Dividends received from jointly controlled businesses	3,514	2,065	698
Purchases of property, plant and equipment	(20,994)	(38,245)	(51,089)
Proceeds from sale of property, plant and equipment	878	2,010	33,207
Purchases of intangibles	(1,617)	(5,028)	18,366
Net cash used in from investing activities	(68,076)	(39,898)	(3,185)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings	61,766	28,345	29,827
Payment of short-term borrowings	(52,600)	(29,827)	(11,261)
Purchase of non-controlling interest	-	(135,362)	-
Proceeds from long-term borrowings	-	252,482	38,367
Payment of long-term borrowings	(47,489)	(96,886)	(74,866)
Purchase of own shares	(7,416)	-	-
Capital contribution	111,984	-	-
Dividends paid	-	(1,879)	(2,388)
Net cash generated from (used in) financing activities	66,245	16,873	(20,321)
Net decrease in cash and cash equivalents in the year	(2,353)	(7,674)	(5,868)
Cash and cash equivalents at beginning of year	19,235	26,909	32,777
Cash and cash equivalents at end of year	16,882	19,235	26,909
TRANSACTIONS WHICH DO NOT REPRESENT CASH FLOW:			
Financial lease agreements	3,359	2,128	18,366
Lands revaluation surplus	1,065,400	-	-
Deferred income tax on lands revaluation	318,354	-	-

The accompanying notes on pages 7 to 50 are an integral part of these consolidated financial statements.

1 BACKGROUND AND ECONOMIC ACTIVITY

1.1 Background -

Andino Investment Holding S.A.A. (hereinafter the Company) is a corporation which was incorporated in the Constitutional Province of Callao, Peru, on July 16, 2005. As of December 31, 2012, the registered address of the Company is Jr. Mariscal Miller No. 450, Floor 7, Constitutional Province of Callao, Peru.

1.2 Economic activity -

The Company and its subsidiaries (hereinafter the “Group”) are a conglomerate of Peruvian companies that operate in the foreign trade sector, offering national wide maritime and logistical services, as well as port and airport infrastructure, the latter through jointly controlled entities (partnerships). At the same time, the Company is engaged in the provision of consultancy services, advice, technical assistance, start-up, administration, management and all type of services within the investment sector.

1.3 Consolidated financial statements -

As of December 31, 2012 and 2011, the consolidated financial statements of the Group incorporate the assets, liabilities and the results of operations of the entities detailed in the table on page 8, in which it is indicated the direct or indirect percentage of interest of the Company at the referred dates, as well as relevant information of the consolidated entities.

1.4 Approval of the consolidated financial statements -

The consolidated financial statements for the year ended December 31, 2012 have been approved by the Board of Directors in its meeting hold on February 1, 2013. In Management´s opinion, the consolidated financial statements will be approved by shareholders with no amendments.

Entity	Activity	Interest percentage 2012 S/.000	Interest percentage 2011 S/.000	Assets 2012 S/.000	Assets 2011 S/.000	Net equity 2012 S/.000
Triton Maritime Service S.A.C.	Handling services	99.99	99.99	2,904	2,212	2,167
PentaTanks Terminals S.A	Construction and operation of a storage and ethanol dispatch plant	99.90	99.90	35,468	27,946	7,462
Cosmos Agencia Marítima S.A.C.	Maritime agency services	89.78	82.33	403,386	336,395	248,647
Agencia Marítima Augusto Farfán S.A.C.	Maritime agency services	99.99	99.99	205	282	(108)
Neptunia S.A.	Port and storage services	99.99	99.99	874,169	506,215	497,036
Operadora Portuaria S.A.	Investment management	100.00	100.00	662,927	81,957	488,683
File Service S.A.	Documentary engineering	83.00	83.00	20,811	18,103	10,826
Triton Transports S.A.	Transport services	99.99	99.99	26,234	27,375	12,273
Andino Servicios Compartidos S.A.C.	Business advisory services	100.00	100.00	838	554	227
Almacenes Financieros S.A.	General storage warehouse (AGD)	100.00	100.00	34,848	26,416	26,458
Multitainer S.A.	Sale, lease and conditioning of containers	99.87	99.87	25,353	14,762	2,034
Inversiones Portuarias S.A.	Investments	100.00	100.00	38,656	38,756	38,453
Inmobiliaria Terrano S.A.	Investments	75.00	75.00	208,179	109,408	160,811

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 BASIS OF PREPARATION -

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS"), issued by the International Accounting Standard Board (hereinafter "IASB"), effective as of December 31, 2012.

The information included in these consolidated financial statements is the responsibility of Directors of the Company, who expressly confirm that all of the principles and criteria contemplated in the IFRS issued by the IASB have been applied in their preparation.

The consolidated financial statements have been prepared under the historical cost convention, modified by the revaluation of lands described in note 2.10. The financial statements are presented in thousands of New Peruvian Sol, unless a different monetary expression is indicated.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires Management of the Group to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2.2 CONSOLIDATION -

a) Subsidiaries -

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The Company also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of the interest of other shareholders give the Group the power to govern, inter alia, the financial and operating policies of the investee.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

b) Changes in ownership interests in subsidiaries without change of control -

Transactions with the non-controlling interest that do not result in loss of control are accounted for as equity transactions, that is, as transactions between shareholders as rightfully owners. The difference between the fair value of any consideration paid and the relevant interest acquired on the carrying amount of net assets of the subsidiary is recorded in retained earnings in equity. Gains or losses on disposals of participation to the non-controlling interest, that do not imply changes in the Group's control over the subsidiary, are also recorded in equity.

2.3 JOINTLY CONTROLLED BUSINESSES -

Jointly controlled businesses (in the case of the Group, partnerships) are contractual agreements by which two or more investors assume an economic activity that is subject to joint control. Joint control is the contractual agreement of sharing the control over an economic activity, which only occurs when the strategic financial and operating decisions regarding the activity require the unanimous approval of all the investors who share control. These investments can take the form of: i) jointly controlled operations, ii) jointly controlled assets, and iii) jointly controlled entities; only the last case requires the constitution of a separate entity, which may be a corporation, an association for business purposes or another type of company.

The Group's participation in jointly controlled businesses is recognized under the equity method of accounting. Under this method, the investment is initially recognized at cost and the carrying amount is increased or reduced to recognize the Group's interest in the profit or loss of the investee after the acquisition date. It's participation in the other comprehensive results of the investees, subsequent to their acquisition, is recognized as other comprehensive results with a corresponding adjustment to the cost of the investment. Cash dividends received reduce the carrying amount of the investment. When the Group's participation in the losses of a partnership equals or exceeds its interest, including any unguaranteed account receivable, the Group does not recognize further losses, unless it has a legal or implicit obligation or has made payments on behalf of the partnership.

In case of sale of assets to the partnerships, the Group only recognizes the portion of profits or losses that are attributable to the other partners. The Group does not recognize its participation in profits or losses from the jointly controlled businesses that result from purchases made by the Group to the jointly controlled businesses until the subsequent sale of the assets to third parties. The losses originated from transactions with partnerships are immediately recognized if such losses are evidence of the reduction in the net realizable value of the transferred assets (impairment loss).

2.4 SEGMENT REPORTING -

The Company's Executive Committee is responsible of the operating decisions and for the assessment of the performance of the operating segments. Management has determined the operating segments based on the monthly reports reviewed by the Executive Committee.

The Executive Committee evaluates the business from a service perspective. Accordingly, Management has identified that all entities included in the consolidated financial statements are separate reportable segments since these are components of the group that: i) are engaged in business activities that generate income and incur expenses, ii) the person responsible of the operating decisions regularly reviews their operating results, and iii) have available discreet financial information. The main reportable segments of the Company are: Neptunia S.A. and Cosmos Agencia Marítima S.A.C., which income in 2012, net of transactions between Group entities, represents 52.68% and 34.27% of the Group's income, respectively (49.2% and 31.6% in 2011%, respectively) (note 5).

2.5 FOREIGN CURRENCY TRANSLATION -

a) Functional currency and presentation currency -

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which each entity of the Group operates (functional currency). The financial statements are presented in New Peruvian Sol, which is the functional currency and the presentation currency of all the companies of the Group.

b) Transactions and balances -

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currency are recognized in the income statement, in the exchange difference, net account.

2.6 CASH AND CASH EQUIVALENTS -

For cash flows statement purposes, cash and cash equivalents include cash on hand, short term deposits on-demand, other highly liquid short term investments with original maturities of three months or less.

2.7 FINANCIAL ASSETS -

CLASSIFICATION

The Group classifies its financial assets in the following categories: ‘at fair value through profit or loss’, ‘loans and receivables’, ‘held-to-maturity’, and ‘available-for-sale’. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

As of December 31, 2012 and 2011, the Group only maintains financial assets in the category of ‘loans and receivables’.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those assets with maturities over 12 months from the date of the statement of financial position, which are classified as non-current assets. The Group’s loans and receivables are included in trade and other accounts receivable and in cash and cash equivalents.

Loans and receivables are initially recognized at fair value and, to the extent that the effect of the time value of money is relevant, are subsequently recognized at amortized cost using the effective interest method. Otherwise are shown at their face value.

2.8 IMPAIRMENT OF LOANS AND ACCOUNTS RECEIVABLE -

The Company assesses at the end of each reporting period whether there is objective evidence that loans and accounts receivable are impaired. Loans and accounts receivable are impaired and impairment losses are incurred, only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulties; such as: i) default or delinquency in interest or principal payments, ii) the probability that they will enter bankruptcy or other financial reorganization, and iii) circumstances in which observable data indicate that there is a measurable decrease in the estimated future cash flows expected from the asset, such as, changes in maturities or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the results for the year. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in the income statement.

2.9 INVENTORIES -

Spare parts and supplies -

Spare parts and supplies are stated at the lower of cost, determined using the weighted average method, or replacement value. The cost of these items includes freight and applicable non-reimbursable taxes. The impairment of these items is estimated on specific analysis carried out by Management based on their turnover. If the carrying amount of the inventories of supplies exceeds its replacement value, the difference is charged to results in the period in which this situation is determined.

Containers -

Inventories of containers are valued at the lower of their cost of transformation or their net realizable value. Valuation of containers is performed under the weighted average method which includes the costs incurred in the transformation process. Net realizable value is the estimated sale price estimated to be obtained in the normal course of business, less the estimated costs to complete their transformation and the expenses necessary to bring the assets to selling condition and for making their commercialization. For the reductions in the carrying amount of these inventories to the net realizable value, a provision for impaired inventories is made with a charge to profit for the year in which such reductions occur.

2.10 PROPERTY, PLANT AND EQUIPMENT -

Lands and buildings substantially include the operating and administrative offices of the Group's companies. As from 2012, lands are shown at their fair value determined based on valuations carried out by independent experts. The carrying amount of these assets is permanently reviewed to ensure that it does not differ significantly from its fair value at each closing date and in no case with a frequency greater than three years. The increase in the carrying amounts of the land as a result of their revaluation at fair value, net of its tax effect, has been credited against the account revaluation surplus in the statement of other comprehensive income. Reductions in the fair value of lands that reverse previous revaluation increases are charged directly to the account reevaluation surplus; all other reductions are charged to the statement of comprehensive income.

All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and, if applicable, accumulated impairment. The cost of an item of property, plant and equipment includes its purchase price or manufacturing cost, including non-reimbursable duties and taxes and any necessary cost to put the asset in operating conditions as expected by Management and, in the case of qualifying assets, finance costs. The purchase price or the construction cost corresponds to the total amount paid and the fair value of any other consideration provided to acquire the asset.

Subsequent costs attributable to tangible fixed assets are only capitalized when it is likely that future economic benefits associated with the asset will be generated for the Group and the cost of these assets can be measured reliably, otherwise, they are expensed. Maintenance and repair expenses are expensed in the period in which they are incurred.

Expenses incurred to replace a component of an item or element of property, plant and equipment are capitalized separately, writing-off the carrying amount of the component that is replaced. In the event that the component being replaced has not been considered as a separate component of the asset, the replacement value of the new component is used to estimate the carrying amount of the asset being replaced.

Assets under construction are capitalized as a separate component. Upon their completion, the cost of these assets is transferred to their definitive category. Work in progress is not depreciated. Items of property, plant and equipment are derecognized at the time of their sale or when no economic benefits are expected from their use or sale. Gains and losses on disposals are determined by comparing the proceeds with the carrying amounts of the assets, and are recognized in the statement of comprehensive income. In the case of previously revaluated assets, any outstanding balance of the revaluation surplus account at the time of its sale is transferred to retained earnings.

The assets' residual values, useful life and depreciation method applied are reviewed, and adjusted, if appropriate, at the date of the statement of financial position. Any changes in these estimates are prospectively adjusted.

Major maintenance and repairs

Major maintenance expenses include the replacement cost of parts of the assets and the reconditioning costs that are carried out every defined number of years with the objective of maintaining the operating capacity of the asset in accordance with technical specifications indicated by the supplier of the asset. Major maintenance expenses are capitalized at the initial recognition of the asset as a separate component and is depreciated in the estimated time in which the following major maintenance will be required.

Depreciation

Land is not depreciated. Depreciation on other assets is calculated by using the straight-line method to allocate their cost less their residual value over their estimated useful lives. The useful lives determined by category are as follows:

	Years
Buildings	between 33 and 40
Machinery	between 10 and 45
Vehicles	between 5 and 10
Furniture and fixtures	10
Computer equipment	10
Other equipment	10

2.11 INTANGIBLES -

a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration paid for the purchase over the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquired entity and the fair value of the non-controlling interest in the acquired entity. Goodwill is annually tested for impairment.

b) Computer software -

Computer software is stated at acquisition cost plus the necessary costs for their implementation as part of the Group's systems. Capitalized costs include licenses and the disbursements directly attributable to the implementation and start-up of the software and are amortized on a straight line basis over 10 years.

2.12 IMPAIRMENT OF NON-FINANCIAL ASSETS -

Assets that are subject to amortization are tested for impairment when events or circumstances indicate that their carrying amount may not be recoverable. Intangible assets with indefinite useful lives, which are not amortized, such as the goodwill, are annually tested for impairment and when events or circumstances occur that indicate that the carrying amount of the asset may not be recoverable. Impairment losses correspond to the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher amount between the asset's fair value, less costs to sell, and its value in use. For purposes of assessing impairment, assets are grouped at the lowest levels in which they generate identifiable cash flows (cash generating units).

If the carrying amount of an asset or a cash generating unit exceeds its recoverable amount, a provision is recognized to book the asset at its lower amount. Impairment losses are recognized in the statement of comprehensive income. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed its respective book value that would have been determined, net of depreciation and amortization, as if no impairment loss had ever been recognized.

2.13 LEASES -

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received by the lessor) are charged to the income statement on a straight line basis over the period of the lease.

Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalized at inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charge. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the financing cost is charged to the income statement over the lease period so as to obtain a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance leases are depreciated over the shorter period between the useful life of the asset and the lease term, unless the exercise of the purchase option is highly probable, in which case it is depreciated over its estimated useful life.

2.14 BORROWING COSTS -

General and specific borrowing costs directly attributable to the acquisition or construction of qualified assets (assets that take a substantial period of time to get ready for their intended use or sale), are capitalized until the assets are substantially ready for their intended use or sale.

All other borrowing costs are expense in the period in which they are incurred.

2.15 FINANCIAL LIABILITIES -

The Group classifies its financial liabilities in the following categories: 'financial liabilities at fair value through profit or loss' and 'other financial liabilities'. The classification depends on the purpose for which the liabilities were assumed and how they are managed. Management determines the classification of its financial liabilities at their initial recognition date. As of December 31, 2012 and 2011, the Group only maintains liabilities in the category of 'other financial liabilities', which include borrowings and trade accounts payable.

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of comprehensive income over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has the unconditional right to defer the payment of the obligation for at least 12 months from the statement of financial position date.

Trade accounts payables

Trade payables are obligations to pay to suppliers for the acquisition of goods or services in the ordinary course of business. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are shown as non-current liabilities.

Trade accounts payables are recognized initially at fair value and, if the time value of money is relevant, are subsequently re-measured at amortized cost using the effective interest rate method, otherwise they are expressed at their face value.

