Mandatory IFRS and Corporate Governance in Peruvian Corporations

2019 IASB Research Forum in conjunction with JIAR
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9:00 - 10:30am
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Outline

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1. Purpose

The primary purpose of this paper is to analyze the effect of mandatory implementation of IFRS in Peru on accounting quality and subsequently on corporate governance (as transparency and comparability in financial reporting and disclosure practices are intimately related to corporate governance).
2. Introduction

When researchers analyze corporate governance and accounting standards, most focus on the effect that corporate governance has on accounting standards and financial reporting quality. This paper takes a different approach, first analyzing the effect of the mandatory implementation of IFRS in Peru on accounting quality (and consequently on corporate governance of Peruvian corporations), and then analyzing the evolution of corporate governance in Peru.

One reason for this approach is that the definition of accounting standards applied in Peru before the adoption of IFRS is unclear.
3. Relevant Concepts

• OECD (2015) principles emphasize the importance of transparency in financial reporting and disclosure practices as the prime corporate governance mechanism for reducing the information asymmetry that stems from the agency problem.

• According to Zeghal et al. (2012), supporters of mandatory IFRS adoption argue that conversion to IFRS improves information quality as it enhances the comparability and transparency of financial reporting around the world. This, in turn, is expected to reduce the cost of capital for firms (Covrig and Defond 2007; Jeanjean and Stolowy 2008; Armstrong et al. 2010; Li 2010).
4. Corporate Governance in Peru

• In 2002, a committee composed of eight public and private sector entities, chaired then by CONASEV—currently by Superintendence of Securities Market (SMV)—was formed in order to establish principles of corporate governance applicable to Peruvian companies.

• In 2008 the Lima Stock Exchange (BVL) issued the Index of Good Corporate Governance.

• On June 14, 2014, the SMV issued Resolution No. 012-2014-SMV/01, which requires listed companies disclose their good governance practices to the public when they report their compliance with the Code of Good Corporate Governance for Peruvian Companies.
5. Accounting in Peru: Authorities and Standards

The three financial accounting authorities in Peru are the Accounting Standards Council (CNC), the Superintendence of the Securities Markets (SMV) and the Superintendence of Banking, Insurance, and Pension Funds (SBS).
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<tr>
<th>Type of company</th>
<th>Institution that sets/makes official the standards</th>
<th>Accounting standards</th>
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<tr>
<td>Financial company</td>
<td>SBS</td>
<td>SBS own accounting standards</td>
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<td>Non-financial listed company</td>
<td>IASB</td>
<td>IFRS</td>
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<td>Private company</td>
<td>CNC</td>
<td>IFRS approved by the CNC</td>
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<td>SME</td>
<td>CNC</td>
<td>IFRS for SMEs</td>
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Figure 1: Historic Milestones in the Adoption of IFRS in Peru

1980's

"Peruvian GAAPs" are a combination of US GAAPs and tax rules

1986

X National Congress of Public Accountants
Adoption of IAS (international Accounting Standards) 1-13

1988

XI National Congress of Public Accountants
Adoption of IAS (international Accounting Standards) 14-23

1990

XII National Congress of Public Accountants
Adoption of IAS (international Accounting Standards) 24-29

1990's

1994

CNC Resolutions Nº 005-94-EF/93.01; Nº 007-96-EF/93.0; Nº 011-97-EF/93.0; Nº 014-98-EF/93.01
From 1994 to 1998 the CNC (Peru's Accounting Standards Council) made official the International Accounting Standards (IAS) gradually

1998

Resolution number 013-98-EF/93.01
The CNC specified that GAAPs to which the Companies Act refers comprise essentially IFRS Standards.

1999

Resolución CONASEV Nº 103-99-EF/94.10
Manual for the Preparation of Financial Information according to IFRS
Historic Milestones in the Adoption of IFRS in Peru cont.

2000's

2002

Supreme decree No. 093-2002-EF

CONASEV is in charge of setting the standards for the preparation of the financial statements for the companies under its control and supervision.

2005

CONASEV (Peru's SEC) Resolution No. 092-2005-EF / 94.10

Since January 1st 2006, the companies under CONASEV's control and supervision must comply with the IFRS.

2008

CONASEV Resolution No. 010-2008-EF / 94.01.2

The CONASEV issued the Manual for the Preparation of Financial Information.

2010

CONASEV Resolution No. 102-2010

Companies under CONASEV's control and supervision must fully comply with the IFRS issued by the IASB. Those companies must submit audited annual financial information since the year finished on December 31, 2011.

2010's

2011

Law 29720 (Art 5)

Big companies (including those not under the supervision of the CONASEV) must comply with IFRS.

2016

Constitutional Court Exp. 0009-2014-PI/TC

The Constitutional Court declared unconstitutional the rule that forced companies that are not under the supervision of CONASEV to publish their accounting information.
6. Literature Review
6.1 Corporate Governance in Peru

- Eyzaguirre (2009) analyzed the role of institutional investors in promoting good corporate governance practices in Peru, emphasizing the role of pension funds (AFPs in Peru).
- Doidge et al. (2007) included Peru in a cross-national study of the influence of country characteristics on corporate governance. They concluded that in less-developed countries, it is costly to improve investor protection because the institutional infrastructure is lacking and good governance has political costs.
- Tanaka (2015) concluded that good corporate governance is correlated with good financial performance.
- Mongrut et al. (2018) concluded that companies that have adopted a corporate governance code pay more dividends, despite the fact that dividend payout is usually negatively correlated with ownership concentration.
6.2 IFRS (International Financial Reporting Standards) in Peru

- The most important research done on accounting standards in Peru is the Report on the Observance of Standards and Codes (ROSC) conducted by the World Bank in 2004. It was recommended that “Peru’s largest non-listed companies should be required by law to present annual audited IFRS-based financial statements, and these statements should be made available to the public” (World Bank, 2004, p. 22).

- A number of papers that followed the World Bank report should be mentioned. Lam (2010), analyzed the implementation of the new plan of accounts in Peru (PCGE), which was prepared in concordance with IFRS. Molina et al. (2014) briefly reviewed the process of implementation of international standards in Peru. Tanaka (2014) analyzed the convergence of accounting standards in Peru.

- With regard to the effects of the implementation of IFRS in Peru, Diaz (2014) analyzed the effects on the financial statements of Peruvian companies after the adoption of IFRS in 2011.
7. Hypothesis Development
As previously mentioned, when researchers analyze corporate governance and accounting standards, most focus on the effect that corporate governance has on accounting standards and financial reporting quality.

- Brown et al. (2011) stated that evidence from Australian firms suggests that corporate governance regulation has a positive impact on the quality of the firm’s disclosures. However, additional research is merited in other countries, particularly in developing countries, to better understand the influence of corporate governance regulation on firm disclosure behavior.

- Yu and Zabihollah (2012) found that effective internal corporate governance helps companies to be more aligned with IFRS and thereby provide high-quality financial information. They also found that audit quality as an external governance factor mediates the relationship between internal corporate governance and IFRS convergence.
• Leung and Verriest et al. (2013) investigated the association between corporate governance and the choices of EU listed firms with respect to IFRS adoption in 2005 and found that firms with stronger governance disclose more information, comply more fully, and use the carve-out provision of IAS 39 less opportunistically.

• Saenz and Garcia-Meca (2013), using a sample of listed Latin American non-financial companies from 2006 to 2009, concluded that the role of external directors is limited in the Latin American context. They also found that boards which meet more frequently take a more active stance in the monitoring of management, resulting in a lower use of earnings management.
On the other hand, research studies on the effect that IFRS adoption has on accounting quality have produced diverse outcomes.

- Ball (2006) stated that IFRS offer equity investors potential advantages, including more accurate, comprehensive, and timely financial statement information.
- Barth et al. (2008), in a 21-country study, found that firms that apply IAS generally evidence less earnings management, more timely loss recognition, and more value relevance in their accounting than do matched sample firms that apply non-US domestic standards.
- Capkun et al. (2012) found evidence that earnings management (smoothing) decreased after the adoption of IAS/IFRS for early adopters. Their results also showed that earnings management (smoothing) increased for late and mandatory adopters after their adoption of IFRS in 2005.
- Rodriguez et al. (2017), using a sample of companies from Argentina, Brazil, Chile, and Mexico, found that the change from local accounting regulations to internationally approved standards increased value relevance, and improved earnings timeliness in large firms.
• Van Tendeloo and Vanstraelen (2006) posit that companies that have adopted IFRS tend to engage more in earnings smoothing, but this tendency weakens for companies that use a Big 4 auditor.

• In research on three first-time IFRS adopter countries—Australia, France, and the UK—Jeanjean and Stolowy (2008) found that the pervasiveness of earnings management did not decline after the mandatory introduction of IFRS, and that in fact it increased in France.

• Iatridis and Rouvolis (2010) found that there is some evidence of earnings management, perhaps because of significant costs of transitioning to the new standards, but that in the subsequent accounting period, the level of earnings management is significantly reduced. They also found that the implementation of IFRS results in more value relevant accounting measures in the second year of adoption compared to the first year.

• Analyzing a sample of non-financial firms listed on 11 EU stock markets, Callao and Jarne (2010) concluded that earnings management intensified after the adoption of IFRS in Europe, as discretionary accruals increased in the period following implementation.

- Conversion to IFRS improves information quality and thus enhances the comparability and transparency of financial reporting (Zeghal et al., 2012). From this, the main hypothesis of this research is derived, namely: The mandatory implementation of IFRS in Peru has had a positive effect on the quality of accounting information and, consequently, on corporate governance in Peru.
8. Methodology

- In order to test the hypothesis, primary and secondary data were analyzed. Primary data included interviews and surveys with key stakeholders. Secondary data was also analyzed to strengthen the analysis.
8.1 Interviews

• The interviews were conducted in Lima (Peru’s capital) from September 6 to 28\textsuperscript{th}, 2017 and September 4 to 17\textsuperscript{th}, 2018. The interviews were recorded, transcribed and sent to the interviewees for their revision. The average length of the interview was 63 minutes.

• Moreover, it is important to mention that although the data from nineteen interviewees (from twenty institutions/firms) is presented in the table below, eventually the opinions of some other important stakeholders (not included in the list) were obtained, being the actual number of interviewees of more than twenty. However, as per their request, the names/positions of the interviewees are not mentioned.
Table 2: List of the Interviewees

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<tr>
<td>1</td>
<td>Accounting Standards Council / General Direction of Public Accounting</td>
<td>President / General Director</td>
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<td>2</td>
<td>Superentendency of Securities Markets</td>
<td>Supervisor</td>
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<td>3</td>
<td>SUNAT (Peru's Tax Agency)</td>
<td>Manager - Division of Virtual Formation</td>
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<td>4</td>
<td>Lima's Professional Accounting Associations (CCPL)</td>
<td>Dean</td>
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Regulators and other institutions

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Auditing Firms

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Universities

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Other Relevant Stakeholders

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8.2 Surveys of companies

• As of the date of this research, there are 201 listed companies that are under the supervision of the SMV. From that list, 36 companies are financial corporations that must comply with the accounting standards issued by the SBS. Therefore, there are 175 companies that must comply with IFRS.

• After sending the survey to the 175 companies under the supervision of the SMV that comply with IFRS and some other big private corporations, 29 companies (16.6% of the sample) responded the questionnaire.

-see Appendix 1: Summary of the Surveys Results-
9. Analysis of the Results
9.1 Interview Results

Topic 1: Peruvian GAAPs

After analyzing the results of the interviews, it can be stated that (1) Peru did not have its own technical development of accounting standards (except for pronouncements regarding adjustment for inflation), and (2) the standards that were applied by listed Peruvian corporations in the new millennium just before the adoption of IFRS (Peruvian GAAPs) were actually the same as IFRS but with some exceptions, mainly related to taxation, labor and legal issues, related to the particular characteristics of Peru.
9.1 Interview Results cont.

Topic 2: Benefits of the Implementation of IFRS

After reviewing the results of the interviews, the most important benefit of the implementation of IFRS in Peru is that the country currently has a standardized set of accounting rules, and consequently the quality of accounting information has been improved.
9.2 Survey Results

- Regarding the main obstacle that surveyed companies faced in the implementation of IFRS, staff training was the most commonly reported.
- The main difficulty that companies had using IFRS was that the standards were not specific enough. This response reflects the “tradition” of Peruvian accountants who were used to complying with more rule-based standards such as US GAAPs or tax regulations.
- A positive point was that 45% of respondents reported that IFRS brought both advantages and disadvantages to their companies, while 55% answered that IFRS only brought advantages.
- 97% of the surveyed companies reported that using IFRS results in more accurate accounting information.
9.2 Survey Results cont.

• 55% of respondents reported that they do not think that IFRS increases the volatility of profits. Similarly, 62% of respondents do not think that IFRS increases of share prices.