2.16 PROVISIONS -

Provisions are recognized when the Group has a present, legal or constructive, obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined considering the class of obligation as a whole.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax interest rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passing of time is recognized as interest expense in the statement of comprehensive income.

2.17 CURRENT AND DEFERRED INCOME TAX -

Income tax expense for the period comprises current and deferred income tax. Income tax is recognized in the statement of comprehensive income, except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income.

The current income tax charge is the expected tax payable on the taxable income of the year, using tax rates enacted at the date of the balance sheet and any adjustment to taxes payable from previous years. Management periodically evaluates its positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of the amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using the tax rates (and laws) that have been enacted at the date of the statement of financial position and that are expected to be applied when the deferred income tax asset is realized or the deferred income tax liability is settled.

Deductible temporary differences and accumulated tax losses generate deferred income tax assets to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilized. The carrying amount of deferred income tax assets is reviewed at the date of each balance sheet and is reduced to the extent to which it is determined that it is unlikely that sufficient taxable profit will be generated to offset the deferred asset. Deferred income tax assets that have not been recognized in the financial statements are revised at the date of each statement of financial position.

Balances of deferred income tax assets and liabilities are off-set if there is a legal right to off-set the current tax and as long as the deferred taxes are related to the same entity and the same tax jurisdiction.

2.18 EMPLOYEE BENEFITS -

Workers' profit sharing

The Group's companies recognize a liability and an expense for workers' profit sharing equivalent to 5% or 10% of the taxable income (depending their industry) determined, as applicable, in accordance with current tax legislation.

Gratifications

The Group's companies recognize the expense of gratifications and its corresponding liability based on the legal requirements in force in Peru. Gratifications correspond to two additional remunerations per year that are paid in July and December of each year.

Personnel severance indemnity

The severance benefits of the personnel of the Group's companies correspond to their indemnity rights according to current Peruvian legislation. Severance indemnities must be deposited in the bank accounts selected by the employees in the months of April and November of each year. Personnel severance indemnities are equivalent to half a salary at each date of deposit. The Group does not have additional payment obligations once the annual deposits of the funds that the worker is entitled to are made.

2.19 CAPITAL -

Common shares are classified in equity. Incremental costs directly attributable to the issue of new shares are classified as share premium in equity as a deduction, net of taxes, if any, from the proceeds.

Where any group company purchases the Company's equity shares (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled, or reissued. When such treasury shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

2.20 REVENUE RECOGNITION -

Revenue corresponds to the fair value of the services offered in the normal course of operations of the Group: it is shown net of sales taxes, rebates and discounts. Revenue is recognized when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the Group and when specific criteria are met for each of the group's activities, as described below:

a) Services rendered -

Income from services rendered is recognized when the service has been completed or in accordance with the stage of completion, as applicable.

a.1) Port services -

Correspond to cargo and traction of containers and bundles from the port to the warehouses of the Group and vice versa. Likewise, the Group offers integral import and export services within its warehouses, including the opening of containers and the inspection of cargo.

Income from cargo and traction services and from the integral services offered to the importer and exporter are recognized at the time when the service is rendered.

a.2) Logistical services -

Correspond to maintenance of containers, cold storage, transport and distribution of merchandise that is provided to the shipping lines and to local clients.

Income from logistical services is recognized by the stage of completion method.

a.3) Agency services -

Correspond to the attention and coordination of requirements of vessels, representation before the pertinent authorities during the stay of the vessel in port, documentation, reception and dispatch of the vessels, transshipment control and control of demurrage of vessels.

Income from agency services is recognized at the time when the service is offered.

a.4) Maritime services -

Correspond to stevedoring services of materials and products in general, maintenance and transport of boats, operation of barges and submarine operations.

The income from maritime services is recognized when rendered.

b) Sale of goods -

Income from the sale of goods is recognized when: i) the Group has delivered the products to the client and has not unfulfilled any obligation that could affect the acceptance of the products by the customer, ii) the collection of the receivables is reasonably assured, iii) the customer, has accepted the products in accordance with the sale contract, and iv) the Group has objective evidence that it has satisfied all the acceptance criteria. With the delivery of the products the risks and benefits associated with the goods are considered transferred. The delivery to the client does not take place until the products have been transferred by means of their transportation appointed by the customer, or in the port of destination, according to the terms agreed.

c) Interest income -

Interest is recognized in proportion to the time elapsed, using the effective interest method.
When a loan or receivable is impaired, the Group reduces the carrying amount to its recoverable amount, discounting the future cash flows at the original interest rate of the receivable.

2.21 RECOGNITION OF COSTS AND EXPENSES -

The costs associated with the sale of goods are expensed when the products are delivered to the client, simultaneously with the recognition of the income from the corresponding sale.Other costs and expenses are recognized based on the accrual basis independently of when they are paid and, if applicable, in the same period in which the revenue to which they are related is recognized.

2.22 DIVIDEND DISTRIBUTION -

The distribution of dividends to the shareholders of the Company is recognized as a liability in the statement of financial position in the period in which the dividends are approved by the shareholders.

2.23 BASIC AND DILUTED EARNINGS PER SHARE -

The basic earnings per share ratio is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. As of December 31, 2012 and 2011, the Company does not have any financial instruments with dilutive effect; therefore the basic and diluted earnings per share are the same.

2.24 STANDARDS, AMENDMENTS AND INTERPRETATIONS WHICH ARE NOT YET IN EFFECT -

New standards and amendments to standards and interpretations adopted by the Group -

There are no IFRS or IFRIC interpretations valid for the first time as of January 1, 2012 that have had a significant impact on the Group.

New standards and amendments and interpretations valid for the financial statements of annual periods that begin on or after January 1, 2013 which have not been early adopted -

- IFRS 9, “Financial instruments” addresses the classification, measurement and recognition of financial instrument assets and of financial liabilities. IFRS 9 was issued in November of 2009 and in October of 2010. It replaces the parts of IAS 39 “Financial instruments: Recognition and measurement” that relate to the classification and measurement of financial instruments. IFRS 9 requires that financial assets be classified into two measurement categories: those measured at fair value and those measured at amortized cost. For financial liabilities, the standard retains most of the IAS 39 requirements. The Company is evaluating the impact of this standard for the period that begins on or after January 1, 2015. The Company will also consider the impact of the following phases of IFRS 9 when they have been terminated by the IASB.

- IFRS 10, “Consolidated financial statements” builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Company is in the process of evaluating the impact of this standard for the period that begins on or after January 1, 2013.

- IFRS 11, “Joint arrangements”, is a more realistic reflection of joint businesses concentrating on the rights and obligations of the parties with regard to the business before its legal form. There are two types of joint arrangements: “joint operations” and “joint ventures”. “Joint operations” arise when a joint operator has rights over the assets and liabilities with regard to the joint business, and therefore, recognize its participation in the assets, liabilities, income and expenses. “Joint ventures” arise when the investor (joint venturer) has rights over the net assets of the joint business and, therefore, the equity recognizes its participation. The proportional consolidation of joint businesses is no longer permitted. This standard is valid as of January 1, 2013.

- IFRS 12, “Disclosure of participations in other entities”, includes the exposure requirements of all the forms of participation in another entity, including joint agreements, associates, special purpose vehicles and other off balance sheet vehicles. This standard is valid with effect from January 1, 2013.

- IFRS 13, “Fair value measurement”, aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement, and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between the IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs and US GAAP. This standard is valid with effect from January 1, 2013.

- Modification to IAS 32, “Financial instruments, presentation of offsetting of assets and liabilities”. These modifications are in the application guide of IAS 32, “Financial instruments: Presentation”, and clarify some of the requirements for the offsetting of financial assets and liabilities in the balance sheet. This standard will be valid for periods that begin on or after January 1, 2014.

The Group is in the process of evaluating the impact of these standards on the preparation of its financial statements. It is not expected that other IFRS or IFRIC interpretations not yet valid will have a significant impact on the consolidated financial statements.

2.25 Change in accounting policy -

As of January 1, 2012, the Group modified the measurement policy of its lands from the cost model to revaluation model according the provisions of IAS 16 “Property, plant and equipment”. The change in this accounting policy reflects the practice of recognizing the appreciation of the investment in lands in the local market. The revaluation of lands in the consolidated statement of financial position provides the shareholders with a more relevant information than that what provides the cost model.

The impact in the consolidated statement of financial position of this change in accounting policy has been:

- Increase in the carrying amount of lands as of December 31, 2012 by S/.1,065,400;
- Increase in the deferred income tax liability by S/.318,354; and
- Recognition of a revaluation surplus amounting to S/.747,048as other comprehensive income.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors -

The Group’s activities expose it to a variety of financial risks: market risk (includes foreign exchange risk and cash flow, and fair value interest rate risk), credit risk and liquidity risk. The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Management of Administration and Finance is responsible for the financial risk management that have a major impact on the Group based on the policies approved by the Board of Directors. Management of Administration and Finance identifies, evaluates and hedges financial risks in close coordination with the Group’s operating units. The Board of Directors provides written principles for overall risk management as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk, use of derivative and non-derivative financial instruments and the investment of any cash surplus.

a) Market risk -

i) Foreign exchange risk -

The Group invoices the local sale of its products and services mainly in New Peruvian Soles. The foreign exchange risk arises from receivables of foreign sales, loans granted/received in United States Dollars to/from related companies and borrowings with certain financial entities denominated in such currency.

Management does not consider that the exchange risk will have a significant unfavorable impact on the Group's results; therefore its policy is to assume the risk of any fluctuation in the exchange rates of the United States Dollar with the product of its operations. In this regard Management considers that it is unnecessary to hedge the Group against the exchange risk with derivative financial instruments.

Assets and liabilities in foreign currency are summarized as follows:

	2012 US$000	2011 US$000
Assets:		
Cash and cash equivalents	4,141	9,619
Trade accounts receivable	18,161	12,632
Other accounts receivable	16,354	2,118
Total assets	38,656	24,369
Liabilities:		
Borrowings	(92,645)	(114,069)
Trade accounts payable	(15,147)	(14,203)
Other accounts payable	(10,847)	(5,244)
Total liabilities	(118,639)	(133,516)
Net liabilities in foreign currency	(79,983)	(109,147)

As of December 31, 2012 the exchange rates used by the Group to translate the balances of its accounts denominated in foreign currency are those published by the Superintendencia de Banca, Seguros y Administradoras Privadas de Fondos de Pensiones (SBS - Banking, Insurance and Pension Fund Regulator) of S/.2.551 per US$1 (S/.2.697 per US$1 as of December 31, 2011).

As of December 31, 2012 the Company recorded net exchange profit amounting to S/.14,166,000 (S/.8,564,000 in 2011 and S/.2,802,000 in 2010), amount which is included in the account exchange difference, net in the statement of comprehensive income.

The following table shows the sensitivity in the results for the three years ended December 31, 2012 if the United States Dollar had devalued/revalued by 5% (variation which Management considers reasonable) with regard to the New Peruvian Sol, assuming all other variables remain constant:

Years	Revaluation/devaluation in exchange rate	Effect on profit before income tax S/.000
2012	+5%	10,202
	-5%	(10,202)
2011	+5%	14,718
	-5%	(14,718)

Years	Revaluation/devaluation in exchange rate	Effect on profit before income tax
		S/.000
2010	+5%	4,145
	-5%	(4,145)

ii) Cash flows and fair value interest rate risk -

Since the Group does not have significant assets that generate interest, the income and operating cash flows of the Group are substantially independent of changes in market interest rates.

The interest rate risk for the Group arises mainly from its short term borrowings and long term debt. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk on its liabilities.

The Group's policy is to maintain financing at fixed interest rates. In this respect, in order to reduce its exposure to the fair value interest rate risk, Management subscribes financing contracts containing pre-payment clauses of the debt which executes if the market interest rates unfavorable fluctuate to the Company´s interests.

b) Credit risk -

Credit risk for the Group originates from the incapacity of debtors to comply with their obligations as they mature. Management considers that the Group is not materially exposed to credit risk from its counterparties since historically it has been proven that the collection periods from third parties do not exceed 45 days and from related parties they do not exceed 30 days and it has not been observed significant problems of doubtful collection.

The Group places its surplus liquidity in prestigious financial institutions, with a minimum independent risk rating of "A"; likewise, it establishes conservative credit policies and constantly evaluates the existing market conditions.

In order to avoid credit risk concentration due to the surplus liquidity placements, the Group has the policy of allocate its deposits in different financial institutions at the end of daily operations.

c) Liquidity risk -

The prudent management of liquidity risk involves maintaining sufficient cash and cash equivalents and the possibility to commit and/or have committed financing through an adequate quantity of credit sources. The Group maintains adequate cash and cash equivalent levels and available credit lines.

The main source of cash inflows of the Group arises from the collections to its clients. The average term of collection of the receivables was 47 days, 45 days and 52 days, in 2012, 2011 and 2010, respectively; on the other hand, the average term of payment agreed with the main suppliers was 50 days, 42 days and 32 days in 2012, 2011 and 2010, respectively. Management considers that the management of the collection terms will gradually improve as a result of the implementation of new collection management policies.

In the event that the Group does not have, at a particular moment, the necessary resources to meet its short-term obligations, it has the capacity to obtain short and medium term loans at average market rates due to its economic solvency.

The Group's policy is to maintain an adequate level of cash and cash equivalents to cover its projected payment commitments.

The table below analyses the financial liabilities of the Group classified according to their maturity, considering their grouping from the date of the statement of financial position through the date of their contractual maturity. The amounts shown correspond to the undiscounted contractual cash flows:

	Less than 1 year S/.000	Between 1 and 2 years S/.000	Between 2 and 5 years S/.000	Total S/.000
As of December 31, 2012				
Trade accounts payable	53,107	-	-	53,107
Accounts payable to related parties	10,050	-	-	10,050
Other accounts payable (*)	24,662	-	-	24,662
Borrowings	83,011	57,701	212,703	353,415
	170,830	57,701	212,703	441,234
As of December 31, 2011				
Trade accounts payable	50,329	-	-	50,329
Accounts payable to related parties	1,701	-	-	1,701
Other accounts payable (*)	13,171	-	-	13,171
Borrowings	81,417	47,476	311,051	439,944
	146,618	47,476	311,051	505,145

(*) Do not include advances to suppliers and taxes.

3.2 Capital management -

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to its shareholders, benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the gearing ratio. This ratio is determined by dividing the net debt by the total capital plus the net debt. Net debt is the total borrowings less the balance of cash and cash equivalents. Total capital is the total amount of equity as shown in the statement of financial position.

The Company's strategy is to maintain a leverage ratio of less than 0.15. The ratios as of December 31, 2012 and 2011, were as follows:

	2012 S/.000	2011 S/.000
Borrowings (Note 15)	275,577	310,541
Minus: Cash and cash equivalents (Note 7)	(16,882)	(19,235)
Net debt (A)	258,695	291,306
Total equity	1,235,613	365,241
Total capital (B)	1,494,308	656,547
Gearing ratio (A) / (B)	0.17	0.44

During 2012, the gearing ratio declined compared to 2011 due to: (i) the effect generated by the Primary Public Offering of Shares and (ii) the effect of the lands revaluation, which increased the equity of the Company, generating a reduction in the ratio (note 20).

3.3 Fair value estimation -

Fair value is defined as the amount for which an asset can be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction, under the assumption that the entity is a going concern. As of December 31, 2012 and 2011 no account in the consolidated financial statements is measured at fair value.

When a financial instrument is traded in a liquid and active market, its stipulated price in the market in a real transaction provides the best evidence of its fair value. When there is no stipulated market price or this is not indicative of the fair value for an instrument, it is possible to use the market value of another instrument, substantially similar, in order to determine its fair value, the analysis of discounted cash flows or other applicable techniques; which are significantly affected by the used assumptions.

Although Management has used its best judgment in the estimate the fair values of its financial instruments, any technique to estimate such values involves certain level of inherent fragility. As a result, the fair value is not indicative of the net realizable or liquidation value of the financial instruments.