• Regarding the biggest issues encountered in the application of IFRS, respondents most commonly named the necessity of third parties’ services for proper implementation.

• Among the benefits of IFRS, the most-selected answers were: greater credibility/transparency in financial information; globalization and access to international markets; improvement in the comparability of financial information; and higher perception that accounting information is useful for decision-making.
Conclusions – Primary data

Consequently, from the interviews and surveys it can be concluded that, according to the main stakeholders in Peru, financial reporting quality has been improved. This is in line with OECD (2015) statement that “transparency in financial reporting and disclosure practice is the prime corporate governance mechanism for reducing the information asymmetry that stems from the agency problem.”
10. Complementary Analysis of Accounting Quality after Mandatory IFRS Adoption: Earnings Management and Value Relevance

- Zeghal *et al.* (2012) posited that there are four earnings (or more generally, accounting) quality constructs that are widely used in the accounting literature: *earnings management, timeliness, conservatism, and value relevance*. Considering this, in order to strengthen conclusions regarding the influence of IFRS on financial reporting quality, *two studies regarding earnings management and value relevance were conducted*. 

• The studies analyze changes in earnings management and value relevance using a sample of listed Peruvian companies legally required to use IFRS, over the period 2006 to 2016. The period under study is broken into three stages, according to legal regulations in Peru:
  1. Early Adoption of IFRS: From 2006 to 2009
  2. Actual Adoption of IFRS: From 2010 to 2011
  3. Most Recent Compliance with IFRS: From 2012 to 2016
Figure 2: Historic Milestones in the Adoption of IFRS in Peru

2000's

2002
Supreme decree No. 093-2002-EF
CONASEV (Peru's SEC) Resolution No. 092-2005-EF / 94.10.

2005
Since January 1st, 2006, the companies under CONASEV’s control and supervision must comply with the IFRS

2008
CONASEV Resolution No. 010-2008-EF / 94.01.2
The CONASEV issued the Manual for the Preparation of Financial Information.

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Companies under CONASEV’s control and supervision must fully comply with the IFRS issued by the IASB. Those companies must submit audited annual financial information since the year finished on December 31, 2011.

2010's

2011
Law 29720 (Art 5)
Big companies (including those not under the supervision of the CONASEV) must comply with IFRS

2016
Constitutional Court Exp. 0009-2014-PI/TC
The Constitutional Court declared unconstitutional the rule that forced companies that are not under the supervision of CONASEV to publish their accounting information.
10.1 Study 1: IFRS and Earnings Management

**Purpose:** To evaluate the effect of IFRS on accounting quality using earnings management as an earnings quality construct.

**Hypotheses:**

**H1:** Non-financial corporations listed on the Lima Stock Exchange engage in some degree of earnings management.

**H2:** DAC$_{it}$ has decreased since the adoption of IFRS, where DAC = discretionary accruals.
10.1 Study 1: IFRS - Earnings Management cont.

Model: The study applied the modified version of the Jones (1991), which has been widely used in other studies.

Dechow et al. (1995) state that to test for earnings management the estimated discretionary accruals are regressed on the portioning variable PART, whose coefficient $\beta_{1i}^\wedge$ provides a point estimate of the magnitude of the earnings management:

$$DAP_{it} = \alpha_i^\wedge + \beta_{1i}^\wedge \text{PART}_{it} + \epsilon_{it}$$

where PART is a dummy variable taking the value of one for the period of IFRS compliance.

Data: For the financial data, the main source was the Osiris database. This was complemented with data from the Lima Stock Exchange (BVL), the Superintendence of the Securities Market (SMV), annual reports and audited financial statements. Data from 81 listed Peruvian corporations for the period between 2006 and 2016 (a total of 891 firm-year observations) were analyzed.
Conclusions:
1) Peruvian corporations engage in some degree of earnings management;
2) Although there is a slight positive effect on earnings management (a decrease, measured by level of discretionary accruals), this effect is not statistically significant enough to state that the impact of IFRS on earnings management in Peru has been significant.

Thus, consistent with Houqe et al. (2012), we conclude that IFRS per se does not lead to improved quality of earnings reporting.

-see Appendix 2: Summary of the Earnings Management Results-
10.2 Study 2: Value Relevance

Purpose: To evaluate the effect of the IFRS on accounting quality using value relevance as an earnings quality construct.

Model: The Ohlson Model based on the traditional belief that company value is composed of two main parts: the net value of the investment made in the company (book value), and the present value of the period benefits (earnings) that together make up the “clean surplus” concept of the value of shareholders’ equity.

\[ P_{it} = \beta + \beta_1 BVE_{it} + \beta_2 EPS_{it} + \varepsilon_{it} \]

Where:
- \( P_t \) = Stock price 1 month after the end of fiscal year t-1, where year t-1 is the event year.
- \( BV_{t-1} \) = Book value at the end of year t-1
- \( EPS_{t-1} \) = Earnings per share in period t-1
- \( \varepsilon_{it} \) = a normally distributed error term
10.2 Study 2: Value Relevance cont.

Data: Consistent with Easton and Sommers (2003), in order to avoid scale effect in the regression of price per share, “per share” financial statement variables were used (cash per share, earnings per share, and book value of equity per share).

The same companies used for the Earnings Management study were analyzed in this Value Relevance study, except for firms which didn’t have a quoted market price. This reduced the number of companies from 81 to 69. Thus, a total of 759 firm-years were covered for this research. All Peruvian companies in the S&P/BVL Peru General Index were included in the analysis.
Conclusions: This study complements previous studies by Ndubizu and Sanchez (2006), Liu et al. (2012), and Martínez et al. (2012), which cover different periods (1994 to 1999, 2002 to 2009, and 1999 to 2007, respectively). It reaches a different conclusion from Liu et al. (2012) regarding the value relevance of accounting numbers in the period following the early adoption of IFRS in Peru: this study’s results suggest that mandatory IFRS adoption in Peru had no significant impact on value relevance.

-see Appendix 3: Summary of the Value Relevance Results-
11. Discussion and Analysis

• The interviews of main stakeholders and surveys of listed companies carried out in this research project strongly suggest that the mandatory adoption of IFRS has contributed to improving accounting quality and corporate governance in Peruvian corporations.

• However, the two studies using secondary data from the Osiris database and other sources do not find that IFRS adoption had a significant impact on either earnings management or value relevance, and consequently, on corporate governance, in Peru.
11. Discussion and Analysis cont.

- Since the conclusions of the primary data (interviews and surveys) and secondary data (value relevance and earnings management) studies diverge, an additional analysis using secondary data was carried out to find out some explanations for the results of the secondary data research.

- In order to understand the low coefficients of the Part/Post variables, which imply that the implementation of the IFRS had no significant effect on earnings management or value relevance in accounting data, the following analysis was performed:
• For all of the companies in the sample, annual reports and other financial information, including the Auditor’s Reports, were examined in order to ascertain 1) the timeline (exactly when each company adopted IFRS based on the audit opinion) and 2) the magnitude (the change in the amount) of the effect on the financial statements.

• The rationale for this analysis is that in both Accounting Quality studies -Earnings Management (modified Jones model) and Value Relevance (Ohlson model)- the timeline and magnitude of the accounting figures are decisive in the statistical results.
As can be seen in Figure 3, more than 95% of the companies (77 corporations) adopted IFRS in 2011 (consistent with the year it was mandated in CONASEV Resolution No. 102-2010).
Figure 3
Companies in this research: Auditing Firms and IFRS Adoption Year

Number of Companies that adopted IFRS by year of adoption

- 2010: 1
- 2011: 77
- 2012: 1
- 2013: 1
- N/A: 1
• However, a deeper analysis reveals that—as per the interview with the Supervisor from the SMV (see below)—Peruvian companies started compliance with IFRS after 2005, but compliance was neither full nor uniform.

“So CONASEV decided to allowed a gradual recognition of IFRS-related expenses, over a period of 13 years, until 2018. CONASEV requested that during that period companies include Notes explaining the fact that some IFRS-related expenses were not yet included.”

“Finally, by 2011, most of the companies reported that they had recorded all expenses related to the full compliance with IFRS in 2009 and 2010, and that if CONASEV authorized it, they would correct their reports with the information submitted in 2011 in full compliance with IFRS.”

See Appendix 4: Excerpt from interview with the Supervisor of the SMV
• For example, the consolidated financial statements as of December 31, 2011 for Austral Group SAA, audited by PWC, state:
“In 2005, the parent of the group instructed its subsidiaries to prepare the statement of financial position of opening of conversion to IFRS as of January 1, 2004 in order to prepare their first consolidated financial statements in accordance with IFRS. Because of the adoption of IFRS for the first time by its parent company, Austral adjusted its accounting records to IFRS. In this regard, Austral issued financial statements for local purposes incorporating the IFRS adjustments since January 2004, which the company denominated "prepared in accordance with Peruvian GAAPs" disclosing in the notes to the financial statements the information that did not fully comply with the requirements of IFRS.”
• Consequently, although companies state a specific year (for example, 2011 for IFRS adoption in the case of Austral), they started adopting IFRS before (Austral started adopting IFRS in 2004) gradually.

• Therefore, when analyzing the IFRS effect on the Accounting Quality using the models previously mentioned, the conclusions on the stated year of adoption can not be definitive.
Magnitude

- Using the data from each of the sample companies, an analysis of the effect of the transition from Peruvian GAAPs to IFRS was also performed, measuring the difference using two key accounting figures: Shareholders’ Equity and Net Income.