IFRS 7, Financial instruments – Disclosures, requires that the entity discloses information about the measurement of its financial instruments at fair values considering by classifying fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or the liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Group's Companies do not have any financial instruments measured at fair value in the statement of financial position. However, for disclosure purposes the Group uses the following criteria to determine the fair value of its financial instruments:

a) Financial instruments which fair value is similar to the carrying amount -

For financial assets and liabilities that are liquid or have short term maturities (less than three months), such as cash and cash equivalents, accounts receivable, accounts payable and other current liabilities, it is considered that their carrying amount is similar to their fair value.

b) Financial instruments at fixed interest rate -

The fair value of financial liabilities that bear fixed interest rates accounted at amortized cost is determined comparing the market interest rates at the moment of its initial recognition with the current market rates related to similar financial instruments. The estimated fair value of the deposits that bear interest is determined through discounted cash flows using market interest rates in the prevailing currency with similar maturities and credit risks.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in accordance with IFRS requires Management to use judgments, estimates and assumptions to determine the reported amounts of assets and liabilities, the exposure of contingent assets and liabilities at the date of the consolidated financial statements as well as the reported amounts of income and expenses.

Accounting estimates will, by definition, seldom equal the related actual results. In Management's opinion, these estimates were made based on its best knowledge of the relevant facts and circumstances at the date of preparation of the financial statements; however, the final results may differ from the estimates included in the financial statements. The Group's Management does not expect that revisions to its estimates, if any, will have an important effect on the financial statements.

The estimates and assumptions that have a significant risk of causing an adjustment to the carrying amounts of the reported assets and liabilities and the critical judgments in the application of the accounting policies are addressed below:

a) Useful life of assets -

Depreciation is calculated following the straight line method based on the estimated useful life of the asset. Accordingly to this, the charges for depreciation and/or amortization are proportional to the estimated wear and tear of the assets measured in number of years. The useful life of the assets is evaluated based on: i) the physical limitations of the asset, and ii) the evaluation of the demand. These calculations require estimates and judgments of the total demand of services of the Group and capital disbursements that will be required in the future.

b) Impairment of goodwill -

The Group annually evaluates if goodwill has suffered any impairments, according to the accounting policy described in note 2.12. The recoverable amounts of the cash generating units have been determined based on their values in use. These calculations require the use of estimates, including the estimated cost of capital used to determine the discount rate before taxes. If the discount rate before taxes applied to the cash flows of the cash generating units had been 1% higher/lower than Management's estimate (in other words 11% instead of 10%), the value in use would have increased/decreased by S/.350,000, amount which is above the carrying amount of the cash generating units.

c) Income tax -

The determination of tax obligations and expenses requires interpretations of the applicable tax laws. The Group seeks legal tax counsel's advice before making any decision on tax matters. Even though Management considers its estimates to be prudent and appropriate, differences of interpretation may arise with the Peruvian Tax Authorities that may affect future tax charges.

The Group recognizes liabilities for situations observed in preliminary tax audits based on estimates of whether the payment of additional taxes is applicable. When the final tax result of these situations is different than the amounts that were initially recorded, the differences impact current and deferred income tax asset and liability in the period in which this fact is determined.

5 OPERATING SEGMENTS

The Executive Committee is the main entity responsible for the decision making of the Company. Management has determ
operating segment based on the reports reviewed by the Executive Committee.

Operating segment	Current assets S/.000	Non-current assets S/.000	Total assets S/.000	Liabilities S/.000	Short term borrowings S/.000	Long term borrowings S/.000	Total borrowings S/.000	To lia S/.
As of December 31, 2012								
Neptunia S.A. (1)	76,430	797,739	874,169	255,874	33,955	87,304	121,259	
Cosmos Agencia Marítima S.A.C. (2)	63,664	339,722	403,386	31,424	9,858	113,457	123,315	
Triton Transport S.A. (3)	10,432	15,802	26,234	7,273	4,169	2,519	6,688	
Multitainer S.A. (4)	21,056	4,297	25,353	18,276	4,613	430	5,043	
Others	54,558	1,217,952	1,272,510	295,533	5,207	14,065	19,272	
Consolidated adjustments	(39,190)	(514,903)	(554,093)	(72,011)	-	-	-	(
	186,950	1,860,609	2,047,559	536,369	57,802	217,775	275,577	
As of December 31, 2011								
Neptunia S.A. (1)	68,782	437,433	506,215	146,911	27,301	100,274	127,575	
Cosmos Agencia Marítima S.A.C. (2)	67,833	268,562	336,395	30,158	9,309	143,904	153,213	
Triton Transport S.A. (3)	10,811	16,564	27,375	8,059	3,583	5,033	8,616	
Multitainer S.A. (4)	12,295	2,467	14,762	7,372	3,362	582	3,944	
Others	55,583	405,334	460,917	84,232	1,672	15,471	17,143	
Consolidated adjustments	(78,107)	(389,856)	(467,963)	(74,763)	-	-	-	(
	137,197	740,504	877,701	201,969	45,227	265,264	310,491	

(1) Port and storage services
(2) Maritime agency services
(3) Transport services
(4) Sale, lease and conditioning of containers

Operating segment	Sales	Gross profit	General expenses	Other income/ expenses	Operating profit	Financial expenses (net)	Profit attributable to jointly con trolled busin
	S/.000	S/.000	S/.000	S/.000	S/.000	S/.000	S/.000
For the year ended December 31, 2012							
Neptunia S.A. (1)	279,221	45,999	(34,288)	1,982	13,693	(16,561)	-
Cosmos Agencia Marítima S.A.C. (2)	189,485	42,370	(31,931)	(793)	9,646	(12,851)	-
Triton Transports S.A. (3)	32,238	5,969	(3,996)	28	2,001	(566)	-
Multitainer S.A. (4)	22,983	2,879	(4,137)	7	(1,251)	(342)	-
Others	45,549	19,393	(14,311)	2,111	7,193	(2,159)	5,59
Consolidation adjustments	(52,461)	-	-	16	16	(1,167)	-
	517,015	116,610	(88,663)	3,351	31,298	(33,646)	5,59
For the year ended December 31, 2011							
Neptunia S.A. (1)	229,522	53,670	(37,759)	(1,554)	14,357	(7,169)	-
Cosmos Agencia Marítima S.A.C. (2)	147,103	9,596	(13,162)	11,021	7,455	(10,137)	-
Triton Transports S.A. (3)	31,658	7,373	(3,508)	590	4,455	(534)	-
Multitainer S.A. (4)	24,563	6,467	(2,756)	21	3,732	(276)	3,70
Others	32,744	10,603	(10,170)	(1,193)	(760)	(11,239)	-
	465,590	87,709	(67,355)	8,885	29,239	(29,355)	3,70
For the year ended December 31, 2010							
Neptunia S.A. (1)	212,659	43,533	(42,160)	4,835	6,208	(626)	-
Cosmos Agencia Marítima S.A.C. (2)	128,153	33,144	(22,490)	6,098	16,752	(2,612)	-
Triton Transports S.A. (3)	26,260	5,372	(2,432)	303	3,243	(925)	-
Multitainer S.A. (4)	10,692	2,668	(1,552)	(2)	1,114	(134)	-
Others	24,598	12,225	(14,865)	(3,877)	(6,517)	(7,699)	5,65
	402,362	96,942	(83,499)	7,357	20,800	(11,996)	5,65

(1) Port and storage services
(2) Maritime agency services
(3) Transport services
(4) Sale, lease and conditioning of containers

6 FINANCIAL INSTRUMENTS BY CATEGORY

As of December 31, 2012 and 2011, the financial assets of the Group are shown in the statement of financial position as cash and cash equivalents, trade accounts receivable, trade accounts receivable from related parties and other accounts receivable, which entirely are categorized as 'loans and receivables'. The financial liabilities of the Company entirely correspond to the category of 'other financial liabilities' as follows:

	2012 S/.000	2011 S/.000
Borrowings	275,577	310,541
Trade accounts payable	53,107	50,329
Accounts payable to related parties	10,050	1,701
Other accounts payable	24,662	13,171
	363,396	375,742

7 CASH AND CASH EQUIVALENTS

This item includes:

	2012 S/.000	2011 S/.000
Cash and checking accounts	14,534	12,685
Term deposits	2,348	6,550
	16,882	19,235

Checking accounts are denominated in New Peruvian Soles and in United States Dollars and are deposited in several local banks, do not bear interest and are freely available.

Term deposits are denominated in United States Dollars, bear interest at an annual effective interest rate of 1.5% in 2012 and 2011 and 1.10% in 2010 and their original maturity is less than 3 months.

The credit quality of the counterparties holding the Group's funds, according to the risk classifications of Apoyo Asociados, Equilibrium, and Class & Asociados is A and A+.

8 TRADE ACCOUNTS RECEIVABLE

This item comprises:

	2012 S/.000	2011 S/.000
Invoices receivable	78,255	56,608
Bills receivable	246	17
	78,501	56,625
Allowance for doubtful accounts	(2,523)	(2,290)
	75,978	54,335

Receivables are denominated in New Peruvian Soles, have current maturity, do not bear interest and do not have specific guarantees.

After evaluating the balances outstanding at the date of the financial statements Management considers that except for the receivables for which an allowance for doubtful accounts has been recognized, there are no uncollectable accounts. The main clients of the Group are of recognized prestige in the international market and do not show financial problems at the date of the financial statements.

The credit quality of the not impaired accounts receivable has been evaluated based on historical information regarding counterparty default rates.

Classification by debtor:

	2012 S/.000	2011 S/.000
Group 1	6,139	2,481
Group 2	47,392	28,754
Group 3	22,447	23,100
	75,978	54,335

Group 1 - new clients (less than 6 months as a client).
Group 2 - existing clients (more than 6 months) with no defaults in the past.
Group 3 - existing clients (more than 6 months) with some defaults in the past. All defaults were fully recovered.

The aging of the accounts receivable portfolio as of December 31 is as follows:

	2012 Not impaired S/.000	2011 Not impaired S/.000
Current	47,906	34,722
1 to 30 days past due	15,376	10,542
31 to 180 days past due	8,736	4,967
More than 180 days past due	3,960	4,104
	75,978	54,335

The movement of the allowance for doubtful accounts is as follows:

	2012 S/.000	2011 S/.000	2010 S/.000
Opening balance	2,290	1,974	1,816
Allowance for the year	332	316	158
Recoveries	(99)	-	-
Final balance	2,523	2,290	1,974

In the process of estimation of the allowance for doubtful accounts, Management evaluates the market conditions and carries out an analysis about the aging of the accounts receivable and the credit behavior of its clients.

9 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

a) The balances with related parties are summarized as follows:

	2012		2011	
	Receivable	Payable	Receivable	Payable
	S/.000	S/.000	S/.000	S/.000
Trade:				
Terminales Portuarios				
Euroandinos Paita S.A (i)	1,742	275	567	597
Svitzer Andino S.A.C (i)	1,478	2,012	1,060	545
Triton Trading S.A. (ii)	348	908	7	217
Aeropuertos Andinos del Perú S.A.(i)	82	23	87	56
Nautilius S.A. (i)	9	7	2	63
Others	6	840	-	-
	3,665	4,065	1,723	1,478
Others:				
Svitzer Andino S.A. (i)	6,745	-	9,150	-
Aeropuertos Andinos del Perú S.A.(i)	98	-	41	-
Proyecta y Construye S.A. (i)	-	5,867	-	-
Nautilius S.A.(i)	-	50	-	196
Others	-	68	-	27
	6,843	5,985	9,191	223
Total	10,508	10,050	10,914	1,701

NOTE:

(i) The relationship with these companies is through jointly controlled arrangements.
(ii) The shareholders of the Company are also shareholders of these entities.

The trade accounts receivable and payable, with related parties are of current maturity, do not have specific guarantees and since their maturity is in the short-term, are not bearing interest.

As of December 31, 2012 and 2011, the other account receivable to Svitzer Andino S.A., corresponds to the outstanding balance from the sale of the “Cabo Blanco” vessel in 2011 for an amount of US$4,766,000 (equivalent to S/.13,603,000). The sale price has been collected in monthly installments with final maturity in 2013. The sale of this asset generated a profit before taxes of S/.4,397,000 in 2011.

The balance of the other account payable to Proyecta y Construye S.A. as of December 31, 2012 corresponds to a loan amounting to US$2,300,000 (S/.5,867,300), which bears an annual effective interest rate of 6% and does not have specific guarantees.

b) The main transactions with related parties for the years 2012, 2011 and 2010 include the following:

	2012	2011	2010
	S/.000	S/.000	S/.000
Sale of goods and services	1,843	5,501	8,715
Purchase of goods and services	3,616	9,805	14,789
Sale of vessel	-	13,603	-
Loans received	5,867	-	-

c) Loans to key personnel:

As of December 31, 2012 and 2011 the Company has not granted any loans to its key personnel.

The Group does not grant long term benefits to its Directors.

d) Remuneration and other benefits to key personnel:

The Group has defined 46 executives as key personnel. These officials are vested with authority and responsibility to plan, direct and control the Group's activities and it is composed of as of December 31, 2012 (49 executives as of December 31, 2011).

The remuneration and other benefits to key personnel of the Group in 2012 amounts to S/.16,095,000 (S/.17,338,000 in the year 2011 and S/.7,309,952 in the year 2010).

10 OTHER ACCOUNTS RECEIVABLE

This item includes:

	2012 S/.000	2011 S/.000
Restricted funds	39,875	13,970
Claims against third parties	2,037	296
Personnel loans	942	1,361
Guarantees receivable	161	98
Others	2,008	1,799
	45,023	17,524

The balance of the account restricted funds includes:

(i) Bank certificates issued by the Banco de Crédito del Perú for US$12,737,500 (equivalent to S/.33,092,000) that bear annual interest of 1.05%. These certificates have been delivered in guarantee of the compliance of the capital contribution of the Group in Terminales Portuarios Euroandinos Paita S.A.

(ii) Deposit of US$5,150,000 (equivalent to S/.13,379,700 in 2012 and S/.13,889,000 in 2011) in Wells Fargo & Company. This deposit arises from the terms of the contract signed with Goldman Sachs Credit Partners L.P., which requires that the Group maintain an initial reserve fund that guarantees the compliance of the payment of the debt service (the payment of quarterly interest) from the loan received from this entity (note 15). This deposit does not bear interest and has an annual maintenance cost of US$5,000.

The balance of claims against third parties, as of December 31, 2012 and 2011, substantially corresponds to accounts receivable to insurance companies for losses that affected the Group's companies that at the date of the statement of financial position have already been accepted by these entities.

11 INVENTORIES

This item comprises:

	2012 S/.000	2011 S/.000
Spare parts and supplies	10,987	10,365
Containers in process of transformation	8,445	4,320
Raw material	2,165	976
Containers transformed ready for sale	133	183
In-transit goods	92	203
	21,822	16,047

In Management's opinion, it is not necessary to recognize a provision for impairment of inventories as of December 31, 2012 and 2011.