- As can be seen in Table 3, the majority of the companies—52 out of 80, or 65% for Shareholders’ Equity; 55 out of 80, or 69% for Net Income—changed the values of Shareholders’ Equity and/or Net Income by less than 15% as a result of transitioning from Peruvian GAAPs to IFRS.
<table>
<thead>
<tr>
<th>Company name</th>
<th>Peruvian GAAPs</th>
<th>Effect Transition to IFRS</th>
<th>IFRS</th>
<th>% Change</th>
<th>Absolute Value %</th>
<th>Currency</th>
<th>Main Assets and Liabilities affected in the Conciliation Peruvian GAAPs - IFRS</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADMINISTRADORA DEL COMERCIO S.A.</td>
<td>12,457</td>
<td>9.2% (1,145)</td>
<td>13,602</td>
<td>9.2%</td>
<td>S/.1,000</td>
<td>Accounts Receivables, Inventory</td>
<td></td>
</tr>
<tr>
<td>AGRO INDUSTRIAL PARAMONGA S.A.A.</td>
<td>347,596</td>
<td>47.3% (64,141)</td>
<td>512,010</td>
<td>47.3%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Biological Assets, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>ALICORP S.A.A.</td>
<td>1,699,068</td>
<td>4.3% (73,342)</td>
<td>1,772,610</td>
<td>4.3%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Accounts Receivables, Inventory</td>
<td></td>
</tr>
<tr>
<td>AUSTRAL GROUP S.A. (PERU)</td>
<td>610,096</td>
<td>0.0% (0)</td>
<td>610,096</td>
<td>0.0%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Accounts Receivables, Inventory</td>
<td></td>
</tr>
<tr>
<td>BAYER S.A. (PERU)</td>
<td>180,008</td>
<td>0.0% (0)</td>
<td>180,008</td>
<td>0.0%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Accounts Receivables, Inventory</td>
<td></td>
</tr>
<tr>
<td>CARAVIO S.A.A.</td>
<td>384,000</td>
<td>8.2% (32,139)</td>
<td>426,229</td>
<td>8.2%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Investments, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>CASA GRANDE S.A.</td>
<td>993,153</td>
<td>-1.8% (18,132)</td>
<td>975,021</td>
<td>-1.8%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Investments, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>CEMENTOS PACASMAYO S.A.A.</td>
<td>782,475</td>
<td>10.1% (79,195)</td>
<td>861,670</td>
<td>10.1%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Investments, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>CENTRAL AZUCERIA CHUCARAPI - PAMPA BLANCA S.A.</td>
<td>67,020</td>
<td>4.8% (3,198)</td>
<td>63,822</td>
<td>4.8%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Investments, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>CERVECERIA SAN JUAN S.A.</td>
<td>1,821,758</td>
<td>8.7% (154,441)</td>
<td>1,976,200</td>
<td>8.7%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>COMPANIA DE MINAS BUENAVENTURA S.A.</td>
<td>2,844,086</td>
<td>0.0% (1,251)</td>
<td>2,845,337</td>
<td>0.0%</td>
<td>US$1,000</td>
<td>Investments in Associated, Other Investments</td>
<td></td>
</tr>
<tr>
<td>COMPANIA GOODYEAR DEL PERU S.A.</td>
<td>272,487</td>
<td>25.8% (70,310)</td>
<td>342,797</td>
<td>25.8%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>COMPANIA MINERA ATACOCHA S.A.</td>
<td>179,748</td>
<td>-12.5% (22,553)</td>
<td>157,195</td>
<td>-12.5%</td>
<td>US$1,000</td>
<td>PP&amp;E, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>COMPANIA MINERA M. L. SA. (NEXA)</td>
<td>546,012</td>
<td>16.7% (91,327)</td>
<td>454,685</td>
<td>16.7%</td>
<td>US$1,000</td>
<td>PP&amp;E, Intangibles, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>COMPANIA MINERA PODEROSA S.A.</td>
<td>272,487</td>
<td>3.7% (8,548)</td>
<td>280,035</td>
<td>3.7%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Intangibles, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>COMPANIA MINERA SAN IGNACIO DE MORCOCHO S.A.A.</td>
<td>115,658</td>
<td>26.8% (31,011)</td>
<td>146,669</td>
<td>26.8%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>COMPANIA MINERA SANTA LUISA S.A.</td>
<td>192,701</td>
<td>5.9% (11,348)</td>
<td>204,049</td>
<td>5.9%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>COMPANIA UNIVERSAL TEXTIL S.A.</td>
<td>121,433</td>
<td>21.9% (26,612)</td>
<td>148,045</td>
<td>21.9%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>CORPORACION ACEROS AREQUIPA S.A.</td>
<td>1,004,389</td>
<td>15.4% (154,441)</td>
<td>1,158,830</td>
<td>15.4%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>CORPORACION CERAMICA S.A.</td>
<td>375,119</td>
<td>81.4% (305,503)</td>
<td>680,622</td>
<td>81.4%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>CORPORACION CHERVESUR S.A.</td>
<td>767,430</td>
<td>8.3% (63,838)</td>
<td>831,268</td>
<td>8.3%</td>
<td>S/.1,000</td>
<td>Inventory, Investments, Investments in Associates, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>CORPORACION LINDLEY S.A.</td>
<td>586,182</td>
<td>17.5% (102,660)</td>
<td>688,842</td>
<td>17.5%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Intangibles, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>ELECTRO DUNAS S.A.</td>
<td>244,968</td>
<td>0.4% (1,038)</td>
<td>246,006</td>
<td>0.4%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Intangibles, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>EMPRESA AGROINDUSTRIAL CAYALTI S.A.A.</td>
<td>36,428</td>
<td>9.3% (15,695)</td>
<td>52,123</td>
<td>9.3%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Biological Assets, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>EMPRESA AGROINDUSTRIAL LAREDO S.A.A.</td>
<td>413,068</td>
<td>55.8% (179,332)</td>
<td>592,398</td>
<td>55.8%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Biological Assets, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>EMPRESA AGROINDUSTRIAL POMALCA S.A.A.</td>
<td>338,878</td>
<td>0.1% (329)</td>
<td>339,207</td>
<td>0.1%</td>
<td>S/.1,000</td>
<td>Other Accounts Receivables</td>
<td></td>
</tr>
<tr>
<td>EMPRESA AZUCERIA &quot;EL INGENIO&quot; S.A.</td>
<td>41,949</td>
<td>0.1% (46)</td>
<td>42,403</td>
<td>0.1%</td>
<td>S/.1,000</td>
<td>Biological Assets, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>EMPRESA DE DISTRIBUCION ELECTRICA DE LIMA NORTE S.A., EDELNOR S.A., ENEL</td>
<td>930,488</td>
<td>0.3% (2,097)</td>
<td>927,497</td>
<td>0.3%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Intangibles, Inventory, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>EMPRESA DE ELECTRICIDAD DE PERU - ELECTROPERU S.A.</td>
<td>2,186,966</td>
<td>-14.8% (324,257)</td>
<td>2,511,223</td>
<td>-14.8%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>EMPRESA DE GENERACION ELECTRICA SAN GABAN S.A.</td>
<td>322,988</td>
<td>0.0% (145)</td>
<td>323,133</td>
<td>0.0%</td>
<td>S/.1,000</td>
<td>Provisions, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>EMPRESA EDITORA EL COMERCIO S.A.</td>
<td>302,633</td>
<td>-108.3% (327,850)</td>
<td>630,483</td>
<td>-108.3%</td>
<td>S/.1,000</td>
<td>Investments, PP&amp;E, Business Combinations, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>EMPRESA REGIONAL DE SERVICIO PUBLICO DE ELECTRICIDAD DE PUNO SOCIEDAD ANONIMA DE ABIERTA</td>
<td>258,306</td>
<td>13.4% (34,663)</td>
<td>292,969</td>
<td>13.4%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Inventory, Deferred Taxes, Provisions</td>
<td></td>
</tr>
<tr>
<td>EMPRESA REGIONAL DE SERVICIO PUBLICO DE ELECTRICIDAD ELECTRONORTE MEDIO S.A., HIDRANORGUA</td>
<td>889,111</td>
<td>-0.7% (6,622)</td>
<td>895,733</td>
<td>-0.7%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Reclassification of Additional Capital, Deferred Taxes, Provisions</td>
<td></td>
</tr>
<tr>
<td>EMPRESA SIDERURGICA DEL PERU S.A.A.</td>
<td>996,743</td>
<td>0.0% (0)</td>
<td>996,743</td>
<td>0.0%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Accounts Receivables, Inventory</td>
<td></td>
</tr>
<tr>
<td>ENEL GENERACION PERU S.A.A.</td>
<td>2,219,233</td>
<td>-1.4% (32,134)</td>
<td>2,187,099</td>
<td>-1.4%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Investments, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>ENERGIA DEL SUR S.A. (ENGIE)</td>
<td>250,944</td>
<td>3.1% (7,671)</td>
<td>258,615</td>
<td>3.1%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Other Liabilities Deferred Taxes</td>
<td></td>
</tr>
</tbody>
</table>

Table 3: Effect Transition to IFRS on the Shareholders' Equity
<table>
<thead>
<tr>
<th>Company name</th>
<th>Effet Transition to IFRS</th>
<th>% Change</th>
<th>Absolute Value %</th>
<th>Currency</th>
<th>Main Assets and Liabilities affected in the Conciolation Peruvian GAAPs - IFRS</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXSA S.A.</td>
<td>146,707</td>
<td>5.3%</td>
<td>5.3%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Intangibles</td>
</tr>
<tr>
<td>FABRICA PERUANA ETERNIT S.A.</td>
<td>48,993</td>
<td>188.0%</td>
<td>188.0%</td>
<td>S/.1,000</td>
<td>PP&amp;E</td>
</tr>
<tr>
<td>PALABELLA PERU S.A.</td>
<td>1,722,991</td>
<td>3.3%</td>
<td>3.3%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Investments, Deferred Taxes</td>
</tr>
<tr>
<td>FERREY CORP S.A.</td>
<td>766,342</td>
<td>6.1%</td>
<td>6.1%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Investments, Deferred Taxes</td>
</tr>
<tr>
<td>FELICIANO INDUSTRIALES S.A.</td>
<td>51,028</td>
<td>275.2%</td>
<td>275.2%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Investments, Deferred Taxes</td>
</tr>
<tr>
<td>GR HOLDING S.A.</td>
<td>156,628</td>
<td>16.1%</td>
<td>16.1%</td>
<td>S/.1,000</td>
<td>Accounts Receivables, Inventory</td>
</tr>
<tr>
<td>GRANA Y MONTERO S.A.</td>
<td>1,069,556</td>
<td>16.1%</td>
<td>16.1%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Inventory, Intangibles</td>
</tr>
<tr>
<td>HIRDOSTAL S.A.</td>
<td>71,155</td>
<td>24.2%</td>
<td>24.2%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Deferred Taxes</td>
</tr>
<tr>
<td>ENDECO S.A.</td>
<td>78,471</td>
<td>1.0%</td>
<td>1.0%</td>
<td>1,000$</td>
<td>PP&amp;E, Deferred Taxes</td>
</tr>
<tr>
<td>INDUSTRIAS DEL ENVASE S.A.</td>
<td>8,973</td>
<td>-2.3%</td>
<td>2.3%</td>
<td>S/.1,000</td>
<td>Investments</td>
</tr>
<tr>
<td>INDUSTRIAS ELECTRO QUIMICAS S.A. IEQSA</td>
<td>149,038</td>
<td>344.5%</td>
<td>344.5%</td>
<td>S/.1,000</td>
<td>Investments, Other Accounts Receivables, Inventory</td>
</tr>
<tr>
<td>INMOBILIARIA MILENIA S.A.</td>
<td>33,567</td>
<td>344.5%</td>
<td>344.5%</td>
<td>S/.1,000</td>
<td>Investments</td>
</tr>
<tr>
<td>INTRADEVCO INDUSTRIAL S.A.</td>
<td>1,469,691</td>
<td>5.4%</td>
<td>5.4%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Investments, Deferred Taxes</td>
</tr>
<tr>
<td>INVERSIONS CENTENARIO S.A.</td>
<td>326,300</td>
<td>48.2%</td>
<td>48.2%</td>
<td>1,000$</td>
<td>Inventory, Other Accounts Receivables, Inventory</td>
</tr>
<tr>
<td>INVERSIONES EN TURISMO S.A. INVERTER</td>
<td>29,007</td>
<td>4.4%</td>
<td>4.4%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Deferred Taxes</td>
</tr>
<tr>
<td>INVERSIONES NACIONALES DE TURISMO S.A.</td>
<td>585,318</td>
<td>9.2%</td>
<td>9.2%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Deferred Taxes</td>
</tr>
<tr>
<td>LECHERIA S.A.</td>
<td>1,469,691</td>
<td>5.4%</td>
<td>5.4%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Investments, Deferred Taxes</td>
</tr>
<tr>
<td>LIMA CAUCHO S.A.</td>
<td>156,271</td>
<td>23.2%</td>
<td>23.2%</td>
<td>S/.1,000</td>
<td>Deferred Taxes</td>
</tr>
<tr>
<td>LOS PORTALES S.A.</td>
<td>1,149,038</td>
<td>7.6%</td>
<td>7.6%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Investments, Deferred Taxes</td>
</tr>
<tr>
<td>MUNICIPALIDAD DE LIMA</td>
<td>1,089,591</td>
<td>177.9%</td>
<td>177.9%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Deferred Taxes</td>
</tr>
<tr>
<td>METALLURGICA PERUANA S.A. MEPSA</td>
<td>85,367</td>
<td>9.8%</td>
<td>9.8%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Other Accounts Receivables, Deferred Taxes</td>
</tr>
<tr>
<td>MICHILE Y CIA. S.A.</td>
<td>141,635</td>
<td>0.0%</td>
<td>0.0%</td>
<td>S/.1,000</td>
<td>PP&amp;E</td>
</tr>
<tr>
<td>MINSUR S.A.</td>
<td>1,737,652</td>
<td>4.2%</td>
<td>4.2%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Inventory, Deferred Taxes</td>
</tr>
<tr>
<td>MOTORES DIESEL ANDINOS S.A.</td>
<td>132,771</td>
<td>28.7%</td>
<td>28.7%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Deferred Taxes</td>
</tr>
<tr>
<td>PERUBAR S.A.</td>
<td>59,732</td>
<td>0.0%</td>
<td>0.0%</td>
<td>S/.1,000</td>
<td>PP&amp;E</td>
</tr>
<tr>
<td>QUIMPAC S.A.</td>
<td>69,235</td>
<td>44.2%</td>
<td>44.2%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Deferred Taxes</td>
</tr>
<tr>
<td>RED Bicolor de Comunicaciones S.A.</td>
<td>8,973</td>
<td>-2.3%</td>
<td>2.3%</td>
<td>S/.1,000</td>
<td>Investments</td>
</tr>
<tr>
<td>Refineria La Pampilla S.A.</td>
<td>302,723</td>
<td>38.2%</td>
<td>38.2%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Deferred Taxes</td>
</tr>
<tr>
<td>SERVICIO DE AGUA POTABLE Y ALCA Cantillanos de Lima</td>
<td>3,721,023</td>
<td>80.3%</td>
<td>80.3%</td>
<td>S/.1,000</td>
<td>Accounts Receivables, Inventory, Other Accounts Receivables, Deferred Taxes</td>
</tr>
<tr>
<td>SIEMENS GENERACION ELECTRICA S.A.</td>
<td>1,018,925</td>
<td>38.0%</td>
<td>38.0%</td>
<td>S/.1,000</td>
<td>Other Accounts Receivables, PP&amp;E, Deferred Taxes</td>
</tr>
<tr>
<td>SOCIEDAD ELECTRICA DEL SUR OESTE S.A.</td>
<td>306,051</td>
<td>30.0%</td>
<td>30.0%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Deferred Taxes</td>
</tr>
<tr>
<td>SOCIEDAD MINERA EL BROCAL S.A.</td>
<td>307,375</td>
<td>2.0%</td>
<td>2.0%</td>
<td>1,000$</td>
<td>PP&amp;E, Deferred Taxes</td>
</tr>
<tr>
<td>SOUTHERN PERU COPPER CORPORATION - SUCURSAL DEL PERU</td>
<td>2,118,075</td>
<td>3.4%</td>
<td>3.4%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Intangibles</td>
</tr>
<tr>
<td>SUPERMERCADOS PERUANOS S.A.</td>
<td>404,815</td>
<td>9.7%</td>
<td>9.7%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Intangibles</td>
</tr>
<tr>
<td>TELEFONICA DEL PERU S.A.A.</td>
<td>3,557,575</td>
<td>0.4%</td>
<td>0.4%</td>
<td>S/.1,000</td>
<td>Accounts Receivables, Accounts Payables</td>
</tr>
<tr>
<td>TRANSACTIONS FINANCIERAS S.A.</td>
<td>4,871</td>
<td>46.2%</td>
<td>46.2%</td>
<td>S/.1,000</td>
<td>Other Accounts Receivables, PP&amp;E, Deferred Taxes</td>
</tr>
<tr>
<td>UNION ANDINA DE CEMENTOS S.A. UNACEM S.A.A.</td>
<td>1,232,445</td>
<td>46.2%</td>
<td>46.2%</td>
<td>S/.1,000</td>
<td>Other Accounts Receivables, PP&amp;E, Deferred Taxes</td>
</tr>
<tr>
<td>UNION DE CERVEJERIAS PERUANAS BACKYS AND JOHNSTON S.A.</td>
<td>1,821,758</td>
<td>8.7%</td>
<td>8.7%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Deferred Taxes</td>
</tr>
<tr>
<td>VOLCAN, COMPAÑIA MINERA S.A.A.</td>
<td>1,075,555</td>
<td>5.1%</td>
<td>5.1%</td>
<td>S/.1,000</td>
<td>PP&amp;E, Deferred Taxes</td>
</tr>
</tbody>
</table>

Effect Transition to IFRS on the Shareholders' Equity cont.
## Effect of the Transition from Peruvian GAAPs to IFRS on the Net Income

<table>
<thead>
<tr>
<th>Year</th>
<th>Company name</th>
<th>Effect Transition to IFRS</th>
<th>IFRS</th>
<th>% Change</th>
<th>Absolute Value %</th>
<th>Auditing Firm</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>ADMINISTRADORA DEL COMERCIO S.A.</td>
<td>(6,165) (505)</td>
<td>(6,670)</td>
<td>8.2%</td>
<td>8.2%</td>
<td>BDO</td>
</tr>
<tr>
<td>2011</td>
<td>AGRO INDUSTRIAL PARAMONGA S.A.A.</td>
<td>57,213 9,224</td>
<td>66,437</td>
<td>16.1%</td>
<td>16.1%</td>
<td>PWC</td>
</tr>
<tr>
<td>2011</td>
<td>ALICORP S.A.A.</td>
<td>289,040 -4,129</td>
<td>284,911</td>
<td>-1.4%</td>
<td>1.4%</td>
<td>Deloitte</td>
</tr>
<tr>
<td>2011</td>
<td>AUSTRAL GROUP S.A. (PERU)</td>
<td>43,056 0</td>
<td>43,056</td>
<td>0.0%</td>
<td>0.0%</td>
<td>PWC</td>
</tr>
<tr>
<td>2011</td>
<td>BAYER S.A. (PERU)</td>
<td>27,941 0</td>
<td>27,941</td>
<td>0.0%</td>
<td>0.0%</td>
<td>PWC</td>
</tr>
<tr>
<td>2011</td>
<td>CARTAVIO S.A.A.</td>
<td>80,895 15,956</td>
<td>96,851</td>
<td>19.7%</td>
<td>19.7%</td>
<td>PWC</td>
</tr>
<tr>
<td>2011</td>
<td>CASA GRANDE S.A.A.</td>
<td>215,639 47,624</td>
<td>263,263</td>
<td>29.2%</td>
<td>29.2%</td>
<td>PWC</td>
</tr>
<tr>
<td>2011</td>
<td>CEMENTOS PACASMAYO S.A.A.</td>
<td>207,577 (59,642)</td>
<td>147,935</td>
<td>-38.7%</td>
<td>38.7%</td>
<td>EY</td>
</tr>
<tr>
<td>2011</td>
<td>CENTRAL AZUCARERA CHUCARAPI - PAMPA BLANCA S.A.</td>
<td>(2,955) (119)</td>
<td>(3,074)</td>
<td>4.0%</td>
<td>4.0%</td>
<td>Gomez, Díaz, Ríos &amp; Asociados</td>
</tr>
<tr>
<td>2011</td>
<td>CERVECERIA SAN JUAN S.A.</td>
<td>521,605 (33,121)</td>
<td>488,484</td>
<td>-6.3%</td>
<td>6.3%</td>
<td>PWC</td>
</tr>
<tr>
<td>2011</td>
<td>COMPANIA DE MINAS BUENAVENTURA S.A.</td>
<td>(21,264) (4,212)</td>
<td>(25,476)</td>
<td>19.8%</td>
<td>19.8%</td>
<td>PWC</td>
</tr>
<tr>
<td>2011</td>
<td>COMPANIA GOODYEAR DEL PERU S.A.</td>
<td>80,895 15,956</td>
<td>96,851</td>
<td>19.7%</td>
<td>19.7%</td>
<td>PWC</td>
</tr>
<tr>
<td>2011</td>
<td>COMPANIA MINERA ATACOCHA S.A.</td>
<td>25,500 (59,642)</td>
<td>147,935</td>
<td>-38.7%</td>
<td>38.7%</td>
<td>EY</td>
</tr>
<tr>
<td>2011</td>
<td>COMPANIA MINERA BUENAVENTURA S.A.</td>
<td>727,373 (2,484)</td>
<td>724,889</td>
<td>-0.3%</td>
<td>0.3%</td>
<td>EY</td>
</tr>
<tr>
<td>2011</td>
<td>COMPANIA MINERA PODEROSA S.A.</td>
<td>141,913 (20,366)</td>
<td>121,547</td>
<td>-14.4%</td>
<td>14.4%</td>
<td>PWC</td>
</tr>
<tr>
<td>2011</td>
<td>COMPANIA MINERA SAPACHU S.A.A</td>
<td>21,906 1,056</td>
<td>22,962</td>
<td>4.8%</td>
<td>4.8%</td>
<td>Gomez Milena</td>
</tr>
<tr>
<td>2011</td>
<td>COMPANIA UNIVERSAL TEXTIL S.A.</td>
<td>12,400 116</td>
<td>1,356</td>
<td>-9.4%</td>
<td>9.4%</td>
<td>KPMG</td>
</tr>
<tr>
<td>2011</td>
<td>CORPORACION ACEROS AREQUIPA S.A.</td>
<td>149,493 14,273</td>
<td>163,766</td>
<td>9.5%</td>
<td>9.5%</td>
<td>PWC</td>
</tr>
<tr>
<td>2011</td>
<td>CORPORACION CERAMICA S.A.</td>
<td>35,672 1,199</td>
<td>36,871</td>
<td>3.4%</td>
<td>3.4%</td>
<td>EY</td>
</tr>
<tr>
<td>2011</td>
<td>CORPORACION LINDLEY S.A.</td>
<td>37,658 6,453</td>
<td>44,111</td>
<td>17.1%</td>
<td>17.1%</td>
<td>EY</td>
</tr>
<tr>
<td>2011</td>
<td>ELECTRO DUNAS S.A.A.</td>
<td>8,373 (2,015)</td>
<td>6,358</td>
<td>-24.1%</td>
<td>24.1%</td>
<td>Deloitte</td>
</tr>
<tr>
<td>2011</td>
<td>EMPRESA AGRICOLA CHIQUITOY S.A.</td>
<td>1,768 21,011</td>
<td>22,779</td>
<td>1188.4%</td>
<td>1188.4%</td>
<td>PWC</td>
</tr>
<tr>
<td>2011</td>
<td>EMPRESA AGRICOLA SAN JUAN S.A.</td>
<td>4,557 524</td>
<td>5,081</td>
<td>11.5%</td>
<td>11.5%</td>
<td>PWC</td>
</tr>
<tr>
<td>2011</td>
<td>EMPRESA AGRICOLA SINTUICO S.A.</td>
<td>4,439 987</td>
<td>5,426</td>
<td>123.4%</td>
<td>123.4%</td>
<td>PWC</td>
</tr>
<tr>
<td>2011</td>
<td>EMPRESA AGROINDUSTRIAL CAYALITI S.A.A.</td>
<td>2,738 96</td>
<td>2,834</td>
<td>3.5%</td>
<td>3.5%</td>
<td>EY</td>
</tr>
<tr>
<td>2011</td>
<td>EMPRESA AGROINDUSTRIAL LAREDO S.A.A</td>
<td>31,543 23,882</td>
<td>55,425</td>
<td>75.7%</td>
<td>75.7%</td>
<td>Deloitte</td>
</tr>
<tr>
<td>2011</td>
<td>EMPRESA AGROINDUSTRIAL POMALCA S.A.A</td>
<td>9,673 728</td>
<td>10,401</td>
<td>7.5%</td>
<td>7.5%</td>
<td>Baker Tilly Peru</td>
</tr>
<tr>
<td>2011</td>
<td>EMPRESA AZUCARERA 'EL INGENIO' S.A.</td>
<td>1,731 0</td>
<td>1,731</td>
<td>0.0%</td>
<td>0.0%</td>
<td>Flores, Korga &amp; Asociados</td>
</tr>
<tr>
<td>2011</td>
<td>EMPRESA DE DISTRIBUCION ELECTRICA DE LIMA NORTE S.A.S.A.- ENDEL S.A.</td>
<td>191,316 544</td>
<td>191,860</td>
<td>0.3%</td>
<td>0.3%</td>
<td>EY</td>
</tr>
<tr>
<td>2011</td>
<td>EMPRESA DE ELECTRICIDAD DE PERU - ELECTROPERU S.A.</td>
<td>206,325 3,154</td>
<td>209,479</td>
<td>1.5%</td>
<td>1.5%</td>
<td>PFK</td>
</tr>
<tr>
<td>2011</td>
<td>EMPRESA DE GENERACION ELECTRICA SAN GABAN S.A.</td>
<td>12,736 (671)</td>
<td>12,065</td>
<td>-5.3%</td>
<td>5.3%</td>
<td>Vigo &amp; Asociados</td>
</tr>
<tr>
<td>2011</td>
<td>EMPRESA REGIONAL DE SERVICIO PUBLICO DE ELECTRICIDAD DE PUNO SOCIEDAD ANONIMA DE ABERTA</td>
<td>11,974 -3,454</td>
<td>8,520</td>
<td>-28.8%</td>
<td>28.8%</td>
<td>EY</td>
</tr>
<tr>
<td>2011</td>
<td>EMPRESA REGIONAL DE SERVICIO PUBLICO DE ELECTRICIDAD ELECTRONORTE MEDI O S.A.- HIDRANDINA</td>
<td>38,133 (5,203)</td>
<td>32,930</td>
<td>-13.6%</td>
<td>13.6%</td>
<td>Espinoza &amp; Asociados</td>
</tr>
<tr>
<td>2011</td>
<td>EMPRESA SIDERURGICA DEL PERU S.A.A.</td>
<td>67,862 0</td>
<td>67,862</td>
<td>0.0%</td>
<td>0.0%</td>
<td>Deloitte</td>
</tr>
<tr>
<td>2011</td>
<td>ENEL GENERACION PERU S.A.</td>
<td>206,140 -4,565</td>
<td>201,575</td>
<td>-2.2%</td>
<td>2.2%</td>
<td>KPMG</td>
</tr>
<tr>
<td>2011</td>
<td>ENERGIA DEL SUR S.A. (ENGIE)</td>
<td>81,055 (444)</td>
<td>80,611</td>
<td>-0.5%</td>
<td>0.5%</td>
<td>Deloitte</td>
</tr>
<tr>
<td>IFRS officially adopted in</td>
<td>Company name</td>
<td>Peruvian GAAPs</td>
<td>Effect Transition to IFRS</td>
<td>% Change</td>
<td>Absolute Value %</td>
<td>Auditing Firm</td>
</tr>
<tr>
<td>--------------------------</td>
<td>--------------------------------------------------</td>
<td>----------------</td>
<td>---------------------------</td>
<td>----------</td>
<td>------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>2011</td>
<td>EXSA S.A.</td>
<td>21,783</td>
<td>3,089</td>
<td>24,872</td>
<td>14.2%</td>
<td>14.2% EY</td>
</tr>
<tr>
<td>2011</td>
<td>FABRICA PERUANA ETERNIT S.A.</td>
<td>19,108</td>
<td>528</td>
<td>19,636</td>
<td>2.8%</td>
<td>2.8% EY</td>
</tr>
<tr>
<td>2011</td>
<td>FALABELLA PERU S.A.A.</td>
<td>356,029</td>
<td>5,763</td>
<td>361,792</td>
<td>1.6%</td>
<td>1.6% EY</td>
</tr>
<tr>
<td>2011</td>
<td>FERREYCORP S.A.</td>
<td>138,950</td>
<td>(12,737)</td>
<td>121,367</td>
<td>-12.7%</td>
<td>12.7% EY</td>
</tr>
<tr>
<td>2011</td>
<td>FILAMENTOS INDUSTRIALES S.A.</td>
<td>16,078</td>
<td>(5,711)</td>
<td>10,365</td>
<td>-35.5%</td>
<td>35.5% EY</td>
</tr>
<tr>
<td>2011</td>
<td>GR HOLDING S.A.</td>
<td>(20,906)</td>
<td>(11,930)</td>
<td>(32,836)</td>
<td>57.1%</td>
<td>57.1% BDO</td>
</tr>
<tr>
<td>2011</td>
<td>GRANA Y MONTERO S.A.A.</td>
<td>273,542</td>
<td>(20,740)</td>
<td>252,802</td>
<td>-7.6%</td>
<td>7.6% PWC</td>
</tr>
<tr>
<td>2011</td>
<td>HIDROSTAL S.A.</td>
<td>6,683</td>
<td>37</td>
<td>6,720</td>
<td>0.6%</td>
<td>0.6% BDO</td>
</tr>
<tr>
<td>2011</td>
<td>INDECO S.A.</td>
<td>12,994</td>
<td>(445)</td>
<td>12,949</td>
<td>-3.3%</td>
<td>3.3% PWC</td>
</tr>
<tr>
<td>2011</td>
<td>INDUSTRIAS DEL ENVASE S.A.</td>
<td>9,000</td>
<td>(501)</td>
<td>8,499</td>
<td>-5.6%</td>
<td>5.6% PWC</td>
</tr>
<tr>
<td>2011</td>
<td>INDUSTRIAS ELECTRO QUIMICAS S.A. IEQSA</td>
<td>9,628</td>
<td>1,829</td>
<td>11,457</td>
<td>19.0%</td>
<td>19.0% PWC</td>
</tr>
<tr>
<td>2011</td>
<td>INMOBILIARIA MILENIA S.A.</td>
<td>4,176</td>
<td>4,646</td>
<td>9,822</td>
<td>111.2%</td>
<td>111.2% EY</td>
</tr>
<tr>
<td>2011</td>
<td>INTRADEVCO INDUSTRIAL S.A.</td>
<td>31,347</td>
<td>6,944</td>
<td>24,403</td>
<td>22.2%</td>
<td>22.2% Otero, Carbo &amp; Asociados SC</td>
</tr>
<tr>
<td>2011</td>
<td>INVERSIONES CENTENARIO S.A.A.</td>
<td>70,501</td>
<td>72,962</td>
<td>143,463</td>
<td>103.5%</td>
<td>103.5% PWC</td>
</tr>
<tr>
<td>2011</td>
<td>INVERSIONES EN TURISMO S.A. INVERTUR</td>
<td>654</td>
<td>59</td>
<td>713</td>
<td>9.0%</td>
<td>9.0% Víctor Vargas &amp; Asociados</td>
</tr>
<tr>
<td>2011</td>
<td>INVERSIONES NACIONALES DE TURISMO S.A.</td>
<td>(28,226)</td>
<td>2,984</td>
<td>(25,242)</td>
<td>-10.6%</td>
<td>10.6% EY</td>
</tr>
<tr>
<td>2011</td>
<td>LECHE GLORIA S.A.</td>
<td>180,919</td>
<td>15,508</td>
<td>196,427</td>
<td>8.6%</td>
<td>8.6% PWC</td>
</tr>
<tr>
<td>2011</td>
<td>LIMCA CAUCHO S.A.</td>
<td>4,404</td>
<td>4,404</td>
<td>0</td>
<td>0.0%</td>
<td>0.0% BDO</td>
</tr>
<tr>
<td>2011</td>
<td>LOS PORTALES S.A.</td>
<td>30,657</td>
<td>6,841</td>
<td>37,498</td>
<td>22.3%</td>
<td>22.3% EY</td>
</tr>
<tr>
<td>2011</td>
<td>LUZ DEL SUR S.A.C</td>
<td>292,923</td>
<td>(404)</td>
<td>292,519</td>
<td>-0.1%</td>
<td>0.1% Deloitte</td>
</tr>
<tr>
<td>2011</td>
<td>MANUFACTURA DE METALES Y ALUMINIO RECORD S.A.</td>
<td>2,352</td>
<td>(407)</td>
<td>1,945</td>
<td>-17.3%</td>
<td>17.3% Grant Thornton</td>
</tr>
<tr>
<td>2011</td>
<td>METALURGICA PERUANA S.A. - MEPSA</td>
<td>10,632</td>
<td>0</td>
<td>11,672</td>
<td>10.6%</td>
<td>10.6% BDO</td>
</tr>
<tr>
<td>2011</td>
<td>MICHELL Y CIA. S.A.</td>
<td>13,314</td>
<td>0</td>
<td>13,314</td>
<td>0.0%</td>
<td>0.0% IGAF Polaris</td>
</tr>
<tr>
<td>2011</td>
<td>MINSUR S.A.</td>
<td>12,227</td>
<td>0</td>
<td>12,227</td>
<td>0.0%</td>
<td>0.0% EY</td>
</tr>
<tr>
<td>2011</td>
<td>MOTORES DIESEL ANDINOS S.A.</td>
<td>58,912</td>
<td>462</td>
<td>59,374</td>
<td>0.8%</td>
<td>0.8% PWC</td>
</tr>
<tr>
<td>2011</td>
<td>PERUBAR S.A.</td>
<td>6,301</td>
<td>0</td>
<td>6,301</td>
<td>0.0%</td>
<td>0.0% Deloitte</td>
</tr>
<tr>
<td>2011</td>
<td>QUIMPAC S.A.</td>
<td>80,195</td>
<td>1,636</td>
<td>81,831</td>
<td>2.0%</td>
<td>2.0% PWC</td>
</tr>
<tr>
<td>2011</td>
<td>RED BICOLOR DE COMUNICACIONES S.A.A.</td>
<td>815</td>
<td>(204)</td>
<td>611</td>
<td>-25.0%</td>
<td>25.0% Mendoza, Luque y Asociados</td>
</tr>
<tr>
<td>2012</td>
<td>REFINERIA LA PAMPILLA S.A.</td>
<td>43,981</td>
<td>0</td>
<td>43,981</td>
<td>0.0%</td>
<td>0.0% Deloitte</td>
</tr>
<tr>
<td>2012</td>
<td>SERVICIO DE AGUA POTABLE Y ALCANTARILLADO DE LIMA</td>
<td>59,510</td>
<td>(2,830,012)</td>
<td>(2,889,522)</td>
<td>4755.5%</td>
<td>4755.5% Gutierrez, Rios y Asociados</td>
</tr>
<tr>
<td>2011</td>
<td>SHOUGANG GENERACION ELECTRICA S.A.</td>
<td>5,023</td>
<td>857</td>
<td>5,880</td>
<td>17.1%</td>
<td>17.1% PWC</td>
</tr>
<tr>
<td>2011</td>
<td>SHOUGANG HIERRO PERU SAA</td>
<td>818,483</td>
<td>24,554</td>
<td>843,037</td>
<td>3.0%</td>
<td>3.0% PWC</td>
</tr>
<tr>
<td>2011</td>
<td>SOCIEDAD ELECTRICA DEL SUR Oeste S.A.</td>
<td>25,258</td>
<td>1,116</td>
<td>26,374</td>
<td>4.4%</td>
<td>4.4% Vigo &amp; Asociados</td>
</tr>
<tr>
<td>2011</td>
<td>SOCIEDAD MINERA EL BOROCAL S.A.</td>
<td>1,054,423</td>
<td>19,970</td>
<td>1,074,393</td>
<td>1.9%</td>
<td>1.9% EY</td>
</tr>
<tr>
<td>2011</td>
<td>SOCIEDAD MINERA EL BROCOCOL S.A.</td>
<td>80,228</td>
<td>1,713</td>
<td>81,946</td>
<td>2.1%</td>
<td>2.1% EY</td>
</tr>
<tr>
<td>2011</td>
<td>SOUTHERN PERU COPPER CORPORATION - SUCURSAL DEL PERU</td>
<td>1,207,969</td>
<td>(7,264)</td>
<td>1,200,705</td>
<td>0.6%</td>
<td>0.6% Deloitte</td>
</tr>
<tr>
<td>2011</td>
<td>SUPERMERCADOS PERUANOS S.A.</td>
<td>53,235</td>
<td>997</td>
<td>54,232</td>
<td>1.9%</td>
<td>1.9% EY</td>
</tr>
<tr>
<td>2011</td>
<td>TELEFONICA DEL PERU S.A.A.</td>
<td>856,933</td>
<td>(83,487)</td>
<td>773,446</td>
<td>-9.7%</td>
<td>9.7% EY</td>
</tr>
</tbody>
</table>