12 PROPERTY, PLANT AND EQUIPMENT

The movement of the account property, plant and equipment and its corresponding accumulated depreciation for the years
2011, is the following:

	Land	Buildings and other constructions	Machinery and equipment	Other equipment	Vehicles	Furniture fixtures
	S/.000	S/.000	S/.000	S/.000	S/.000	S/.000
Cost						
As of January 1, 2011						
Cost	492,727	138,218	85,099	40,328	31,347	
Accumulated depreciation	-	(62,306)	(23,437)	(23,642)	(12,571)	(
Net cost	492,727	75,912	61,662	16,686	18,776	
Year 2011						
Net cost at the beginning	492,727	75,912	61,662	16,686	18,776	
Additions	510	6,451	1,706	873	1,879	
Sale and/or disposals	-	(401)	(613)	(236)	(135)	(
Transfers	-	2,925	4,287	1,104	-	
Charge for depreciation	-	(6,110)	(9,115)	(537)	(5,468)	(
Net carrying amount	493,237	78,777	57,927	17,890	15,052	
As of December 31, 2011						
Cost	493,237	146,938	88,517	41,805	32,226	
Accumulated depreciation	-	(68,161)	(30,590)	(23,915)	(17,174)	(
Net cost	493,237	78,777	57,927	17,890	15,052	
Year 2012						
Net cost at the beginning of the year	493,237	78,777	57,927	17,890	15,052	
Revaluation of land	1,065,400	-	-	-	-	-
Additions	-	6,825	2,522	4,413	2,561	
Sale and/or disposals	-	(397)	(1,142)	(329)	(58)	(
Transfers	-	30,104	2,234	418	(25)	
Charge for depreciation	-	(7,888)	(7,700)	(3,016)	(3,873)	(
Net carrying amount	1,558,637	107,421	53,841	19,376	13,657	
As of December 31, 2012						
Cost	1,558,637	183,867	90,639	45,227	33,812	
Accumulated depreciation	-	(76,446)	(36,798)	(25,851)	(20,155)	(
Net cost	1,558,637	107,421	53,841	19,376	13,657	

	Land S/.000	Building and other constructions S/.000	Machinery and equipment S/.000	Other equipment S/.000	Vehicles S/.000	Furniture fixtures S/.000
Cost						
As of January 1, 2010						
Cost	492,727	132,515	90,291	39,111	30,874	
Accumulated depreciation	-	(56,823)	(24,625)	(20,076)	(9,915)	
Net cost	492,727	75,692	65,666	19,035	20,959	
Year 2010						
Net cost at the beginning	492,727	75,692	65,666	19,035	20,959	
Additions	-	3,909	25,136	1,402	1,243	
Sale and/or disposals	-	(235)	(32,271)	(418)	-	
Transfers	-	2,662	9,455	1,095	-	
Charge for depreciation	-	(6,116)	(6,324)	(4,428)	(3,426)	
Net carrying amount	492,727	75,912	61,662	16,686	18,776	
As of December 31, 2010						
Cost	492,727	138,218	85,099	40,328	31,347	
Accumulated depreciation	-	(62,306)	(23,437)	(23,642)	(12,571)	
Net cost	492,727	75,912	61,662	16,686	18,776	

a) In 2012, the Group adopted the revaluation model for the valuation of its lands. The fair value of the lands for these purposes is supported in valuation reports issued by independent experts. This change in accounting policy resulted in the increase of the lands account by S/.1,065,400 which was credited to the revaluation surplus account by S/.747,046 (note 20) and to the deferred income tax liability account by S/.318,354 (Note 18).

b) Work in progress includes assets that are under construction and/or in installation process. This account will accumulate the related costs until the underlying assets are ready to begin operation/use, at which time the balance will be transferred to the final asset account.

The balance includes:

	2012 S/.000	2011 S/.000
Ethanol storage and dispatch plant	2,305	23,970
Construction of fire water tanks	-	1,018
Asphalt pavement in deposit of empty tanks / others	-	669
Construction of weighing scales	-	462
Other valuations	-	388
Minor civil works	-	350
Nationalization rights of other equipment	-	203
Other minor projects	1,689	2,072
	3,994	29,132

c) The depreciation expense for the years ended December 31, 2012, 2011 and 2010 has been distributed in the income statement as follows:

	2012 S/.000	2011 S/.000	2010 S/.000
Service provision cost (note 24)	19,600	18,975	17,253
Administration expense (note 26)	3,087	2,520	3,956
	22,687	21,495	21,209

d) The balance of property, plant and equipment as of December 31, 2012 includes assets acquired through finance lease agreements, which carrying amount net of their accumulated depreciation amounts to S/.59,315,000 (S/.57,570,000 in 2011). The effective purchase option of the leased assets at the maturity of the agreements amounts to S/.3,506,000 as of December 31, 2012 (S/.3,479,000 in 2011).

e) As of December 31, 2012 certain loans are guaranteed with property, plant and equipment with a carrying amount of S/.667,722,281 (S/.295,730,000 in 2011).

f) Interest capitalized in 2012 totals S/.459,920 (note 29) (S/.308,061 in 2011. At December 31, 2010, the Company does not maintain qualified assets; therefore, interests were not capitalized at such date).

13 INVESTMENTS IN JOINTLY CONTROLLED BUSINESSES

This item includes common shares of the following entities:

	Number of shares 2012	2011	Percentage of interest in capital	Par value per share S/.	C A 2 S
Terminales Portuarios Euroandinos Paita S.A.	95,518,000	9,966,000	50.00	1	
Aeropuertos Andinos del Perú S.A.	17,123,000	5,614,000	50.00	1	
Svitzer Andino S.A.	3,555,000	3,555,000	50.00	1	
Nautilius S.A.	237,55	237,558	50.00	1	
Proyecta y Construye S.A.	10,000	-	50.00	1	
Kubo ADS S.A.	10,000	-	50.00	1	
Crecimiento Inmobiliario S.A.C.	-	200,000	50.00	1	
Others					

(*) The equity value has been calculated from the unaudited financial statements of the entities.

The profit attributable to the Group´s interest amounts to S/.5,591,000 in 2012 (S/.3,703,000 in 2011 and S/.5,652,000 in 2 consolidated statement of comprehensive income.

In 2012 the shareholders of Terminales Portuarios Euroandinos Paita S.A. increased its capital by means of cash contribu S/.85,552,000.

In 2012 the shareholders of Aeropuertos Andinos del Perú S.A. increased its capital by means of cash contributions amou

In 2012 Nautilius S.A. merged with Crecimiento Inmobiliario S.A.C.

In 2011 the shareholders of Svitzer Andino S.A. increased its capital by means of the capitalization of accounts payable a

As of December 31, 2012 and 2011, the Group’s Management has evaluated the recoverable amount of its investments, a indicators of impairment.

The movement of the investment in jointly controlled entities for the years 2012 and 2011 is the following:

	2012 S/.000	2011 S/.000	2010 S/.000
Balance as of January 1	19,265	15,204	9,122
Cash capital contributions:			
- Terminales Portuarios Euroandinos S.A.	44,092	700	-
- Aeropuertos Andinos del Perú S.A.	5,755	-	2,807
- Proyecta y Construye S.A.	5	-	-
- Kubo S.A.	5	-	-
- Svitzer Andino S.A.	-	-	1,560
	49,857	700	4,367
Dividends received:			
- Terminales Portuarios Euroandinos S.A.	(2,894)	(1,390)	-
- Nautilius S.A.	(556)	(675)	(686)
- Kubo S.A.	(64)	-	-
- Crecimiento Inmobiliario S.A.	-	-	(12)
	(3,514)	(2,065)	(698)
Profit attributable to the Group´s interest in jointly controlled entities	5,591	3,703	5,652
Adjustments (*)	2,202	1,723	(3,239)
Balance as of December 31	73,401	19,265	15,204

(*) Due to differences between preliminary and final financial statements from Jointly controlled businesses.

14 INTANGIBLE ASSETS

The movement of intangible assets and of their corresponding accumulated amortization, for the years ended December 31, 2012 and 2011, is the following:

	Opening balance S/.000	Additions S/.000	Final balance S/.000
Year 2012			
Cost			
Computer software	8,588	863	9,451
Development costs	4,665	36	4,701
Goodwill	17,281	-	17,281
Others	1,504	718	2,222
	32,038	1,617	33,655
Accumulated amortization			
Computer software	3,549	555	4,104
Others	437	180	617
	3,986	735	4,721
Netbook value	28,052		28,934
Year 2011			
Cost			
Computer software	7,463	1,125	8,588
Development costs	4,542	123	4,665
Goodwill	13,661	3,620	17,281
Others	1,344	160	1,504
	27,010	5,028	32,038
Accumulated amortization			
Computer software	3,100	449	3,549
Others	295	142	437
	3,395	591	3,986
Netbook value	23,615		28,052

	Opening balance S/.000	Additions S/.000	Final balance S/.000
Year 2010			
Cost			
Computer software	6,752	711	7,463
Developments costs	4,542	-	4,542
Goodwill	13,661	-	13,661
Others	455	889	1,344
	25,410	1,600	27,010
Amortization			
Computer software	2,707	393	3,100
Others	98	197	295
	2,805	590	3,395
	22,605		23,615

Development costs correspond to studies carried out for the development of the Terminal Port of Ventanilla and for the logistical and property development of the Lima Hub Ciudad Empresaria project.

The amortization of the years 2012, 2011 and 2010 has been distributed in the following manner:

	2012 S/.000	2011 S/.000	2010 S/.000
Service provision cost (note 24)	232	52	246
Administration expenses (note 26)	503	539	344
	735	591	590

Impairment test of goodwill

Management reviews the financial performance of the Generating units related with goodwill. The recoverable value of these cash generating units has been determined based on calculations of their value in use. These calculations used projections of cash flows before taxes based on financial budgets approved by the Company's Management that cover a five-year period with a perpetuity at the end of the fifth year. The discount rate before taxes used is 10% which reflects specific risks related to these cash generating units. The recoverable value of the cash generating units exceeds the carrying amount of goodwill; accordingly Management considers that there is no evidence of impairment.

15 BORROWINGS

	2012 S/.000	2011 S/.000
Current portion:		
Current borrowings:		
Bank promissory notes (c)	7,736	7,546
Factoring (d)	22,988	20,799
	30,724	28,345
Current portion of long-term borrowings:		
Bank loans (a)	11,846	1,483
Finance lease agreements (b)	15,232	15,449
	27,078	16,932
	57,802	45,277

	2012 S/.000	2011 S/.000
Non-current portion:		
Bank loans (a)	195,192	228,643
Finance lease agreements (b)	18,643	31,185
Bank promissory notes (c)	3,940	5,436
	217,775	265,264

The long-term borrowings are payable as follows:

Year	2012 S/.000	2011 S/.000
2013	-	13,955
2014	10,281	8,767
2015	10,422	7,645
2016	189,496	234,897
2017	1,450	-
2018	1,370	-
2019	1,471	-
2020	1,584	-
2021	1,701	-
	217,775	265,264

a) Bank loans -

This item includes:

	2012		2011	
	Current S/.000	Non-current S/.000	Current S/.000	Non-current S/.000
Banco Santander	5,652	-	550	-
Banco de Crédito del Perú	1,806	10,710	933	12,337
EFIC Partners L.C.	3,827	-	-	-
Goldman Sach Credit Partners L.P.	-	184,482	-	216,306
BBVA – Banco Continental	561	-	-	-
	11,846	195,192	1,483	228,643

The balance payable to Banco Santander as of December 31, 2012 corresponds to three loans that were granted in New Peruvian Soles, bear an annual interest rate of 7.80% with final maturity in March 2013. As of December 31, 2011, it corresponded to a loan, which bore an annual interest rate of 8.00% and was fully paid in January 2012.

The loan from Banco de Crédito del Perú for US$4,920,000, bears an annual interest rate of 7.50%, with monthly installments with final maturity in 2021. This loan is guaranteed with a land of the subsidiary Neptunia S.A. up to an amount of US$5,904,000.

In May of 2012 the Group received a loan from EFIC Partners L.C. (a financial entity), which bears an annual interest rate of 7.50%. This loan has two tranches, the first tranche amounts to US$500,000 which matures in November 2012 and the second tranche amounting to US$1,000,000 which matures in May 2013. On November 2012, an addendum to the loan agreement was signed extending the maturity of the first tranche for 90 days (to February 2013) at the same annual effective interest rate.

On February 15, 2011, the Company and its subsidiaries, Cosmos Agencia Marítima S.A.C. and Neptunia S.A., signed with Goldman Sachs Credit Partners L.P. a syndicated loan contract for US$85,000,000 which matures in 5 years. The loan has two tranches: i) one ‘bullet’ tranche amounting to US$60,000,000 (the payment of the principal will be carried through the end of the contract), and ii) one 'amortizable' tranche amounting to US$25,000,000. The loan´s tranches bear interest at annual rates of 13% and 10%, respectively.

The distribution of the loan's proceeds between the Group's companies was as follows:

	Amortizable tranche US$000	Bullet tranche US$000	Total US$000
Cosmos Agencia Marítima S.A.C.	15,254	36,610	51,864
Neptunia S.A.	8,571	20,569	29,140
Andino Investment Holding S.A.A.	1,175	2,821	3,996
	25,000	60,000	85,000

The equivalent in New Peruvian Soles of the amounts of the loan is as follows:

	Amortizable tranche S/.000	Bullet tranche S/.000	Total S/.000
Cosmos Agencia Marítima S.A.C.	41,140	98,737	139,877
Neptunia S.A.	23,115	55,475	78,590
Andino Investment Holding S.A.A.	3,170	7,608	10,778
	67,425	161,820	229,245

On February 15, 2011, the Company together with Operadora Portuaria S.A., Sucesión Carlos Vargas Nuñez, Carlos Rodolfo Juan Vargas Loret de Mola, Jan Carsten Mathies Estenssoro, VLM S.A.C., Wolf Dieter Krefft Berthold, Claus Peter Krumdiek Majeski, Cosmos Agencia Marítima S.A.C., Neptunia S.A., Triton Transports S.A., Inversiones Portuarias S.A. and Triton Maritime Services S.A.C. signed a "Trust guarantee contract over properties and shares" with Fiduciaria GBC S.A. and Goldman Sachs Credit Partners L.P. by means of which the Company grants in guarantee of the syndicated loan a pledge over certain lands of Neptunia S.A. and of Operadora Portuaria S.A. and over shares of the following companies:

Company	Number of shares
Cosmos Agencia Marítima S.A.C.	126,104,406
Andino Investment Holding S.A.A.	99,665,000
Neptunia S.A.	23,300,000
Almacenes Financieros S.A.	7,826,575
File Service S.A.	2,435,800
Operadora Portuaria S.A.	1,192,988
Triton Transport S.A.	911,500
Multitainer S.A.	788,500
Triton Maritime Services S.A.C.	409,100
Agencia Marítima Augusto Farfán S.A.C.	349,201
PentaTanks Terminals S.A.	10,000
	262,993,070

On February 15, 2011, Cosmos Agencia Marítima S.A.C. acquired from Ultramar Agencia Marítima Internacional S.A. 61,285,637 shares of Neptunia S.A. for US$38,600,000 and accounts receivable to Neptunia S.A. for US$1,400,000.

The structuring costs of the syndicated loan totaled US$5,173,000 (equivalent to S/.14,350,000). This amount is shown net of the loan. Considering the structuring costs of the loan the effective interest rate of the syndicated loan is 14.72%.

The Group made a pre-payment of the syndicated loan, in February 2012, as shown below:

	US$000	Equivalent S/.000
Cosmos Agencia Marítima S.A.C.	8,097	21,724
Andino Investment Holding S.A.A.	399	1,070
	8,496	22,794

The main covenants that the syndicated loan contract imposes to the Group are: i) a minimum of 2 of debt coverage ratio, and ii) a maximum of 4 of EBITDA ratio divided by the financial debt. As of December 31, 2012 the ratios that arise from the consolidated financial statements of the Group are 2.01 and 3.44, respectively (2.18 and 3.44, respectively in 2011).

In Management's opinion, the compliance of these obligations does not limit or affect the Group's operations and at the date of the financial statements the Group has not incurred in any breach of the covenants.

b) Finance lease agreements -

Finance lease liabilities are guaranteed by the assets acquired under the lease agreements in case of default by the Group.

This item includes:

	2012 S/.000	2011 S/.000
Financing – minimum lease payments		
Less than one year	17,079	17,337
More than one year and less than five years	21,023	33,184
	38,102	50,521
Future finance costs	(4,227)	(3,887)
Present value of the financial leases	33,875	46,634

The present value of the finance leases is as follows:

	2012 S/.000	2011 S/.000
Less than one year	15,232	15,449
More than one year but not more than five years	18,643	31,185
	33,875	46,634

c) Bank promissory notes -

As of December 31, this item includes:

	2012		2011	
	Current S/.000	Non-current S/.000	Current S/.000	Non-current S/.000
Banco de Crédito del Perú	4,802	3,940	1,875	5,436
Banco Interamericano de Finanzas	2,934	-	2,697	-
BBVA Banco Continental	-	-	2,818	-
Scotiabank del Perú	-	-	74	-
Banco Internacional del Perú	-	-	81	-
	7,736	3,940	7,545	5,436

The amount owed to Banco de Crédito del Perú corresponds to two promissory notes that bear interest at rates of 5.75% and 6.00%, respectively, with maturities that ranged between October 2012 and October 2016 and are guaranteed with five vessels and two floors of the office building of the subsidiary Cosmos Agencia Marítima S.A.C.

The amount owed to Banco Interamericano de Finanzas corresponds to two promissory notes that bear interest at a rate of 7.50%. One of these promissory notes matures in March of 2013 and the other requires of monthly prepayments until June of 2013. The Group has not granted any specific guarantees on these notes. The balance of this account as of December 31, 2012, corresponds to a promissory note that bore interest at a rate of 5.00%, its maturity was in January of 2012 and the Group did not grant any specific guarantees on it.