Effect of the Transition from Peruvian GAAPs to IFRS on the Net Income cont.
• At first sight it might be wrongly inferred that there is little difference between Peruvian GAAPs and IFRS since some companies didn’t change their values for these two accounting measurements by very much.

• However, in reality, the adoption of IFRS substantially affected the financial position of some listed Peruvian companies. The effect can clearly be observed in the cases of Immobiliaria Milenia and SEDAPAL. Table 4 shows a large change in the values for Equity and Net Income due to the change from Peruvian GAAPs to IFRS for companies such as SEDAPAL, which was not able to adopt IFRS in 2011 as legally prescribed.
Table 4: Effect of the Transition from Peruvian GAAPs to IFRS

<table>
<thead>
<tr>
<th>Year</th>
<th>Company name</th>
<th>Peruvian GAAPs</th>
<th>Effect Transition to IFRS</th>
<th>IFRS</th>
<th>% Change</th>
<th>Absolute Value %</th>
<th>Auditing Firm</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>ADMINISTRADORA DEL COMERCIO S.A.</td>
<td>-51.65</td>
<td>-560.55</td>
<td>-6.670</td>
<td>8.2%</td>
<td>8.2%</td>
<td>BDO</td>
</tr>
<tr>
<td>2011</td>
<td>AGRO INDUSTRIAL PARAMONGA S.A.</td>
<td>57.315</td>
<td>9.224</td>
<td>66.437</td>
<td>16.1%</td>
<td>16.1%</td>
<td>PWC</td>
</tr>
<tr>
<td>2011</td>
<td>ALICORP S.A.A.</td>
<td>289.040</td>
<td>-1,129</td>
<td>-284.911</td>
<td>-1.4%</td>
<td>1.4%</td>
<td>Deloitte</td>
</tr>
<tr>
<td>2011</td>
<td>AUSTRAL GROUP S.A (PERU)</td>
<td>43.056</td>
<td>0</td>
<td>43.056</td>
<td>0.0%</td>
<td>0.0%</td>
<td>PWC</td>
</tr>
<tr>
<td>2011</td>
<td>BAYERS S.A. (PERU)</td>
<td>27.041</td>
<td>0</td>
<td>27.041</td>
<td>0.0%</td>
<td>0.0%</td>
<td>PWC</td>
</tr>
<tr>
<td>2011</td>
<td>CARTAVIO S.A.</td>
<td>80.895</td>
<td>15,956</td>
<td>96,851</td>
<td>19.7%</td>
<td>19.7%</td>
<td>PWC</td>
</tr>
<tr>
<td>2011</td>
<td>CASA GRANDE S.A.</td>
<td>235,639</td>
<td>47,624</td>
<td>283,263</td>
<td>20.2%</td>
<td>20.2%</td>
<td>PWC</td>
</tr>
<tr>
<td>2011</td>
<td>CEMENTOS PACASMAYO S.A.</td>
<td>297,477</td>
<td>-59,645</td>
<td>147,935</td>
<td>-28.7%</td>
<td>28.7%</td>
<td>EY</td>
</tr>
<tr>
<td>2011</td>
<td>CENTRAL AZUCARERA CHUCARAPI - PAMPA BLANCA S.A.</td>
<td>-2,955</td>
<td>-119</td>
<td>-3,074</td>
<td>4.0%</td>
<td>4.0%</td>
<td>Gomez, Díaz, Rios &amp; Asociados</td>
</tr>
<tr>
<td>2011</td>
<td>CERVECERIA SAN JUAN S.A.</td>
<td>521,603</td>
<td>-33,121</td>
<td>488,484</td>
<td>-6.3%</td>
<td>6.3%</td>
<td>PWC</td>
</tr>
<tr>
<td>2011</td>
<td>COMPANIA DE MINAS BUENAVENTURA S.A.</td>
<td>727,373</td>
<td>-2,484</td>
<td>724,889</td>
<td>-0.3%</td>
<td>0.3%</td>
<td>EY</td>
</tr>
<tr>
<td>2011</td>
<td>COMPANIA GOODYEAR PERU S.A.</td>
<td>38,704</td>
<td>-0.2%</td>
<td>38,842</td>
<td>0.2%</td>
<td>0.2%</td>
<td>PWC</td>
</tr>
<tr>
<td>2011</td>
<td>COMPANIA MINERA ATACOCHA S.A.</td>
<td>-21,264</td>
<td>-4,212</td>
<td>-25,476</td>
<td>19.8%</td>
<td>19.8%</td>
<td>PWC</td>
</tr>
<tr>
<td>2011</td>
<td>COMPANIA MINERA MILPO S.A A (NEXA)</td>
<td>141,913</td>
<td>-20,366</td>
<td>121,547</td>
<td>-14.4%</td>
<td>14.4%</td>
<td>PWC</td>
</tr>
<tr>
<td>2011</td>
<td>COMPANIA MINERA PODEROSA S.A.</td>
<td>80,270</td>
<td>4,052</td>
<td>84,322</td>
<td>5.0%</td>
<td>5.0%</td>
<td>PWC</td>
</tr>
<tr>
<td>2011</td>
<td>COMPANIA MINERA SAN IGNACIO DE MOROCHOA S.A.</td>
<td>577,73</td>
<td>-6,423</td>
<td>-650</td>
<td>-111.3%</td>
<td>111.3%</td>
<td>PWC</td>
</tr>
<tr>
<td>2011</td>
<td>COMPANIA MINERA SANTA LUISA S.A.</td>
<td>21,096</td>
<td>1,056</td>
<td>22,152</td>
<td>4.8%</td>
<td>4.8%</td>
<td>Goeva Millena</td>
</tr>
<tr>
<td>2011</td>
<td>COMPANIA UNIVERSAL TEXTIL S.A.</td>
<td>1,240</td>
<td>116</td>
<td>1,356</td>
<td>9.4%</td>
<td>9.4%</td>
<td>KPMG</td>
</tr>
<tr>
<td>2011</td>
<td>CORPORACION ACEROS AREQUIPA S.A.</td>
<td>149,493</td>
<td>14,273</td>
<td>163,766</td>
<td>9.5%</td>
<td>9.5%</td>
<td>PWC</td>
</tr>
<tr>
<td>2011</td>
<td>CORPORACION CERAMICAS S.A.</td>
<td>77,761</td>
<td>-2,805</td>
<td>74,956</td>
<td>-3.6%</td>
<td>3.6%</td>
<td>EY</td>
</tr>
<tr>
<td>2011</td>
<td>CORPORACION CERVEUS S.A.</td>
<td>35,672</td>
<td>1,199</td>
<td>36,871</td>
<td>3.4%</td>
<td>3.4%</td>
<td>EY</td>
</tr>
<tr>
<td>2011</td>
<td>CORPORACION LINDLEY S.A.</td>
<td>37,058</td>
<td>6,453</td>
<td>44,411</td>
<td>17.1%</td>
<td>17.1%</td>
<td>EY</td>
</tr>
<tr>
<td>2011</td>
<td>ELECTRO DUNAS S.A.</td>
<td>8,357</td>
<td>-2,015</td>
<td>6,342</td>
<td>-24.1%</td>
<td>24.1%</td>
<td>Deloitte</td>
</tr>
<tr>
<td>2011</td>
<td>EMPRESA AGROINDUSTRIAL CHUQUITOS S.A.</td>
<td>1,745</td>
<td>21,011</td>
<td>22,759</td>
<td>118.4%</td>
<td>118.4%</td>
<td>PWC</td>
</tr>
<tr>
<td>2011</td>
<td>EMPRESA AGRICOLA SANTO DOMINGO S.A.</td>
<td>4,557</td>
<td>524</td>
<td>5,081</td>
<td>11.5%</td>
<td>11.5%</td>
<td>EY</td>
</tr>
<tr>
<td>2011</td>
<td>EMPRESA AGRICOLA SANTUARIO S.A.</td>
<td>4,439</td>
<td>5,478</td>
<td>9,917</td>
<td>123.4%</td>
<td>123.4%</td>
<td>PWC</td>
</tr>
<tr>
<td>2011</td>
<td>EMPRESA AGROINDUSTRIAL CAVALTI S.A.</td>
<td>2,738</td>
<td>96</td>
<td>2,834</td>
<td>3.5%</td>
<td>3.5%</td>
<td>EY</td>
</tr>
<tr>
<td>2011</td>
<td>EMPRESA AGROINDUSTRIAL LAREDO S.A.A.</td>
<td>31,543</td>
<td>23,882</td>
<td>55,425</td>
<td>75.8%</td>
<td>75.8%</td>
<td>Deloitte</td>
</tr>
<tr>
<td>2011</td>
<td>EMPRESA AGROINDUSTRIAL POMALCA S.A.</td>
<td>9,673</td>
<td>728</td>
<td>10,401</td>
<td>7.5%</td>
<td>7.5%</td>
<td>Fosco Tilly Peru</td>
</tr>
<tr>
<td>2011</td>
<td>EMPRESA AZUCARERA 'EL INGENIO' S.A.</td>
<td>1,731</td>
<td>0</td>
<td>1,731</td>
<td>0.0%</td>
<td>0.0%</td>
<td>Flores, Konja &amp; Asociados</td>
</tr>
<tr>
<td>2011</td>
<td>EMPRESA DE DISTRIBUCION ELECTRICA DE LIMA NORTE S.A., - EDELNOR S.A., - ENEL</td>
<td>191,316</td>
<td>544</td>
<td>191,860</td>
<td>0.3%</td>
<td>0.3%</td>
<td>EY</td>
</tr>
<tr>
<td>2011</td>
<td>EMPRESA DE ELECTRICIDAD DE PERU - ELECTROPERU S.A.</td>
<td>206,325</td>
<td>3,154</td>
<td>209,479</td>
<td>1.5%</td>
<td>1.5%</td>
<td>PFK</td>
</tr>
<tr>
<td>2011</td>
<td>EMPRESA DE GENERACION ELECTRICA SAN GABAN S.A.</td>
<td>1,237,6</td>
<td>-671</td>
<td>12,065</td>
<td>-5.3%</td>
<td>5.3%</td>
<td>Vigo &amp; Asociados</td>
</tr>
<tr>
<td>2011</td>
<td>EMPRESA EDITORA EL COMERCIO S.A.</td>
<td>112,418</td>
<td>51,017</td>
<td>163,435</td>
<td>45.4%</td>
<td>45.4%</td>
<td>PWC</td>
</tr>
<tr>
<td>2011</td>
<td>EMPRESA REGIONAL DE SERVICIO PUBLICO DE ELECTRICIDAD DE PUNO SOCIEDAD ANONIMA DE ABIERTA</td>
<td>11,974</td>
<td>-3,454</td>
<td>8,520</td>
<td>-28.8%</td>
<td>28.8%</td>
<td>EY</td>
</tr>
<tr>
<td>2011</td>
<td>EMPRESA REGIONAL DE SERVICIO PUBLICO DE ELECTRICIDAD ELECTRONORTE MEDIO S.A - HIDRANINDA</td>
<td>38,133</td>
<td>-5,203</td>
<td>32,930</td>
<td>-13.6%</td>
<td>13.6%</td>
<td>Espinosa S Asociados</td>
</tr>
<tr>
<td>2011</td>
<td>EMPRESA SIDERURGICA DEL PERU S.A.A.</td>
<td>67,826</td>
<td>0</td>
<td>67,826</td>
<td>0.0%</td>
<td>0.0%</td>
<td>Deloitte</td>
</tr>
<tr>
<td>2011</td>
<td>ENEL GENERACION PERU S.A.</td>
<td>206,140</td>
<td>-4,565</td>
<td>201,575</td>
<td>-2.2%</td>
<td>2.2%</td>
<td>KPMG</td>
</tr>
<tr>
<td>2011</td>
<td>ENERGIA DEL SUR S.A., (ENGE)</td>
<td>81,055</td>
<td>-444</td>
<td>80,611</td>
<td>-0.5%</td>
<td>0.5%</td>
<td>Deloitte</td>
</tr>
<tr>
<td>Año</td>
<td>Nombre de la Empresa</td>
<td>Cifra 1</td>
<td>Cifra 2</td>
<td>Porcentaje 1</td>
<td>Porcentaje 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----</td>
<td>----------------------</td>
<td>---------</td>
<td>---------</td>
<td>-------------</td>
<td>-------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>FABRICA PERUANA ETERNIT S.A.</td>
<td>19.108</td>
<td>528</td>
<td>19.636</td>
<td>2.8%</td>
<td>2.8%</td>
<td>EY</td>
</tr>
<tr>
<td>2011</td>
<td>FALABELLA PERU S.A.A.</td>
<td>356.029</td>
<td>5.763</td>
<td>361.792</td>
<td>1.6%</td>
<td>1.6%</td>
<td>EY</td>
</tr>
<tr>
<td>2011</td>
<td>FERREYCORP S.A.A.</td>
<td>138.950</td>
<td>-17.583</td>
<td>121.367</td>
<td>-12.7%</td>
<td>-12.7%</td>
<td>EY</td>
</tr>
<tr>
<td>2011</td>
<td>FILAMENTOS INDUSTRIALES S.A.</td>
<td>16.078</td>
<td>-5.713</td>
<td>10.365</td>
<td>-35.5%</td>
<td>35.5%</td>
<td>EY</td>
</tr>
<tr>
<td>2011</td>
<td>GR HOLDING S.A.</td>
<td>-20.906</td>
<td>-11.930</td>
<td>-32.836</td>
<td>57.1%</td>
<td>57.1%</td>
<td>BDO</td>
</tr>
<tr>
<td>2011</td>
<td>GRANZA Y MONTERO S.A.A.</td>
<td>273.542</td>
<td>-20.744</td>
<td>252.802</td>
<td>-7.6%</td>
<td>7.6%</td>
<td>BDO</td>
</tr>
<tr>
<td>2011</td>
<td>HIDROSTAL S.A.</td>
<td>6.685</td>
<td>37</td>
<td>6.720</td>
<td>0.0%</td>
<td>0.0%</td>
<td>BDO</td>
</tr>
<tr>
<td>2011</td>
<td>INDECO S.A.</td>
<td>12.994</td>
<td>-45</td>
<td>12.949</td>
<td>-0.3%</td>
<td>0.3%</td>
<td>PWC</td>
</tr>
<tr>
<td>2011</td>
<td>INDUSTRIAS DEL ENVASE S.A.</td>
<td>9.000</td>
<td>-505</td>
<td>8.495</td>
<td>-5.6%</td>
<td>5.6%</td>
<td>PWC</td>
</tr>
<tr>
<td>2011</td>
<td>INDUSTRIAS ELECTRO QUIMICAS S.A. IEQSA</td>
<td>9.628</td>
<td>1.829</td>
<td>11.457</td>
<td>19.0%</td>
<td>19.0%</td>
<td>PWC</td>
</tr>
<tr>
<td>2011</td>
<td>INMOVILARIA MILENA S.A.</td>
<td>4.178</td>
<td>4.646</td>
<td>8.824</td>
<td>111.2%</td>
<td>111.2%</td>
<td>EY</td>
</tr>
<tr>
<td>2011</td>
<td>INVENCIONES CENITARIO S.A.A.</td>
<td>76.501</td>
<td>72.962</td>
<td>143.463</td>
<td>103.5%</td>
<td>103.5%</td>
<td>PWC</td>
</tr>
<tr>
<td>2011</td>
<td>INVERSIONES EN TURISMO S.A. INVERTUR</td>
<td>654</td>
<td>59</td>
<td>713</td>
<td>9.0%</td>
<td>9.0%</td>
<td>PWC</td>
</tr>
<tr>
<td>2011</td>
<td>INVERSIONES NACIONALES DE TURISMO S.A.</td>
<td>-28.226</td>
<td>-2.984</td>
<td>-25.242</td>
<td>-10.6%</td>
<td>-10.6%</td>
<td>EY</td>
</tr>
<tr>
<td>2011</td>
<td>LECHE GLORIA S.A.</td>
<td>180.919</td>
<td>15.508</td>
<td>196.427</td>
<td>8.6%</td>
<td>8.6%</td>
<td>PWC</td>
</tr>
<tr>
<td>2011</td>
<td>LIMA CAUCHO S.A.</td>
<td>4.404</td>
<td>0</td>
<td>4.404</td>
<td>0%</td>
<td>0%</td>
<td>BDO</td>
</tr>
<tr>
<td>2011</td>
<td>LOS PORTALES S.A.</td>
<td>30.657</td>
<td>6.841</td>
<td>37.498</td>
<td>22.3%</td>
<td>22.3%</td>
<td>PWC</td>
</tr>
<tr>
<td>2011</td>
<td>LUZ DEL SUR S.A.C.</td>
<td>292.923</td>
<td>-165</td>
<td>292.758</td>
<td>-0.1%</td>
<td>0.1%</td>
<td>Deloitte</td>
</tr>
<tr>
<td>2011</td>
<td>MANUFACTURA DE METALES Y ALUMINIO RECORD S.A.</td>
<td>2.352</td>
<td>-407</td>
<td>1.945</td>
<td>-17.3%</td>
<td>17.3%</td>
<td>Grant Thornton</td>
</tr>
<tr>
<td>2011</td>
<td>METALURGICA PERUANA S.A. - MEPSA</td>
<td>10.632</td>
<td>1.130</td>
<td>11.762</td>
<td>10.6%</td>
<td>10.6%</td>
<td>BDO</td>
</tr>
<tr>
<td>2011</td>
<td>MICHELL Y CIA. S.A.</td>
<td>13.314</td>
<td>0</td>
<td>13.314</td>
<td>0%</td>
<td>0%</td>
<td>IGAF Polaris</td>
</tr>
<tr>
<td>2011</td>
<td>MINSUR S.A.</td>
<td>12.227</td>
<td>0</td>
<td>12.227</td>
<td>0%</td>
<td>0%</td>
<td>EY</td>
</tr>
<tr>
<td>2011</td>
<td>MOTORES DIESEL ANDINOS S.A.</td>
<td>58.912</td>
<td>462</td>
<td>59.374</td>
<td>0.8%</td>
<td>0.8%</td>
<td>PW</td>
</tr>
<tr>
<td>2011</td>
<td>PERUBAR S.A.</td>
<td>6.301</td>
<td>0</td>
<td>6.301</td>
<td>0%</td>
<td>0%</td>
<td>Deloitte</td>
</tr>
<tr>
<td>2011</td>
<td>QUIMPER S.A.</td>
<td>80.195</td>
<td>1.636</td>
<td>81.831</td>
<td>2.0%</td>
<td>2.0%</td>
<td>PW</td>
</tr>
<tr>
<td>2011</td>
<td>RED BICOLOR DE COMUNICACIONES S.A.S.</td>
<td>815</td>
<td>-204</td>
<td>611</td>
<td>-25.0%</td>
<td>25.0%</td>
<td>PWC</td>
</tr>
<tr>
<td>2011</td>
<td>REFINERIA LA PAMPILLA S.A.</td>
<td>43.981</td>
<td>0</td>
<td>43.981</td>
<td>0%</td>
<td>0%</td>
<td>Deloitte</td>
</tr>
<tr>
<td>2011</td>
<td>SERVICIO DE AGUA POTABLE Y ALCANTARILLADO DE LIMA</td>
<td>59.510</td>
<td>2,830.012</td>
<td>2,889.522</td>
<td>4755.5%</td>
<td>4755.5%</td>
<td>EY</td>
</tr>
<tr>
<td>2011</td>
<td>SHOGANG GENERACION ELECTRICA S.A.A.</td>
<td>5.023</td>
<td>857</td>
<td>5.880</td>
<td>17.1%</td>
<td>17.1%</td>
<td>PW</td>
</tr>
<tr>
<td>2011</td>
<td>SHOGANG HIERRER PERU S.A.</td>
<td>818.483</td>
<td>24.554</td>
<td>843.037</td>
<td>3.0%</td>
<td>3.0%</td>
<td>PW</td>
</tr>
<tr>
<td>2011</td>
<td>SOCIEDAD ELECTRICA DEL SUR OESTE S.A.</td>
<td>25.258</td>
<td>1,116</td>
<td>26.374</td>
<td>4.4%</td>
<td>4.4%</td>
<td>Vigo &amp; Asociados</td>
</tr>
<tr>
<td>2011</td>
<td>SOCIEDAD MINERA CERRO VERDE S.A.</td>
<td>1.054.423</td>
<td>19.970</td>
<td>1.074.393</td>
<td>1.9%</td>
<td>1.9%</td>
<td>EY</td>
</tr>
<tr>
<td>2011</td>
<td>SOCIEDAD MINERA EL BROCAL S.A.A.</td>
<td>80.228</td>
<td>1.718</td>
<td>81.946</td>
<td>2.1%</td>
<td>2.1%</td>
<td>EY</td>
</tr>
<tr>
<td>2011</td>
<td>SOUTHERN PERU COPPER CORPORATION - SUCursal del PERU</td>
<td>1.207.969</td>
<td>-7.264</td>
<td>1.200.705</td>
<td>-0.6%</td>
<td>0.6%</td>
<td>Deloitte</td>
</tr>
<tr>
<td>2011</td>
<td>SUPERMERCADOS PERUANOS S.A.</td>
<td>53.235</td>
<td>997</td>
<td>54.232</td>
<td>1.9%</td>
<td>1.9%</td>
<td>EY</td>
</tr>
<tr>
<td>2011</td>
<td>TELEFONICA DEL PERU S.A.S.</td>
<td>856.933</td>
<td>-83.487</td>
<td>773.446</td>
<td>-9.7%</td>
<td>9.7%</td>
<td>EY</td>
</tr>
<tr>
<td>N/A</td>
<td>TRANSACCIONES FINANCIERAS S.A.</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>N/A</td>
<td>UNION ANDINA DE CEMENTOS S.A.A. - UNACEM S.A.A.</td>
<td>177.782</td>
<td>43.725</td>
<td>221.507</td>
<td>24.6%</td>
<td>24.6%</td>
<td>EY</td>
</tr>
<tr>
<td>2011</td>
<td>UNION DE CERVECERIAS PERUANAS BACKUS Y JOHNSTON S.A.A</td>
<td>521.605</td>
<td>-33.121</td>
<td>488.484</td>
<td>-6.3%</td>
<td>6.3%</td>
<td>PW</td>
</tr>
<tr>
<td>2011</td>
<td>VOLCAN. COMPAÑIA MINERA S.A.</td>
<td>272.240</td>
<td>-18.826</td>
<td>253.414</td>
<td>-6.9%</td>
<td>6.9%</td>
<td>BDO</td>
</tr>
<tr>
<td>Company name</td>
<td>Peruvian GAAP</td>
<td>Effect Transition to IFRS</td>
<td>IFRS % Change</td>
<td>Absolute Value %</td>
<td>Currency</td>
<td>Main Assets and Liabilities affected in the Conciliation Peruvian GAAPs - IFRS</td>
<td></td>
</tr>
<tr>
<td>---------------------------------------</td>
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<td>--------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>ADMINISTRADORA DEL COMERCIO S.A.</td>
<td>12,457</td>
<td>1,145</td>
<td>13,602</td>
<td>9.2%</td>
<td>S/ 1,000</td>
<td>Accounts Receivables, Inventory</td>
<td></td>
</tr>
<tr>
<td>AGRO INDUSTRIAL PARAMONGA S.A.A.</td>
<td>347,596</td>
<td>164,414</td>
<td>512,010</td>
<td>47.3%</td>
<td>S/ 1,000</td>
<td>PP&amp;E, Physical Assets, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>ALICORP S.A.A.</td>
<td>1,699,068</td>
<td>73,542</td>
<td>1,772,610</td>
<td>4.3%</td>
<td>S/ 1,000</td>
<td>PP&amp;E, Accounts Receivables, Inventory</td>
<td></td>
</tr>
<tr>
<td>AUSTRAL GROUP S.A. (PERU)</td>
<td>610,096</td>
<td>0</td>
<td>610,096</td>
<td>0.0%</td>
<td>S/ 1,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BAYER S.A. (PERU)</td>
<td>180,008</td>
<td>0</td>
<td>180,008</td>
<td>0.0%</td>
<td>S/ 1,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CARTAVIO S.A.A.</td>
<td>394,090</td>
<td>32,139</td>
<td>426,229</td>
<td>8.2%</td>
<td>S/ 1,000</td>
<td>PP&amp;E, Investments, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>CASA GRANDE S.A.A.</td>
<td>993,153</td>
<td>-18,372</td>
<td>794,781</td>
<td>-1.8%</td>
<td>S/ 1,000</td>
<td>PP&amp;E, Physical Assets, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>CEMENTOS PASCAMAYO S.A.A.</td>
<td>782,475</td>
<td>79,195</td>
<td>861,670</td>
<td>10.1%</td>
<td>S/ 1,000</td>
<td>PP&amp;E, Investments, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>CENTRAL AZUCARERA CHUCARAPI - PAMPA BLANCA S.A.</td>
<td>67,020</td>
<td>-3,198</td>
<td>63,822</td>
<td>-4.8%</td>
<td>S/ 1,000</td>
<td>PP&amp;E, Investments, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>CERVECERIA SAN JUAN S.A.</td>
<td>1,821,758</td>
<td>157,628</td>
<td>1,979,386</td>
<td>8.7%</td>
<td>S/ 1,000</td>
<td>PP&amp;E, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>COMPAÑIA DE MINAS BUENAVENTURA S.A.</td>
<td>2,844,086</td>
<td>1,251</td>
<td>2,845,337</td>
<td>0.0%</td>
<td>US$ 1,000</td>
<td>Investments in Associated. Other Investments</td>
<td></td>
</tr>
<tr>