The amount owed to BBVA Banco Continental corresponds to two promissory notes that bore interest at rates that fluctuated between 6.30% and 6.70%, and were fully paid in November 2012.

d) Factoring -

The factoring operations correspond to documents payable to suppliers paid in advance by financial institutions and local investment funds before their maturity. Original balances pending payment do not bear interest until their maturity date.

e) Fair value and foreign currency -

The fair value of the financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rates that are available for the Company for similar financial instruments.

	2012		**2011**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	S/.000	**S/.000**	**S/.000**	**S/.000**
Bank promissory notes	11,676	11,676	12,982	12,982
Factoring	22,988	22,988	20,799	20,799
Bank loans	207,038	143,736	230,126	167,019
Financial lease agreements	33,875	33,875	46,634	46,634
	275,577	212,275	310,541	247,434

The carrying amount of short term loans approximates their fair values since the effect of their discount is insignificant.

The fair value of long term debt has been determined based on the contractual cash flows discounted at market rates available for the Company from similar counterparties which as of December 31, 2012 and 2011 in average amounts to 10.00%.

The denomination of the financial debt of the Company is shown below:

	2012	**2011**
	S/.000	**S/.000**
New Peruvian Sol	39,240	2,897
United States Dollar	236,337	307,644
	275,577	310,541

16 TRADE ACCOUNTS PAYABLE

Trade accounts payable mainly originate from the acquisition of supplies and services and correspond to invoices issued by national and foreign suppliers, they are mainly denominated in local currency, have current maturity of less than 60 days, do not bear interest and the Group has not granted guarantees for the compliance of payment.

THIS ITEM COMPRISES:

	2012	2011
	S/.000	S/.000
Invoices payable	53,035	49,906
Notes payable	72	423
	53,107	50,329

17 OTHER ACCOUNTS PAYABLE

This item comprises:

	2012	2011
	S/.000	S/.000
Personnel	7,210	6,855
Provisions	7,073	4,623
Payments received in advance	3,147	-
Reimbursements to third parties	3,149	629
Claims from third parties	511	20
Loans received from Directors	-	2,753
Other minor amounts	6,719	5,610
	27,809	20,510

18 DEFERRED INCOME TAX LIABILITY

The movement of deferred income tax is as follows:

	2012	2011
	S/.000	S/.000
As of January 1	122,614	120,520
(Credit) charge to the statement of comprehensive income	(3,995)	1,864
Tax charged directly to other comprehensive income	318,354	230
As of December 31	436,973	122,614

The deferred income tax results from the following temporary items:

	2012 S/.000	2011 S/.000
Unpaid vacations	(2,723)	(2,323)
Accruals	(50)	(233)
Provisions	(97)	-
Tax loss carried forward	(20,963)	(20,213)
Pre-operating expenses	(667)	(887)
Deferred income of sale and leaseback of fixed asset	(6,187)	(10,357)
Debt structuring expenses	11,320	14,013
Difference in depreciation rates of leased assets	39,830	46,007
Lands revaluation	1,065,400	-
Deem cost of lands	335,273	339,493
Deem cost of building and machinery	20,570	35,220
Investments in jointly controlled businesses	13,493	7,686
Exchange difference of assets denominated in dollars	1,377	307
	1,456,576	408,713
Income tax rate	30%	30%
	436,973	122,614

The movement of the deferred creditor income tax account is explained as follows:

	Opening balance S/.000	Charge (credit) to the income statement S/.000	Charge (credit) reevaluation surplus S/.000	Final balance S/.000
Year 2012:				
Deferred assets:				
Prior years losses	6,064	225	-	6,289
Unpaid vacations	697	120	-	817
Provisions	-	29	-	29
Pre-operating expenses	266	(66)	-	200
Deferred income on sale and leaseback of fixed asset	3,107	(1,251)	-	1,856
Accruals	70	(55)	-	15
Deferred liabilities:				
Debt structuring expenses	(4,204)	808	-	(3,396)
Exchange difference of assets denominated in dollars	(92)	(321)	-	(413)
Lands revaluation	-	-	(318,354)	(318,354)
Deem cost of lands	(101,848)	-	-	(101,848)
Deem cost of buildings and machinery	(10,566)	4,395	-	(6,171)
Investments in jointly controlled businesses	(2,306)	(1,742)	-	(4,048)
Difference in depreciation rates of leased assets	(13,802)	1,853	-	(11,949)
	(122,614)	3,995	(318,354)	(436,973)
Year 2011:				
Deferred assets:				
Prior years losses	2,331	3,733	-	6,064
Unpaid vacations	569	128	-	697
Pre-operating expenses	332	(66)	-	266
Deferred income on sale and leaseback of fixed asset	2,845	262	-	3,107
Accruals	26	44	-	70
Deferred liabilities:				
Debt structuring expenses	-	(4,204)	-	(4,204)
Exchange difference of assets denominated in dollars	-	(92)	-	(92)
Deem cost of lands	(101,848)	-	-	(101,848)
Deem cost of buildings and machinery	(10,798)	462	(230)	(10,566)
Investments in jointly controlled bussinesses	(1,085)	(1,221)	-	(2,306)
Difference in depreciation rates of leased assets	(12,892)	(910)	-	(13,802)
	(120,520)	(1,864)	(230)	(122,614)

	Opening balance S/.000	Charge (credit) to the income statement S/.000	Final balance S/.000
Year 2010:			
Deferred assets:			
Prior year losses	1,417	914	2,331
Unpaid vacations	421	148	569
Pre–operating expenses	-	332	332
Deferred income on sale and leaseback of fixed asset	1	2,844	2,845
Accruals	165	(139)	26
Deferred liabilities:			
Deam cost of lands	(101,848)	-	(101,848)
Deem cost of buildings and machinery	(11,512)	714	(10,798)
Investments in jointly controlled bussinesses	-	(1,085)	(1,085)
Difference in depreciation rates of leased assets	(11,687)	(1,205)	(12,892)
	(123,043)	2,523	(120,520)

The expected maturity of the deferred income tax assets and liabilities is as follows:

	2012 S/.000	2011 S/.000
Deferred assets:		
Recoverable in 12 months	2,054	3,349
Recoverable in more than 12 months	7,152	6,855
	9,206	10,204
Deferred liabilities:		
Payable in 12 months	1,971	4,984
Payable in more than 12 months	444,208	127,834
	446,179	132,818
Net deferred liability	436,973	122,614

19 WORKERS' PROFIT SHARING

In accordance with current legislation, workers' profit sharing of the Group's companies is equivalent to 5% and 10% of the taxable income, as applicable. This participation is deductible for income tax calculation purposes.

As of December 31, 2012, the Group accrued the amount of S/.1,071,000 in respect of profit sharing in favor of its workers (S/. 2,466,000 as of December 31, 2011).

20 EQUITY

a) Share capital -

As at December 31, 2012 the subscribed capital of the Company is represented by 134,468,696 ordinary shares (99,665,000 in 2011) and the paid-in capital is represented by 132,221,471 ordinary shares. The nominal value of which is S/.1.00 per share.

As of December 31, 2012 the share structure of the Company is as follows:

Percentage of individual capital participation	Number of shareholders	Number of shares	Participation percentage
Between 00.01% and 09.80	670	53,042,391	39.44
Between 09.81% and 22.80	2	45,447,240	33.80
Between 22.80% and 36.10	1	35,979,065	26.76
	673	134,468,696	100.00

On February 2, 2012, the Company carried out a Primary Public Share Offering, placing 34,803,696 shares with a nominal value of S/.1 per share, at a offered price of S/.3.30 per share. As a result of this, a placement a premium totaling S/.80,048,501 was recognized in the consolidated financial statements. Consequently, after the shares placement the capital of the Company amounts to S/.134,468,696, represented by the equal number of shares at par value of S/.1.

As of December 31, 2011 the Company had 6 shareholders.

b) Treasury shares -

On February 2, 2012, the Company, through a 99.99 interest subsidiary, acquired 2,247,225 of its own shares through purchases in the Lima stock market. The total amount paid for the acquisition of the shares was S/.7,416,000. The shares are shown in the statement of financial position as "treasury shares".

c) Share premium -

Corresponds to the placement premium amounting to S/.80,048,501 net from the related transaction costs of S/.2,868,608.

d) Revaluation surplus -

Corresponds to the increase in the value of the Group's lands as a result of their valuation at fair value of S/.747,046 determined by independent experts (note 12), net of the tax effect of S/.318,354 (note 18).

e) Legal reserve -

In accordance with the General Law of Companies, the legal reserve is constituted by the transfer of 10% of the annual net profit until an amount equivalent to 20% of paid-in capital is reached. In the absence of profits or freely available reserves, the legal reserve must be applied to the offsetting of losses, and must be replenished with the profits from subsequent periods. This reserve may be capitalized, subject to the same obligation to replenish it.

f) Retained earnings -

The dividend policy of the Group is subject to article No.230 and following of the General Law of Companies that establishes that if the company, after the legal statutory deductions, and other obligations, has freely available profits in the retained earnings account, these will be distributed as dividends, for which it will be possible to dispose of up to 50% of those profits, even as payment of dividends on account based on the monthly or quarterly balances approved by the Board of Directors.

Dividends in favor of shareholders other than domiciled legal entities are subject to a tax rate of 4.1% of charged of the shareholders; this tax is withheld and paid by the Company.

In the General Shareholders Meeting hold in June 15, 2011 it was agreed to distribute cash dividends amounting to S/.292,000, the payment of which was made on June 25, 2011.

In the General Shareholders Meeting hold in October 15, 2011 it was agreed to distribute cash dividends amounting to S/.1,361,000, the payment of which was made in February 2012.

21 TAX SITUATION

a) In Peru, income tax of groups is determined separately by each consolidated entity based on their actual taxable income. Peruvian tax legislation does not contemplate the determination of tax on a consolidated basis. The current income tax shown in the consolidated financial statements corresponds exclusively to that determined by the Group.

Management considers that it has determined taxable income under the General Income Tax Regime in accordance with current tax legislation, which requires the addition to and subtraction from the result shown in the financial statements, of those items which the referred legislation recognizes as taxable and non-taxable, respectively. The income tax rate is 30%.

The (expense) income for income tax comprises:

	2012 S/.000	2011 S/.000	2010 S/.000
Current income tax	(5,330)	(5,087)	(6,385)
Deferred income tax	3,995	(1,864)	2,523
	(1,335)	(6,951)	(3,862)

Income tax on the profit before taxes differs from the theoretical amount that would have resulted from applying the tax rate to the income of the Group as follows:

	2012 S/.000	2011 S/.000	2010 S/.000
Profit before taxes	17,409	12,151	17,258
Tax calculated applying the rate of 30%	5,223	3,645	5,177
Non-deductible expenses	5,322	8,309	2,053
Untaxed income	(5,759)	(5,660)	(3,806)
Tax loss from subsidiaries not recognized as deferred income tax	(2,962)	-	-
Others	(489)	657	438
Charge for income tax for the year	1,335	6,951	3,862

Peruvian Tax Authorities have the right to examine and, if necessary, amend the income tax determined by the Company in the last four years, as from January 1 of the year following the filing of the corresponding income tax returns. Years 2008 to 2012 are subject to examination. Since there may be differences in interpretation by the Tax Administration regarding the norms applicable to the Company, it is not possible to anticipate at present if there will be additional tax liabilities as a result of eventual examinations. Any additional tax, fines or interest, if any, will be recognized in the results of the year in which the difference of interpretation with the Tax authorities is resolved. Management considers that no significant liabilities will arise as a result of these possible revisions.

b) In accordance with current legislation, for the purposes of determining Income Tax and Sales Tax, transfer prices with related parties and/or tax havens must have documentation and information which supports the valuation methods and criteria applied in their calculation. The Tax Authorities are empowered to request this information from the taxpayer.

c) Temporary Tax on Net Assets -

The Temporary Tax on Net Assets is applied to generators of third category income subject to the General Regime of Income Tax with a tax rate of 0.4% applicable to the amount of the net assets that exceed S/.1 million. The amount effectively paid may be used as a credit against payments on account of the General Regime of Income Tax or against the Income Tax regularization payment of the corresponding tax period.

22 COMMITMENTS, CONTINGENCIES AND GUARANTEES

a) Contingencies -

As of December 31, 2012 and 2011 the subsidiary Neptunia S.A. maintains a labor contingency of S/.1,000,000 and tax contingencies for an approximate amount of S/.3,595,000 (S/.2,955,000 as of December 31, 2011). Management and its legal advisors consider that there are solid legal arguments to obtain a favorable result in these contingencies, thus there are no contingent liabilities or legal commitments that need to be recognized in the financial statements as of December 31, 2012 and 2011.

As of December 31, 2012 and 2011, the subsidiary Cosmos Agencia Marítima S.A.C. maintains labor contingencies for an approximate amount of S/.70,000. Management and its legal advisors consider that there are solid legal arguments to obtain a favorable result, since there is not a formal demand, thus it has not been necessary to make any provisions.

As of December 31, 2012 and 2011, the subsidiary File Service S.A. maintains possible labor contingencies for an approximate amount of S/.1,350,000. Management and its internal legal advisors consider that there are solid legal arguments to obtain a favorable result, since there is not a formal demand, thus it has not been necessary to make any provisions.

As of December 31, 2012 and 2011, the subsidiary Triton Transport S.A. maintains possible labor contingencies for an approximate amount of S/.779,700. Management and its legal advisors consider that there are solid legal arguments to obtain a favorable result, since there is not a formal demand, thus it has not been necessary to make any provisions.

In Management's opinion, as well as in that of the legal advisors of the Group, there are no legal liabilities or commitments that have not been recognized in the financial statements as of December 31, 2012 and 2011. Likewise Management and the legal advisors of the Group believe that there are no other contingent liabilities that must be disclosed.

b) Legal commitments -

The subsidiary Cosmos Agencia Marítima S.A.C. has signed a contract with the Peruvian Government for the purpose of safeguarding the operations of its jointly controlled business in Terminales Portuarios Euroandinos Paita S.A., therefore it is committed to maintaining a minimum equity of US$24,000,000, equivalent to S/.61,224,000 as of December 31, 2012 (equivalent to S/.64,728,000 as of December 31, 2011). As of December 31, 2012 this entity maintains equity of S/.248,648,000.

23 REVENUE FROM SERVICES RENDERED

Following are the sales of the services carried out by the Company and its subsidiaries for the years ended December 31, 2012, 2011 and 2010:

a) Port business, which includes the maritime agency services, cargo movement, stevedoring, storage, among others.

b) Services of comprehensive logistical solutions related to cargo activities, storage, transport and distribution to various entities.

The detail of the operating income is presented below:

	2012 S/.000	2011 S/.000	2010 S/.000
Port	182,934	62,780	78,846
Logistics	326,555	374,284	304,294
Other	7,526	28,526	19,222
	517,015	465,590	402,362

24 COST OF SERVICES RENDERED

The service provision cost includes the following items:

	2012 S/.000	2011 S/.000	2010 S/.000
SERVICES RECEIVED FROM BY THIRD PARTIES (*)	256,942	244,979	200,206
PERSONNEL EXPENSES	73,579	50,631	55,770
OTHER MANAGEMENT CHARGES	25,936	22,400	25,999
DEPRECIATION	19,600	18,975	17,253
TAXES	2,904	361	233
AMORTIZATION	232	52	199
CONSUMPTION OF SUPPLIES	21,212	19,458	5,760
	400,405	356,856	305,420

(*) The services received from third parties mainly include the following: cargo, agency, lease of forklift, leases with third parties, consultancies, commissions invoiced to the shipping lines, transport and handling services.