<td>COMPAÑIA GOYINDEY DEL PERU S.A.A.</td>
<td>272,487</td>
<td>70,330</td>
<td>342,797</td>
<td>25.8%</td>
<td>S/ 1,000</td>
<td>PP&amp;E, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>COMPAÑIA MINERA ATACOCHA S.A.A.</td>
<td>179,748</td>
<td>-22,553</td>
<td>157,195</td>
<td>-12.5%</td>
<td>S/ 1,000</td>
<td>PP&amp;E, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>COMPAÑIA MINERA MILPO S.A (NEKA)</td>
<td>546,570</td>
<td>-51,327</td>
<td>495,243</td>
<td>-16.7%</td>
<td>S/ 1,000</td>
<td>PP&amp;E, Intangibles, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>COMPAÑIA MINERA PODEROSA S.A.</td>
<td>232,262</td>
<td>8,548</td>
<td>240,810</td>
<td>3.7%</td>
<td>S/ 1,000</td>
<td>PP&amp;E, Intangibles, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>COMPAÑIA MINERA SAN IGNACIO DE MOROCOCHICO S.A.A.</td>
<td>115,658</td>
<td>31,011</td>
<td>146,669</td>
<td>26.8%</td>
<td>S/ 1,000</td>
<td>PP&amp;E, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>COMPAÑIA MINERA SANTA LUISA S.A.</td>
<td>192,701</td>
<td>11,348</td>
<td>204,049</td>
<td>5.9%</td>
<td>S/ 1,000</td>
<td>PP&amp;E, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>COMPAÑIA UNIVERSAL TEXTIL S.A.A.</td>
<td>121,433</td>
<td>26,612</td>
<td>148,045</td>
<td>21.9%</td>
<td>S/ 1,000</td>
<td>PP&amp;E, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>CORPORACION ACEROS AREQUIPA S.A.A.</td>
<td>1,004,389</td>
<td>154,441</td>
<td>1,158,830</td>
<td>15.4%</td>
<td>S/ 1,000</td>
<td>PP&amp;E, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>CORPORACION CERAMICA S.A.A.</td>
<td>375,119</td>
<td>305,503</td>
<td>680,622</td>
<td>81.4%</td>
<td>S/ 1,000</td>
<td>PP&amp;E, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>CORPORACION CERVESUR S.A.A.</td>
<td>767,430</td>
<td>63,838</td>
<td>831,268</td>
<td>8.3%</td>
<td>S/ 1,000</td>
<td>Inventory, Investments, Investments in Associates. Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>CORPORACION LINDLEY S.A.A.</td>
<td>586,182</td>
<td>102,660</td>
<td>688,842</td>
<td>17.5%</td>
<td>S/ 1,000</td>
<td>PP&amp;E, Intangibles, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>ELECTRO BUCAS S.A.</td>
<td>24,465</td>
<td>1,038</td>
<td>25,503</td>
<td>0.4%</td>
<td>S/ 1,000</td>
<td>PP&amp;E, Accounts Receivables, Deferred Taxes, Provisions</td>
<td></td>
</tr>
<tr>
<td>EMPRESA AGRARIA CHIQUITOY S.A.</td>
<td>23,061</td>
<td>23,054</td>
<td>0.0%</td>
<td>S/ 1,000</td>
<td>PP&amp;E, Intangibles, Other Accounts Payables, Provisions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EMPRESA AGRICOLA SAN JUAN S.A.</td>
<td>77,794</td>
<td>-915</td>
<td>77,880</td>
<td>-1.3%</td>
<td>S/ 1,000</td>
<td>PP&amp;E, Physical Assets, Inventory, Accounts Receivables, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>EMPRESA AGRICOLA SINTUCO S.A.</td>
<td>41,306</td>
<td>15,695</td>
<td>57,001</td>
<td>38.0%</td>
<td>S/ 1,000</td>
<td>PP&amp;E, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>EMPRESA AGROINDUSTRIAL CAYALTI S.A.A.</td>
<td>36,428</td>
<td>3,396</td>
<td>39,824</td>
<td>9.3%</td>
<td>S/ 1,000</td>
<td>PP&amp;E, Inventory</td>
<td></td>
</tr>
<tr>
<td>EMPRESA AGROINDUSTRIAL LAREDO S.A.A.</td>
<td>321,408</td>
<td>179,332</td>
<td>499,740</td>
<td>55.8%</td>
<td>S/ 1,000</td>
<td>PP&amp;E, Physical Assets, Inventory, Prepaid Expenses, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>EMPRESA AGROINDUSTRIAL POMALCA S.A.A.</td>
<td>338,877</td>
<td>-27,939</td>
<td>338,936</td>
<td>-0.1%</td>
<td>S/ 1,000</td>
<td>Other Accounts Receivables, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>EMPRESA AZUCARERA 'EL ENGENIO' S.A.</td>
<td>41,949</td>
<td>-46</td>
<td>41,903</td>
<td>-0.1%</td>
<td>S/ 1,000</td>
<td>Physical Assets, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>EMPRESA DE DISTRIBUCION ELECTRICA DE LIMA NORTE S.A.A. - EDELNOVAR S.A.A. - EDELNOVAR S.A.</td>
<td>930,484</td>
<td>-2,697</td>
<td>927,787</td>
<td>-0.3%</td>
<td>S/ 1,000</td>
<td>PP&amp;E, Intangibles, Inventory, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>EMPRESA ELECTRICIDAD DE PERU - ELECTROPERU S.A.</td>
<td>2,186,966</td>
<td>324,257</td>
<td>2,511,223</td>
<td>14.8%</td>
<td>S/ 1,000</td>
<td>PP&amp;E, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>EMPRESA DE GENERACION ELECTRICA SAN GABAN S.A.</td>
<td>322,988</td>
<td>145</td>
<td>333,133</td>
<td>0.0%</td>
<td>S/ 1,000</td>
<td>Provisions, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>EMPRESA EDITORA EL COMERCIO S.A.</td>
<td>302,633</td>
<td>327,850</td>
<td>630,483</td>
<td>108.3%</td>
<td>S/ 1,000</td>
<td>Investments, PP&amp;E, Business Combinations, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>EMPRESA REGIONAL DE SERVICIO PUBLICO DE ELECTRICIDAD DE PUNO SOCIEDAD ANONIMA DE ABERTA</td>
<td>258,306</td>
<td>34,603</td>
<td>292,909</td>
<td>13.4%</td>
<td>S/ 1,000</td>
<td>PP&amp;E, Inventory, Deferred Taxes</td>
<td></td>
</tr>
<tr>
<td>EMPRESA REGIONAL DE SERVICIO PUBLICO DE ELECTRICIDAD ELECTRONORTE MEDIO S.A. - HIDRANDINA</td>
<td>898,111</td>
<td>-6,622</td>
<td>891,498</td>
<td>-0.7%</td>
<td>S/ 1,000</td>
<td>PP&amp;E, Reclassification of Additional Capital, Deferred Taxes, Provisions</td>
<td></td>
</tr>
<tr>
<td>EMPRESA SIDERURGICA DEL PERU S.A.A.</td>
<td>996,743</td>
<td>0</td>
<td>996,743</td>
<td>0.0%</td>
<td>S/ 1,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company Name</td>
<td>Amount</td>
<td>Type of Payment</td>
<td>Notes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>--------------------------------------------------</td>
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</tr>
<tr>
<td>ENEL GENERACION PERU S.A.</td>
<td>2,219,233</td>
<td>PP&amp;IE, Investments, Deferred Taxes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ENERGIA DEL SUR S.A. (ENGIE)</td>
<td>250,944</td>
<td>PP&amp;IE, Other Liabilities Deferred Taxes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EXSA S.A.</td>
<td>146,707</td>
<td>PP&amp;IE, Intangibles</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FABRICA PERUANA ETERNIT S.A.</td>
<td>48,993</td>
<td>PP&amp;IE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FALABELLA PERU S.A.</td>
<td>1,723,901</td>
<td>PP&amp;IE, Investments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FERREYCORP S.A.</td>
<td>766,142</td>
<td>PP&amp;IE, Inventory, Deposits</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FILAMENTOS INDUSTRIALES S.A.</td>
<td>51,628</td>
<td>PP&amp;IE, Investments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GR HOLDING S.A.</td>
<td>156,628</td>
<td>PP&amp;IE, Deposits</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRAN Y MONTERO S.A.</td>
<td>1,069,556</td>
<td>PP&amp;IE, Inventory, Intangibles</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HORIZONTAL S.A.</td>
<td>37,351</td>
<td>PP&amp;IE, Deposited Taxes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INDECO S.A.</td>
<td>78,471</td>
<td>PP&amp;IE, Deposited Taxes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INDUSTRIAS DEL ENVASE S.A.</td>
<td>99,270</td>
<td>PP&amp;IE, Deposited Taxes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INDUSTRIAS ELECTRO QUIMICAS S.A. IEQSA</td>
<td>104,939</td>
<td>PP&amp;IE, Other Accounts Receivables</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INMOBILIARIA MILienia S.A.</td>
<td>33,507</td>
<td>PP&amp;IE, Deposited Taxes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INTRADECO PERU INDUSTRIAL S.A.</td>
<td>183,582</td>
<td>PP&amp;IE, Deposited Taxes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INVERSIONES CENTENARIO S.A.</td>
<td>362,310</td>
<td>PP&amp;IE, Deposited Taxes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INVERSIONES EN TURISMO S.A. INVERTUR</td>
<td>29,007</td>
<td>PP&amp;IE, Deposited Taxes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INVERSIONES NACIONALES DE TURISMO S.A.</td>
<td>585,318</td>
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<td>MICHELL Y CIA. S.A.</td>
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</table>
Other Issue