25 SELLING EXPENSES

For the years 2012, 2011 and 2010 the selling expenses include the following items:

	2012 S/.000	2011 S/.000	2010 S/.000
PERSONNEL EXPENSES	14,739	17,940	9,654
SERVICES PROVIDED BY THIRD PARTIES	13,763	3,873	6,931
OTHER MANAGEMENT CHARGES	2,178	522	2,232
TAXES	202	84	561
	30,882	22,419	19,378

26 ADMINISTRATION EXPENSES

Administration expenses include the following items:

	2012 S/.000	2011 S/.000	2010 S/.000
PERSONNEL EXPENSES	17,423	22,240	21,987
SERVICES PROVIDED BY THIRD PARTIES	30,597	25,086	26,471
OTHER MANAGEMENT CHARGES	3,508	8,810	8,707
TAXES		2,205	4,819
2,322			
DEPRECIATION (NOTE 12)	3,087	2,520	3,956
AMORTIZATION (NOTE 13)	503	539	344
DOUBTFUL COLLECTION (NOTE 8)	332	316	158
CONSUMPTION OF SUPPLIES	126	1,631	176
	57,781	65,961	64,121

27 PERSONNEL CHARGES

Personnel charges include the following items:

	2012 S/.000	2011 S/.000	2010 S/.000
Remunerations	66,495	56,100	54,230
Bonuses	14,050	11,463	10,921
Social security	6,650	6,787	3,263
Vacations	6,100	5,545	4,744
Severance indemnities	5,713	5,088	4,396
Workers' profit sharing	1,071	2,466	1,807
Other personnel expenses	5,662	3,362	8,050
	105,741	90,811	87,411

The average number of employees as of December 31, 2012, 2011 and 2010 was 2,229; 1,962 and 1,456, respectively.

This item is distributed in the following manner:

	2012 S/.000	2011 S/.000	2010 S/.000
Cost of services rendered (note 24)	73,579	50,631	55,770
Administration expense (note 26)	17,423	22,240	21,987
Selling expense (note 25)	14,739	17,940	9,654
	105,741	90,811	87,411

28 OTHER INCOME AND EXPENSES

Other income and expenses include the following items:

	2012 S/.000	2011 S/.000	2010 S/.000
Other income -			
Reimbursable services	7,900	10,792	20,699
Services provided to related entities	1,152	3,228	4,366
Sale of property, plant and equipment	878	2,010	3,353
Sale of environmental impact study	3,342	-	-
Others	4,544	3,137	2,816
	17,816	19,167	31,234

	2012 S/.000	2011 S/.000	2010 S/.000
Other expenses -			
Reimbursable expenses	(7,658)	(847)	(7,474)
Cost of sale of property, plant and equipment	(906)	(1,440)	(10,207)
Settlements	(364)	(2,328)	(2,007)
Others	(5,537)	(5,667)	(4,189)
	(14,465)	(10,282)	(23,877)

In December 2012, the Company sold to a non-related entity a study of the environmental impact in a leased property to be used as a warehouse of minerals.

29 FINANCE COSTS

Finance costs include the following items:

	2012 S/.000	2011 S/.000	2010 S/.000
INTEREST FROM BANK LOANS	34,086	20,670	10,406
INTEREST FROM FINANCE LEASES	2,514	12,951	5,518
OTHERS	483	1,486	2,058
	37,083	35,107	17,982
CAPITALIZED INTEREST (NOTE 12)	(460)	(308)	-
	36,623	34,799	17,982

30 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per common share has been calculated dividing the net profit of the year attributable to the common shareholders by the weighted average number of common shares in circulation during the year. There are no potential diluting effects in the shares of the company.

	Shares in circulation	Base of shares for the calculation	Days of validity until the closing of the year	Weighted average of shares
Year 2012				
Balance as of January 1, 2012	99,665	99,665	365	99,665
Capital contribution	34,804	34,804	333	31,753
Balance as of December 31, 2012	134,469	134,469		131,418
Year 2011				
Balance as of December 31, 2011	99,665	99,665	365	99,665
Year 2010				
Balance as of December 31, 2010	99,665	99,665	365	99,665

The calculation of the earnings per share as of December 31, 2012 and 2011 is presented below:

	As of December 31, 2012			As of December 31, 2011			As of December 31, 2010		
	Profit (numerator) S/.000	Shares (denominator)	Profit per share S/.	Profit (numerator) S/.000	Shares (denominator)	Profit per share S/.	Profit (numerator) S/.000	Shares (denominator)	Profit per share S/.
Profit per basic and diluted share	16,074	131,418	0.12	5,200	99,665	0.05	10,021	99,665	0.10

31 SUBSEQUENT EVENTS TO THE DATE OF THE CONSOLIDATED BALANCE SHEET

On January 29, 2013, the Company issued short term instruments, under the denomination of “First Program of Issue of Short Term Instruments of Andino Investment Holding S.A.A.”, placing US$5,000,000 of series “A” short term instruments at par value of US$1,000 each, bearing a nominal annual interest rate of 3.5% with maturity in 180 days. This transaction is in line with the placement program of short term instruments for up to US$20,000,000 approved by the Shareholders in its meeting hold in December 4, 2012.

ANDINO INVESTMENT HOLDING S.A.A. AND SUBSIDIARIES

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

ANDINO INVESTMENT HOLDING S.A.A. AND SUBSIDIARIES

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

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S/.000 = Thousands of New Peruvian Sol
US$ = United States Dollar

ANDINO INVESTMENT HOLDING S.A.A. AND SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

	Note	As of June 30, 2013 S/.000 (Unaudited)	As of December 31, 2012 S/.000 (Audited)
Current assets			
Cash and cash equivalents	7	24,763	16,882
Trade accounts receivable		78,616	75,978
Accounts receivable from related parties	8	12,424	10,508
Recoverable taxes		15,649	13,109
Other receivables		39,902	45,023
Inventories	9	27,711	21,822
Prepaid expenses		7,775	3,628
Total current assets		206,840	186,950
Non-current assets			
Investments in jointly controlled businesses	10	84,346	73,401
Property, plant and equipment	11	1,755,955	1,758,274
Intangible assets		28,695	28,934
Total non-current assets		1,868,996	1,860,609
Total assets		2,075,836	2,047,559

LIABILITIES AND EQUITY

	Note
Current liabilities	
Short term borrowings	12
Trade accounts payable	
Accounts payable to related parties	8
Income tax payable	
Other accounts payable	13
Current portion of long-term borrowings	12
Total current liabilities	
Non-current liabilities	
Long term borrowings	12
Deferred income tax liability	
Deferred income	
Total non-current liabilities	
Total liabilities	
Equity	
Share capital	
Treasury shares	
Share premium	
Revaluation surplus	
Legal reserve	
Retained earnings	
Non-controlling interest	
Total equity	
Total liabilities and equity	

The accompanying notes on pages 5 to 24 are an integral part of these condensed interim consolidated financial statements.

ANDINO INVESTMENT HOLDING S.A.A. AND SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the six month period ended June 30, 2013 S/.000 (Unaudited)	2012 S/.000 (Unaudited)
Revenue from services rendered	16	279,075	232,105
Cost of services rendered	17	(209,351)	(179,751)
Gross profit		69,724	52,354
Selling expenses		(16,766)	(11,375)
Administrative expenses		(26,055)	(31,243)
Other income		3,847	8,160
Other expenses		(4,229)	(6,673)
Operating profit		26,521	11,223
Financial income		1,684	1,806
Financial costs		(20,369)	(18,457)
Profit attributable to participation in jointly controlled businesses	10	4,484	5,294
Exchange difference, net		(22,877)	2,937
(Loss) profit before income tax		(10,557)	2,803
Income tax	14	(642)	1,345
(Loss) profit for the period		(11,199)	4,148
(Loss) profit for the period attributable to:			
- Owners of the Company		(11,580)	3,951
- Non-controlling interest		381	197
(Loss) profit for the period		(11,199)	4,148
Basic and diluted earnings per share (expressed in New Peruvian Sol):	15	(0.08)	0.03
Comprehensive income for the period:			
- (Loss) profit for the period		(11,199)	4,148
- Other comprehensive income		-	-
Total comprehensive (loss) income for the period		(11,199)	4,148
Comprehensive income for the period attributable to:			
- Owners of the Company		(11,580)	3,951
- Non-controlling interest		381	197
Comprehensive (loss) income for the period		(11,199)	4,148

The accompanying notes on pages 5 to 24 are an integral part of these condensed interim consolidated financial statements.

ANDINO INVESTMENT HOLDING S.A.A. AND SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2013 AND JUNE 30, 2012

		Attributable to the owners of the Company					
	Number of common shares	Share capital	Treasury shares	Share premium	Revaluation surplus	Legal reserve	Retained earnings
	In thousands	S/.000	S/.000	S/.000	S/.000	S/.000	S/.000
Balances as of January 1, 2012 (Audited)	99,665	99,665	-	-	-	7,866	234,930
Comprehensive loss for the period	-	-	-	-	-	-	3,951
Transactions with shareholders:							
Capital contribution	34,804	34,804	-	77,180	-	-	-
Purchase of own shares	-	-	(7,416)	-	-	-	-
Others	-	-	-	-	-	-	527
Total transactions with shareholders	34,804	34,804	(7,416)	77,180	-	-	527
Balances as of June 30, 2012 (Unaudited)	134,469	134,469	(7,416)	77,180	-	7,866	239,408
Balances as of January 1, 2013 (Audited)	134,469	134,469	(7,416)	77,180	728,411	8,053	252,868
Comprehensive loss for the period	-	-	-	-	-	-	(11,580)
Transactions with shareholders:							
Sale of treasury shares	-	-	3,300	-	-	-	-
Transfer to legal reserve	-	-	-	-	-	347	(347)
Others	-	-	-	-	(80)	-	(493)
Total transactions with shareholders	-	-	3,300	-	(80)	347	(840)
Balances as of June 30, 2013 (Unaudited)	134,469	134,469	(4,116)	77,180	728,331	8,400	240,448

The accompanying notes on pages 5 to 24 are an integral part of these condensed interim consolidated financial statements.

ANDINO INVESTMENT HOLDING S.A.A. AND SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six month period ended June 30	
	2013	2012
	S/.000	S/.000
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) profit for the period	(11,199)	4,148
Adjustments to net profit:		
Depreciation and amortization	11,797	11,026
Loss on sale of property, plant and of equipment	1,439	807
Loss on sale of theasury shares	450	-
Deferred income tax	(764)	(2,633)
Profit attributable to jointly controlled businesses	(4,484)	(5,294)
Others	(1,709)	389
(Increase) decrease in assets:		
Trade accounts receivable	(2,638)	(5,415)
Accounts receivable from related parties	(1,916)	-
Other receivables	2,581	(36,958)
Inventories	(5,889)	211
Prepaid expenses	(4,147)	(7,630)
Increase (decrease) in liabilities:		
Trade accounts payable	1,040	1,130
Accounts payable to related parties	(1,763)	-
Current income tax and employees' profit sharing and other payables	8,265	4,934
Deferred income	(209)	-
Net cash used in operating activities	(9,146)	(35,285)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in jontly controlled businesses	(5,713)	(33,688)
Dividends received from jointly controlled businesses	353	-
Purchases of property, plant and equipment	(7,110)	(14,916)
Proceeds from sale of property, plant and equipment	118	112
Purchases of intangibles	(5)	(265)
Net cash used in investing activities	(12,357)	(48,757)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	12,558	52,147
Payment of short-term borrowings	(20,618)	(40,115)
Proceeds from long-term borrowings	36,722	-
Payment of long-term borrowings	(2,128)	(34,300)
Purchase of own shares	-	(7,416)
Sale of treasury shares	2,850	-
Capital contribution	-	111,984
Net cash generated from financing activities	29,384	82,300
Net increase (decrease) in cash and cash equivalents in the period	7,881	(1,742)
Cash and cash equivalents at beginning of the period	16,882	19,235
Cash and cash equivalents at end of the period	24,763	17,493
TRANSACTION NOT REPRESENTING CASH FLOWS:		
Financial lease agreements	3,681	-

The accompanying notes on pages 5 to 24 are an integral part of these condensed interim consolidated financial statements.

ANDINO INVESTMENT HOLDING S.A.A. AND SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

1 BACKGROUND AND ECONOMIC ACTIVITY

1.1 Background -

Andino Investment Holding S.A.A. (hereinafter the "Company") is a corporation which was incorporated in the Constitutional Province of Callao, Peru, on July 16, 2005. On April 9, 2013, the Company changed its legal form of incorporation from a private corporation (sociedad anonima cerrada) to a public corporation (sociedad anonima abierta) as a result of its Primary Public Share Offering carried out under the General Law of Corporations. The registered address of the Company is Jr. Mariscal Miller No. 450, Floor 7 - Constitutional Province of Callao, Peru.

1.2 Economic activity -

The Company and its subsidiaries (hereinafter the "Group") are a conglomerate of Peruvian companies that operate in the foreign trade sector, offering national wide maritime and logistical services, as well as port and airport infrastructure, the latter through jointly controlled entities (partnerships). At the same time, the Company is engaged in the provision of consultancy services, advice, technical assistance, start-up, administration, management and all type of services within the investment sector.

1.3 Condensed interim consolidated financial statements -

The condensed interim consolidated financial statements of the Group incorporate the assets, liabilities and the results of operations of the entities detailed in the table on page 8.

1.4 Approval of the condensed interim consolidated financial statements -

The issue of the consolidated financial statements for the year ended December 31, 2012 was approved by the shareholders on its meeting hold on April 1, 2013.

The condensed interim consolidated financial statements as of June 30, 2013 and 2012 were approved for issue by the Board of Directors on its meeting hold on July 30, 2013. These condensed interim financial statements have been reviewed, not audited.

Entity	Activity	Percentage Interest June 30, 2013 S/.000	Percentage Interest December 31, 2012 S/.000	Assets June 30, 2013 S/.000	Assets December 31, 2012 S/.000	Net equity June 30, 2013 S/.000
Triton Maritime Service S.A.C.	Handling services	99.99	99.99	2,791	2,904	2,155
PentaTanks Terminals S.A.	Construction and operation of a storage and ethanol dispatch plant	99.90	99.90	41,274	35,468	5,841
Cosmos Agencia Marítima S.A.C.	Maritime agency services	89.78	89.78	403,591	403,386	236,850
Agencia Maritima Augusto Farfán S.A.C.	Maritime agency services	99.99	99.99	231	205	(131)
Neptunia S.A.	Port and storage services	99.99	99.99	875,212	874,169	492,924
Operadora Portuaria S.A.	Investment management	100.00	100.00	665,060	662,927	490,634
File Service S.A.	Documentary engineering	83.00	83.00	23,009	20,811	11,916
Triton Transports S.A.	Transport services	99.99	99.99	26,444	26,234	12,960
Andino Servicios Compartidos S.A.C.	Business advisory services	100.00	100.00	1,165	838	315
Almacenes Financieros S.A.	General storage warehouse (AGD)	100.00	100.00	35,033	34,848	26,393
Multitainer S.A.	Sale, lease and conditioning of containers	99.87	99.87	30,224	25,353	1,418
Inversiones Portuarias S.A.	Investments	100.00	100.00	38,621	38,656	38,377
Inmobiliaria Terrano S.A.	Investments	75.00	75.00	209,531	208,179	161,534
Andino Shipping Agency S.A.C.	Maritime agency services	100.00	-	33	-	(351)

2 BASIS OF PREPARATION

These condensed interim consolidated financial statements for the six months period ended June 30, 2013 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed interim consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2012, which have been prepared in accordance with International Financial Reporting Standards ('IFRS's).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used for the preparation of the condensed interim consolidated financial statements are consistent with the annual financial statements of the previous year except for the accounting treatment given to income taxes in the interim periods, which are accrued using the tax rate that would be applicable to expected total annual profit or loss.

a) *Standards, amendments and interpretations adopted by the Group -*

- IFRS 10, "Consolidated financial statements" builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group has already applied this standard and there have been no significant impact in its financial statements for the period beginning on January 1, 2013.

- IFRS 11, "Joint arrangements", is a more realistic reflection of joint businesses concentrating on the rights and obligations of the parties with regard to the business before its legal form. There are two types of joint arrangements: "joint operations" and "joint ventures". "Joint operations" arise when a joint operator has rights over the assets and liabilities with regard to the joint business, and therefore, recognize its participation in the assets, liabilities, income and expenses. "Joint ventures" arise when the investor (joint venturer) has rights over the net assets of the joint business and, therefore, equity recognizes its participation. The proportional consolidation of joint businesses is no longer permitted. The Group has already applied this standard and there have been no significant impact in its financial statements for the period beginning on January 1, 2013.

- IFRS 13, "Fair value measurement", aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement, and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between the IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs and US GAAP. The Group has already applied this standard and there have been no significant impact in its financial statements for the period beginning on January 1, 2013.

b) *Standards, amendments and interpretations issued but not yet effective for 2013 not early adopted by the Group -*

- Amendment to IAS 32, "Financial instruments, presentation of offsetting of assets and liabilities". The amendment responds to the application guide of IAS 32, "Financial instruments: Presentation", and clarify some of the requirements for the offsetting of financial assets and liabilities in the statement of financial position. This standard is effective for periods beginning on or after January 1, 2014.

- IFRS 9, "Financial instruments" addresses the classification, measurement and recognition of financial instrument assets and of financial liabilities. IFRS 9 was issued in November of 2009 and in October of 2010. It replaces the parts of IAS 39 "Financial instruments: Recognition and measurement" that relate to the classification and measurement of financial instruments. IFRS 9 requires that financial assets be classified into two measurement categories: those measured at fair value and those measured at amortized cost. For financial liabilities, the standard retains most of the IAS 39 requirements. This standard is effective for periods beginning on or after January 1, 2015. The Group will consider the impact of this standard as well as its following phases.

The Group is in the process of evaluating the impact on the preparation of its financial statements of those standards that have effective date for periods that begin on or after January 1, 2014. It is not expected that other IFRS or IFRIC interpretations not yet effective will have a significant impact on the consolidated financial statements of the Group.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Group's critical accounting estimates and judgments are also consistent with those disclosed in Note 4 to the audited annual financial statements of 2012, except for the estimates that are required in determining the provision for income taxes.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors -

The Group continues to be exposed to a variety of financial risks: market risk (including foreign exchange risk, cash flows and fair value interest rate risk), credit risk and liquidity risk. The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize the potential adverse effects on its financial performance. A thorough explanation of the Group’s risks and its approach to the identification, assessment and mitigation of risks is included in Note 3 to the audited annual financial statements for the year ended December 31, 2012. There have been no changes to the Group’s exposure and risk management principles and processes since December 31, 2012.

a) Market risk -

i) Foreign exchange risk -

The Group invoices the local sale of its products and services mainly in New Peruvian Soles. The foreign exchange risk arises from receivables of foreign sales, loans granted/received in United States Dollars to/from related companies and borrowings with certain financial entities denominated in such currency.

The Group is exposed to fluctuation in the exchange rates as result of its exposure to loans granted/ received in United States Dollars. The Group has not hedging operations to eliminate or reduce its exposure against the exchange risk regard to transactions and balance held in that currency; in this context Management´s policy is to assume the exchange risk from its exposure to U.S. Dollar.

Assets and liabilities in foreign currency are summarized as follows:

	As of	
	June 30, 2013	December 31, 2012
	US$000 (Unaudited)	US$000 (Audited)
Assets:		
Cash and cash equivalents	6,002	4,141
Trade accounts receivable	14,520	18,161
Other accounts receivable	12,866	16,354
Total assets	33,388	38,656
Liabilities:		
Borrowings	(99,177)	(92,645)
Trade accounts payable	(9,622)	(15,147)
Other accounts payable	(11,662)	(10,847)
Total liabilities	(120,461)	(118,639)
Net liabilities in foreign currency	(87,073)	(79,983)

As of June 30, 2013 and December 31, 2012 the exchange rates used by the Group to translate the balances of its accounts denominated in foreign currency are those published by the Superintendencia de Banca, Seguros y Administradoras de Fondos de Pensiones (SBS - Banking, Insurance and Pension Fund Regulator) of S/.2.783 per US$1 (S/.2.551 per US$1 as of December 31, 2012).

For the six months period ended June 30, 2013 the Group recorded net exchange loss amounting to S/.22,877,000 (exchange gain of S/.2,937,000 for the similar period of 2012), amount which is included in the account exchange difference, net in the statement of comprehensive income. The variation is caused by the appreciation of the United States Dollar in relation to the New Peruvian Sol (approximately 9% for the six months period ended June 30, 2013) and the increase in the foreign currency liability position.

b) Credit risk -

Credit risk for the Group originates from the incapacity of debtors to comply with their obligations as they mature. Management considers that the Group is not materially exposed to credit risk from its counterparties since historically it has been proven that the collection periods from third parties do not exceed 45 days and from related parties they do not exceed 30 days and it has not been observed significant problems of doubtful collection.

The Group places its surplus liquidity in prestigious financial institutions, with a minimum independent risk rating of “A”; likewise, it establishes conservative credit policies and constantly evaluates the existing market conditions.

In order to avoid credit risk concentration due to the surplus liquidity placements, the Group has the policy of allocate its deposits in different financial institutions at the end of daily operations.

The maximum exposure to credit risk amounts to S/.78,616,000 regarding to trade accounts receivables of June 30, 2013 (S/.75,978,000 as of December 31, 2012).

c) Liquidity risk -

The prudent management of liquidity risk involves maintaining sufficient cash and cash equivalents and the possibility to commit and/or have committed financing through an adequate quantity of credit sources. The Group maintains adequate cash and cash equivalent levels and available credit lines.

The main source of cash inflows of the Group arises from the collections to its clients. The average term of collection of the receivables was 47 days and 45 days in 2013 and 2012, respectively; on the other hand, the average term of payment agreed with the main suppliers was 50 days and 42 days in 2013 and 2012, respectively. Management considers that the management of the collection terms will gradually improve as a result of the implementation of new collection management policies.

In the event that the Group does not have, at a particular moment, the necessary resources to meet its short-term obligations, it has the capacity to obtain short and medium term loans at average market rates due to its economic solvency.

The Group's policy is to maintain an adequate level of cash and cash equivalents to cover its projected payment commitments.

The table below analyses the financial liabilities of the Group classified according to their maturity, considering their grouping from the date of the statement of financial position through the date of their contractual maturity. The amounts shown correspond to the undiscounted contractual cash flows:

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	S/.000	S/.000	S/.000	S/.000
As of June 30, 2013 (Unaudited)				
Trade accounts payable	53,191	-	-	53,191
Accounts payable to related parties	8,486	-	-	8,486
Other accounts payable (*)	36,388	-	-	36,388
Borrowings	81,244	29,785	269,624	380,653
	179,309	29,785	269,624	478,718
As of December 31, 2012 (Audited)				
Trade accounts payable	53,107	-	-	53,107
Accounts payable to related parties	10,050	-	-	10,050
Other accounts payable (*)	24,662	-	-	24,662
Borrowings	83,011	57,701	212,703	353,415
	170,830	57,701	212,703	441,234

(*) Do not include advances to suppliers and taxes.

5.2 Fair value estimation -

Fair value is defined as the amount for which an asset can be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction, under the assumption that the entity is a going concern. As of June 30, 2013 and December 31, 2012 no account in the consolidated financial statements is measured at fair value.

When a financial instrument is traded in a liquid and active market, its stipulated price in the market in a real transaction provides the best evidence of its fair value. When there is no stipulated market price or this is not indicative of the fair value for an instrument, it is possible to use the market value of another instrument, substantially similar, in order to determine its fair value, the analysis of discounted cash flows or other applicable techniques; which are significantly affected by the used assumptions.

Although Management has used its best judgment in the estimate the fair values of its financial instruments, any technique to estimate such values involves certain level of inherent fragility. As a result, the fair value is not indicative of the net realizable or liquidation value of the financial instruments.

IFRS 7, ‘Financial instruments - Disclosures’, requires that the entity discloses information about the measurement of its financial instruments at fair values considering by classifying fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

– Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

– Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

– Inputs for the asset or the liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Group’s Companies do not have any financial instruments measured at fair value in the statement of financial position. However, for disclosure purposes the Group uses the following criteria to determine the fair value of its financial instruments:

c) Financial instruments which fair value is similar to the carrying amount -

For financial assets and liabilities that are liquid or have short term maturities (less than three months), such as cash and cash equivalents, accounts receivable, accounts payable and other current liabilities, it is considered that their carrying amount is similar to their fair value.

d) Financial instruments at fixed interest rate -

The fair value of financial liabilities that bear fixed interest rates accounted at amortized cost is determined comparing the market interest rates at the moment of its initial recognition with the current market rates related to similar financial instruments. The estimated fair value of the deposits that bear interest is determined through discounted cash flows using market interest rates in the prevailing currency with similar maturities and credit risks.

6 OPERATING SEGMENT INFORMATION

Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker (“CODM”) in deciding how to allocate resources and in assessing performance. The CODM, which has been identified as the Group’s Executive Committee, is responsible of the operating decisions and for the assessment of the performance of the operating segments. Management has determined the operating segments based on the monthly reports reviewed by the Executive Committee.

The Executive Committee evaluates the business from a service perspective. Accordingly, Management has identified that all entities included in the consolidated financial statements are separate reportable segments since these are components of the group that: i) are engaged in business activities that generate income and incur expenses, ii) the person responsible of the operating decisions regularly reviews their operating results, and iii) have available discreet financial information. The main reportable segments of the Company are: Neptunia S.A. and Cosmos Agencia Marítima S.A.C., which income for the six months ended June 30, 2013, net of transactions between Group entities, represents 49.95% and 36.41% of the Group’s income, respectively (52.68% and 34.27% in 2012, respectively).

The measurement principles for the Group's segment reporting structure are based on the IFRS principles adopted in the financial statements. Transactions between reportable segments are not considered for consolidation purposes.

Total segment assets are measured in a consistent way with that of the consolidated financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Total reportable segments' assets, liabilities, income and expenses reconcile with the balances shown in the financial statement of financial as follows:

Operating segments	Current assets	Non-current assets	Total assets	Liabilities	Short-term borrowings	Long-term borrowings	Total borrowings	Total liabilitie
	S/.000	S/.000	S/.000	S/.000	S/.000	S/.000	S/.000	S/.000
As of June 30, 2013 (Unaudited)								
Neptunia S.A. (1)	80,287	794,925	875,212	265,005	24,159	93,124	117,283	382
Cosmos Agencia Marítima S.A.C. (2)	83,418	320,173	403,591	38,063	5,500	123,178	128,678	166
Triton Transport S.A. (3)	11,729	14,715	26,444	8,656	2,187	2,641	4,828	13
Multitainer S.A. (4)	25,560	4,664	30,224	24,697	3,846	263	4,109	28
Others	93,327	1,205,527	1,298,854	288,920	17,731	33,163	50,894	339
Consolidated adjustments	(87,481)	(471,008)	(558,489)	(82,403)	-	-	-	(82
	206,840	1,868,996	2,075,836	542,938	53,423	252,369	305,792	848
As of December 31, 2012 (Audited)								
Neptunia S.A. (1)	76,430	797,739	874,169	255,874	33,955	87,304	121,259	377
Cosmos Agencia Marítima S.A.C. (2)	63,664	339,722	403,386	31,424	9,858	113,457	123,315	154
Triton Transport S.A. (3)	10,432	15,802	26,234	7,273	4,169	2,519	6,688	13
Multitainer S.A. (4)	21,056	4,297	25,353	18,276	4,613	430	5,043	23
Others	54,558	1,217,952	1,272,510	295,533	5,207	14,065	19,272	314
Consolidated adjustments	(39,190)	(514,903)	(554,093)	(72,011)	-	-	-	(72
	186,950	1,860,609	2,047,559	536,369	57,802	217,775	275,577	811

(5) Port and storage services
(6) Maritime agency services
(7) Transport services
(8) Sale, lease and conditioning of containers

Operating segments	Sales	Gross profit	General expenses	Other income/ expenses	Operating profit	Financial costs (net)	Profit attributable jointly controlled businesses	Exchange difference net
	S/.000	S/.000	S/.000	S/.000	S/.000	S/.000	S/.000	S/.000
For the period ended June 30, 2013 (Unaudited)								
Neptunia S.A. (1)	142,483	28,629	(17,373)	(526)	10,730	(6,094)	-	(1
Cosmos Agencia Marítima S.A.C. (2)	106,779	22,898	(15,046)	(637)	7,215	(8,498)	-	(
Triton Transports S.A. (3)	16,824	3,778	(1,893)	27	1,912	(233)	-	(
Multitainer S.A. (4)	10,324	1,478	(1,752)	-	(274)	(104)	-	(
Others	29,119	13,047	(6,004)	738	7,781	(271)	-	(
Consolidated adjustments	(26,454)	(106)	(753)	16	(843)	(3,485)	4,484	-
	279,075	69,724	(42,821)	(382)	26,521	(18,685)	4,484	(2
For the period ended June 30, 2012 (Unaudited)								
Neptunia S.A. (1)	124,651	20,503	(17,186)	880	4,197	(8,465)	-	
Cosmos agencia marítima S.A.C. (2)	84,349	19,191	(15,281)	(173)	3,737	(5,547)	-	
Triton Transports S.A. (3)	16,236	3,260	(1,778)	122	1,604	(318)	-	
Multitainer S.A. (4)	12,154	2,084	(1,741)	6	349	(115)	-	
Others	20,564	7,316	(6,632)	645	1,329	(1,222)	-	(
Consolidated adjustments	(25,849)	-	-	7	7	(984)	5,294	-
	232,105	52,354	(42,618)	1,487	11,223	(16,651)	5,294	

(1) Port and storage services
(2) Maritime agency services
(3) Transport services
(4) Sale, lease and conditioning of containers

7 CASH AND CASH EQUIVALENTS

This account comprises:

	As of June 30, 2013 S/.000 (Unaudited)	As of December 31, 2012 S/.000 (Audited)
Cash and checking accounts	17,349	14,534
Term deposits	7,414	2,348
	24,763	16,882

Checking accounts are denominated in New Peruvian Soles and United States Dollars and are deposited in various local banks, do not accrue interest and are freely available.

As of June 30, 2013, term deposits are denominated in New Peruvian Sol and United States Dollars. In the BBVA Banco Continental amounting to S/.2,850,000, accrue interest at annual effective rate of 3.3% and in the Banco de Credito del Perú amounting to US$1,640,000 (equivalent to S/.4,564,000), accrue interest at annual effective rate of 1.49%; the maturity is on July 15, 2013. As of December 31, 2012 term deposits are denominated in United States Dollars, accrue interest at annual effective rate of 1.5% and their original maturity is less than 3 months.

The credit quality of the counterparties who hold the deposits of the Group, according to the risk classifications of Apoyo Asociados, Equilibrium, and Class & Asociados is A and A+.

8 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

a) The balances with related parties are summarized as follows:

	As of June 30, 2013		As of December 31, 2012	
	Receivable S/.000 (Unaudited)	Payable S/.000 (Unaudited)	Receivable S/.000 (Audited)	Payable S/.000 (Audited)
Trade receivables:				
Terminales Portuarios Euroandinos Paita S.A. (i)	1,093	22	1,742	275
Svitzer Andino S.A. (i)	1,465	722	1,478	2,012
Triton Trading S.A. (ii)	171	574	348	908
Aeropuertos Andinos del Perú S.A. (i)	90	19	82	23
Nautilius S.A. (i)	5	3	9	7
Others	9	16	6	840
	2,833	1,356	3,665	4,065
Others receivables:				
Aeropuertos Andinos del Perú S.A. (i)	5,190	-	98	-
Svitzer Andino S.A. (i)	4,401	7	6,745	-
Proyecta y Construye S.A. (i)	-	6,401	-	5,867
Nautilius S.A. (i)	-	445	-	50
Others	-	78	-	68
	9,591	6,931	6,843	5,985
Total	12,424	8,287	10,508	10,050

Note:

(iii) The relationship with these companies is through jointly controlled businesses.
(iv) The shareholders of the Company are also shareholders of this entity.

The trade account receivables and payables, with related parties have current maturity, do not have specific guarantees and do not accrue interest.

As of june 30, 2013 and December 31, 2012, the other accounts receivable from Svitzer Andino S.A., corresponds to the sale of the vessel “Cabo Blanco” during the year 2011 amounting to US$4,766,000 (s/.13,603,000), amount that has been charged in monthly installments, outstanding debt will be paid by december 2013. For the six months period ended june 30, 2013 the group maintains s/.4,401,000 in other receivables.

The balance of other receivables to Aeropuertos Andinos del Perú S.A. as of June 30, 2013 corresponds to loans amounting to US$1,851,074 (S/.5,151,540) and S/.38,070 for working capital, which accrues interest at an annual effective rate of 8% and have current maturity.

The balance of other payable to Proyecta y Construye S.A. as of June 30, 2013 and December 31, 2012 corresponds to a loan of US$2,300,000 (S/.6,401,000 as of June 30, 2013 and S/.5,897,000 as of December 31, 2012), which accrues interest at an annual effective rate of 6% and does not have specific guarantees.

b) The main transactions with related parties for the six months period ended June 30, 2013 and June 30, 2012 include the following:

	2013 S/.000 (Unaudited)	2012 S/.000 (Unaudited)
Sale of goods and services	4,318	1,573
Purchase of goods and services	903	3,616

c) Loans to key personnel:

As of June 30, 2013 and June 30, 2012 the Company has not granted loans to key personnel.

The Group does not grant long term benefits to its Directors.

d) Remuneration and other benefits to key personnel:

The Group has defined as key personnel those officials with authority and responsibility to plan, direct and control the Group’s activities and it is composed of 47 executives as of June 30, 2013 (38 executives as of June 30, 2012).

The remuneration and other benefits to key personnel of the Group for the six months period ended June 30, 2013 amounts to S/.9,478,490 (S/.8,824,024 as of June 30, 2012).

9 INVENTORIES

This account comprises:

	As of June 30, 2013 S/.000 (Unaudited)	As of December 31, 2012 S/.000 (Audited)
Parts and supplies	12,934	10,987
Containers in process of transformation	12,516	8,445
Raw materials	2,201	2,165
Containers transformed for sale	-	133
In-transit goods	60	92
	27,711	21,822

In Management’s opinion, it is not necessary to constitute a provision for impairment of inventories as of June 30 2013 and as of December 31, 2012.

10 INVESTMENTS IN JOINTLY CONTROLLED BUSINESSES (JOINT VENTURES)

This item includes common shares of the following entities:

	Quantity shares as of June 30, 2013	Quantity shares as of December 31, 2012	Percentage of interest in capital as of June 30, 2013 and December 31, 2012 %	Value per share as of June 30, 2013 and December 31, 2012 S/.	Carrying amount as of (*) June 30, 2013 S/.000 (Unaudited)	Carrying amount as of (*) December 31, 2012 S/.000 (Audited)
Terminales Portuarios Euroandinos Paita S.A.	106,944,700	95,518,000	50.00	1	66,042	58,239
Aeropuertos Andinos del Perú S.A.	17,123,000	17,123,000	50.00	1	8,907	8,809
Svitzer Andino S.A.	3,555,000	3,555,000	50.00	1	6,691	4,736
Nautilius S.A.	237,558	237,558	50.00	1	861	936
Proyecta y Construye S.A.	10,000	10,000	50.00	1	1,265	386
Kubo ADS S.A.	10,000	10,000	50.00	1	531	236
Others					49	59
					84,346	73,401

(*) The equity value has been calculated from the information included in the unaudited financial statements of the entities.

The profit attributable total Group's interest amounts to S/.4,484,000 for the six months period ended June 30, 2013 (S/.5,294,000 for similar period of 2012), which is presented in the consolidated statement of comprehensive income.

For the six months period ended June 30, 2013 the share capital of Terminales Portuarios Euroandinos Paita S.A. was increased by S/.11,426,700 by cash contributions (S/.5,713,000 corresponding to the portion attributable to the Group).

As of June 30, 2013 and December 31, 2012, Management has assessed the value of its investments and its opinion there are no indicators of impairment.

The movement of the investment in joint control arrangements for the six months period ended June 30, 2013 and June 30, 2012 are as follows:

	2013 S/.000 (Unaudited)	2012 S/.000 (Unaudited)
As of January 1	73,401	19,265
Capital cash contributions:		
- Terminales Portuarios Euroandinos S.A.	5,713	36,582
	5,713	36,582
Dividends received:		
- Nautilius S.A.	(234)	(292)
- Proyecto y Construye S.A.	(119)	-
- Terminales Portuarios Euroandinos S.A.	-	(2,894)
	(353)	(3,186)
Profit attributable to the Group's interest in jointly controlled businesses	4,484	5,294
Adjustments (*)	1,101	292
As of June 30, 2013 and June 30, 2012	84,346	58,247

(*) Due to differences between preliminary and final financial statements from jointly controlled businesses.

11 PROPERTY, PLANT AND EQUIPMENT

The movements are as follows:

	Land	Buildings and other constructions	Machinery and equipment	Other equipment	Vehicles	Furniture and equipment
	S/.000	S/.000	S/.000	S/.000	S/.000	S/.000
For the six month period ended June 30, 2012						
Opening net book value	493,237	78,777	57,927	17,890	15,052	1,
Additions	-	1,335	248	561	2,336	
Disposals	-		(228)	(22)	(101)	(
Transfers	-	482	1,442	(1,154)	70	
Depreciation charge	-	(3,587)	(3,726)	(1,325)	(1,923)	(
Net book value	493,237	77,007)	55,663	15,950	15,434	1,
As of June 30, 2012						
Cost	493,237	148,755	89,979	41,190	34,531	3,
Accumulated depreciation	-	(71,748)	(34,316)	(25,240)	(19,097)	(2,
Net book value (Unaudited)	493,237	77,007	55,663	15,950	15,434	1,
For the six month period ended June 30, 2013						
Opening net book value	1,558,637	107,421	53,841	19,376	13,657	1,
Additions	-	1,563	2,132	1,097	1,877	
Disposals	-	-	(292)	(767)	(495)	(
Transfers	-	1,736	884	8		-
Depreciation charge	-	(4,249)	(3,848)	(1,806)	(1,433)	(
Net book value	1,558,637	106,471	52,717	17,908	13,606	1,
As of June 30, 2013						
Cost	1,558,637	187,166	93,363	45,565	35,194	4,
Accumulated depreciation	-	(80,695)	(40,646)	(27,657)	(21,588)	(2,
Net book value (Unaudited)	1,558,637	106,471	52,717	17,908	13,606	1,

a) Valuation techniques used to derive Level 2 fair values -

Level 2 fair values of land have been generally derived using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square meter.

There were no changes in valuation techniques during the six months period ended June 30, 2013.

b) As of June 30, 2012 work in progress correspond mainly to ethanol storage and dispatch plant. Since July 2012 these assets under constructions were activated.

12 BORROWINGS

This account comprises:

	As of June 30, 2013 S/.000 (Unaudited)	As of December 31, 2012 S/.000 (Audited)
Current portion:		
Short-term borrowings:		
Bank promissory notes (b)	1,647	7,736
Commercial papers (c)	14,059	-
Factoring	20,966	22,988
	36,672	30,724
Current portion of long-term borrowings:		
Bank loans (a)	2,961	11,846
Finance lease agreements	13,790	15,232
	16,751	27,078
	53,423	57,802
Non-current portion:		
Bank loans (a)	231,914	195,192
Finance lease agreements	16,844	18,643
Bank promissory notes (b)	3,611	3,940
	252,369	217,775

The long-term borrowings are payable as follows:

	2013 S/.000 (Unaudited)	2012 S/.000 (Audited)
Year		
2014	-	10,281
2015	8,217	10,422
2016	13,707	189,496
2017	211,420	1,450
2018	4,258	1,370
2019	4,083	1,471
2020	4,179	1,584
2021	4,305	1,701
2022	2,200	-
	252,369	217,775

a) Bank loans -

This item includes:

	As of June 30, 2013		As of December 31, 2012	
	Current S/.000 (Unaudited)	Non-current S/.000 (Unaudited)	Current S/.000 (Audited)	Non-current S/.000 (Audited)
Banco Santander	-	-	5,652	-
Banco de Crédito del Perú	1,076	11,138	1,806	10,710
EFIC Partners L.C.	-	-	3,827	-
CIFI	943	8,798	-	-
CII	942	8,798	-	-
Goldman Sach Credit Partners L.P.	-	203,180	-	184,482
BBVA Banco Continental	-	-	561	-
	2,961	231,914	11,846	195,192

The balance payable to Banco Santander as of December 31, 2012 corresponds to three loans that were granted in New Peruvian Soles, bear an annual interest rate of 7.80% with final maturity in March 2013.

In May 2012 the Group received a loan from EFIC Partners L.C. (a financial entity), which bears an annual interest rate of 7.50%. This loan has two tranches, the first tranche amounts to US$500,000 which matures in November 2012 and the second tranche amounting to US$1,000,000 which matures in May 2013. On November 2012, an addendum to the loan agreement was signed extending the maturity of the first tranche for 90 days (to February 2013) at the same annual effective interest rate. On February 2013, an addendum was signed extending the maturity of the second tranche for 90 days (to May 2013).

On April 2013, the Group received a loan from Corporación Interamericana para el Financiamiento de Infraestructura S.A. (CIFI) for US$3,500,000, bears an annual interest rate of 7%, with quarterly installments with final maturity in April 2021.

On June 2013, the Group received a loan from Corporación Interamericana de Inversiones (CII) for US$3,500,000, bears an annual interest rate of 7%, with quarterly installments with final maturity in April 2021.

The main covenants that the syndicated loan contract with Goldman Sach Credit imposes to the Group are: i) a minimum of 2 of debt coverage ratio, and ii) a maximum of 4 of EBITDA ratio divided by the financial debt. As of June 30, 2013 the ratios that arise from the consolidated financial statements of the Group are 2.19 and 3.46, respectively (2.01 and 3.44, respectively as of December 31, 2012).

In Management's opinion, the compliance of these obligations does not limit or affect the Group's operations and at the date of the financial statements the Group has not incurred in any breach of the covenants.

b) Bank Promissory notes -

As of June 30, 2013 and December 31, 2012, this item includes:

	As of June 30, 2013		As of December 31, 2012	
	Current	Non-current	Current	Non-current
	S/.000	S/.000	S/.000	S/.000
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Banco de Credito del Peru	1,352	3,611	4,802	3,940
Banco Interamericano de Finanzas	-		2,934	-
BBVA Banco Continental	295	-	-	-
	1,647	3,611	7,736	3,940

As of December 31, 2012, the amount owed to Banco Interamericano de Finanzas corresponds to two promissory notes that bear interest at a rate of 7.50%. One of these promissory notes matures in March 2013 and the other requires of monthly prepayments until June 2013. The Group has not granted any specific guarantees on these notes.

For the six months period ended June 30, 2013, the amount owed to BBVA Banco Continental corresponds to a promissory note that bears interest at rate of 6.50%, with maturity in October 2013 and has not any specific guarantees.

c) Commercial papers -

On January 29, 2013, the Company issued short term instruments, under the denomination of “First Program of Issue of Short Term Instruments of Andino Investment Holding S.A.A.”, placing US$5,000,000 of series “A” short term instruments at par value of US$1,000 each, bearing a nominal annual interest rate of 3.5% with maturity in 180 days. This transaction is in line with the placement program of short term instruments for up to US$20,000,000 approved by the Shareholders in its meeting hold in December 4, 2012.

d) Fair value and foreign currency -

The fair value of the financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rates that are available for the Company for similar financial instruments.

	As of June 30, 2013		As of December 31, 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
	S/.000	S/.000	S/.000	S/.000
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Bank promissory notes	5,258	5,258	11,676	11,676
Commercial papers	14,059	14,059	-	-
Factoring	20,966	20,966	22,988	22,988
Bank loans	234,875	140,866	207,038	143,736
Financial lease agreements	30,634	30,634	33,875	33,875
	305,792	211,783	275,577	212,275

The carrying amount of short term loans approximates their fair values since the effect of their discount is insignificant.

The fair value of long term debt has been determined based on the contractual cash flows discounted at market rates available for the Company from similar counterparties which as of June 30, 2013 and December 31, 2012 in average amounts to 10.00%.

The denomination of the financial debt of the Company is shown below:

	As of June 30, 2013 S/.000 (Unaudited)	As of December 31, 2012 S/.000 (Audited)
New Peruvian Sol	30,019	39,240
United States Dollar	275,773	236,337
	305,792	275,577

13 OTHER ACCOUNTS PAYABLE

This account comprises:

	As of June 30, 2013 S/.000 (Unaudited)	As of December 31, 2012 S/.000 (Audited)
Personnel	10,888	7,210
Provisions	7,257	7,073
Advances received	15,140	3,147
Reimbursements to third parties	493	3,149
Claims from third parties	1,989	511
Other minor amounts	621	6,719
	36,388	27,809

14 TAX SITUATION

Income tax expense is recognized based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year ended December 31, 2013 was 6.1% (the estimated tax rate for the six months period ended June 30, 2012 was 48%). This variation is mainly due to the combined effect of expected increase in non-deductible expenses for 2013, as compared to 2012 mainly explained by an increase of non-deductible charges of depreciation of property, plant and equipment and the use of tax losses of subsidiaries as of December 31, 2012.

15 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the net income for the period attributable to common shareholders by the weighted average number of outstanding ordinary shares as of the date of the statement of financial position.

	Shares in circulation	Base of shares for the calculation	Days of validity until the closing of the six months period	Weighted average of shares
For the six months period ended June 30, 2013:				
Balance as of June 30, 2013	134,469	134,469	180	134,469
For the six months period ended June 30, 2012:				
Balance as of January 1, 2012	99,665	99,665	180	99,665
Capital contribution	34,804	34,804	153	29,583
Balance as of June 30, 2012	134,469	134,469		129,248

The calculation of the earnings per share as of June 30, 2013 and June 30, 2012 is presented below:

	As of June 30, 2013 (Unaudited)			As of June 30, 2012 (Unaudited)		
	Loss (numerator) S/.000	Shares (denominator)	Loss per share S/.	Profit (numerator) S/.000	Shares (denominator)	Profit per share S/.
(Loss) profit per basic and diluted share	(11,199)	134,469	(0.08)	4,148	129,248	0.03

16 REVENUE FROM SERVICES RENDERED

Following are the sales of the services carried out by the Company and its subsidiaries for the six months period ended June 30, 2013 and June 30, 2012:

a) Port business, which includes the maritime agency services, cargo movement, stevedoring, storage, among others.

b) Services of comprehensive logistical solutions related to cargo activities, storage, transport and distribution to various entities.

The detail of the operating income for the six months period ended June 30, 2013 and June 30, 2012 is presented below:

	2013 S/.000 (Unaudited)	2012 S/.000 (Unaudited)
Port	105,762	79,316
Logistics	169,777	144,012
Other	3,536	8,777
	279,075	232,105

The variance corresponds to the following:

Neptunia S.A.
- Increase in providing logistics services and integrated services;
- Adjustment of price for import and export services;
- Growth in the automotive sector;

Cosmos Agencia Maritima S.A.C.
- Increase in volume and agency services rates;
- New customer contracts;

File Service S.A.

- Growth in sales of traditional business line "basic services" (printed document storage) and new services as "value added" and "design and automation".

Penta Tanks S.A.

- Invoicing for rental services of ethanol plant from July 2012.

17 COST OF SERVICES RENDERED

The service provision cost for the six months period ended June 30, 2013 and June 30, 2012 includes the following items:

	2013 S/.000 (Unaudited)	2012 S/.000 (Unaudited)
SERVICES RECEIVED FROM BY THIRD PARTIES (*)	135,716	121,836
PERSONNEL EXPENSES	43,242	31,632
OTHER MANAGEMENT CHARGES	13,643	9,720
DEPRECIATION	9,917	9,146
TAXES	1,459	251
AMORTIZATION	-	32
CONSUMPTION OF SUPPLIES	5,374	7,134
	209,351	179,751

(*) The services received from third parties mainly include the following: cargo, agency, lease of forklift, leases with third parties, consultancies, commissions invoiced to the shipping lines, transport and handling services.

18 SUBSEQUENT EVENTS TO THE DATE OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

a) Issue of short term instruments

On august 8, 2013, the Company issued short term instruments, under the denomination of “First Program of Issue of Short Term Instruments of Andino Investment Holding S.A.A.” placing US$5,000,000 of series “B” short term instruments at par value of US$1,000 each, bearing a nominal annual interest rate of 2.969% with maturity in 180 days. This transaction is part of the program of short term instruments for up to US$20,000,000 approved by the Shareholders in its meeting hold in December 4, 2012.

b) Sale of subsidiary

On August 29, 2013, the Board of Cosmos Agencia Maritima S.A.C. (entity controlled by Andino Investment Holding S.A.A.) approved the sale of all its common shares with voting rights of File Services S.A. (a document engineering service provider as well as design services and automating administrative processes) amounting to 2,021,714 common shares. This transaction will represent to the Group a sale of US$15,272,000.

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