• As Figure 4 shows, although the Big Four accounting firms (in the Peruvian case, the Big Five, as BDO also has a significant market share) did most of the auditing, a number of smaller local firms also provided auditing services to some listed companies. It should be noted that those smaller auditing firms provided their services to relatively smaller Peruvian companies.

• Since the quality of the auditing could be affected by the audit firm’s size and level (Big Four compared to small audit firms), the difference between the values of the accounting figures (before and post IFRS adoption) of the companies audited by small firms could have been higher.
Figure 4
Companies in this research: Auditing Firms and IFRS Adoption Year

Auditing Firms of the Companies included in the Research: Market Participacion

- BDO: 7.41%
- Deloitte: 11.11%
- EY: 25.93%
- KPMG: 2.47%
- PWC: 34.57%
- Other: 18.52%
Some conclusions of the Additional Analysis

1. The Peruvian GAAPs that Peruvian companies were complying with prior to IFRS were not uniform or standardized across companies. For example, biological assets were measured according to their fair value, but there were a number of different criteria used in the industry to determine fair value. Regarding PP&E, many companies depreciated their fixed assets using their useful life according to the tax regulations or did not separate depreciation according to asset category. Since these “rules” were not uniform across companies, the IFRS adoption improved the quality of the accounting quality and subsequently on corporate governance.

2. The IFRS adoption had a significant impact in the values of the accounting figures, however, since the effect of full IFRS adoption was recognized in different years by Peruvian companies, it is impossible to quantify statistically the effects in only a single year. For example, some companies gradually recognized the effect from 2006, or as late as 2011.
3. As previously stated, the two studies using secondary data did not find that IFRS adoption had a significant impact on either earnings management or value relevance, and consequently, on corporate governance, in Peru. However, the apparent lack of significant impact of IFRS adoption can be explained by the fact that IFRS was not adopted in a single-year time period by Peruvian listed companies; they adopted IFRS gradually over a multi-year period, although companies designated a single year in which they achieved full adoption.
Other Issues in the Evolution of Corporate Governance in Peru

• The IFRS “hard law”—use of IFRS is mandatory for listed companies in Peru—has been complemented with a “soft law”—as it is called by Aguilera and Jackson (2010)—mechanism related to corporate governance, exemplified by the Principles of Good Governance for Peruvian Companies issued in 2002 and its successor, the 2013 Code of Good Corporate Governance for Peruvian Companies.

• Compliance with the Code is not mandatory (although listed companies are required to report their level of compliance). “Good corporate governance” remains optional, as the SMV cannot apply sanctions to companies that fail to comply with the Code (Tavara, 2016)
Although a number of measures have been taken in recent years to promote good corporate governance—these include approval of the Corporate Sustainability Report, which complements the information contained in the Code of Good Corporate Governance (2015); publication of new regulations on Indirect Property, Related Companies, and Economic Groups (2015); the enactment of regulations concerning Comprehensive Risk Management and Operational Risk (2016); and new SBS regulations on Corporate Governance and Comprehensive Risk Management (2017)—a number of challenges remain (EY Peru, 2017).
To address these, Peru’s regulatory authorities should focus on the following: quality of information; quality and independence of boards of directors; respect for minority rights; and conflicts of interest of related parties.

When compared with the Chile, Colombia, and Mexico—which together with Peru make up the Pacific Alliance, a Latin American trade bloc—Peru ranks lowest in good corporate governance (EY Peru, 2017).

See Appendix 5: Corporate Governance in Peru – Other Issues
12. Conclusions

The key conclusions from this research are as follows. Primary data analysis provides evidence that the official implementation of IFRS has helped to improve the quality of accounting data in Peru. This is because IFRS adoption clarified and standardized accounting standards, which had previously not been well-defined. On the other hand, secondary research suggests that IFRS adoption had no significant impact on either earnings management or value relevance, and consequently no significant impact on corporate governance.
12. Conclusions cont.

• Finally, although a number of mechanisms have been implemented to enhance corporate governance in Peru, there are still opportunities for improvement, especially considering Peru’s low corporate governance ranking compared with other Pacific Alliance members. A number of proposals have been made with this in mind, including mandatory compliance with the Code of Good Corporate Governance for Peruvian Companies by listed companies and corresponding penalties for non-adherence to the Code’s principles.
Appendices
Appendix 1:
Summary of the Surveys Results
Survey to Non-Financial Listed Companies
5) Do you think that IFRS increases the volatility of profits?

- NO 55%
- YES 45%

6) Do you think that IFRS increases the volatility of share prices?

- NO 62%
- YES 38%
7) Select which are the three biggest issues encountered in the application of IFRS:

1 => Increase in the workload in the accounting department with the corresponding increment in costs
2 => Difficulty in understanding financial information
3 => Increase in the burden related to the preparation of Notes to the Financial Statements
4 => Difficulty in comparison of information
5 => Higher risk of arbitrary accounting treatment
6 => Increase in the excessive interference by organizations
7 => Excess of information reported in the financial statements
8 => Necessity of third parties’ services for the proper implementation of some IFRS
9 => Other (specify)
Select which are the five biggest benefits obtained by the application of IFRS?

1. Improvement in the evaluation and control of business activities
2. Greater credibility/Transparency in the financial information
3. Advantages derived from the measurement of fair value in substitution of historic cost
4. Higher perception that accounting information is useful for decision making
5. Improvement in the comparability of financial information
6. Globalization and access to international markets
7. Reduction in the cost of capital
8. Increase in discretionary accounting treatment
9. Improved disclosures in Notes to the Financial Statements
10. Reduction in costs related to the double preparation of Eeff when entering foreign markets
11. Facilitate decisions related to Mergers and Acquisitions, as it allows a better assessment of the financial situation of other companies
12. Improve Corporate Governance and internal audit
13. Others
Appendix 2:
Summary of the Earnings Management Results
Discretionary Accruals

Panel A: Earnings Management estimation for the whole research period

\[ \text{DAP}_{it} = \alpha_i^\wedge + \beta_i^\wedge \text{PART}_{it} + \varepsilon_{it} \]

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<th>SE</th>
<th>t value</th>
<th>p</th>
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<td>15.25011705</td>
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<td>0.0088552</td>
<td>-3.719726559</td>
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Adjusted R^2 0.0153
N 891

Panel B: DAC

**Modified Jones Model:**

**Descriptive Statistics**

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<th>Descriptive Statistics</th>
<th>Pooled Data 2006-2016</th>
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<td><strong>Mean</strong></td>
<td><strong>Standard Deviation</strong></td>
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<td>ABS [DAC]</td>
<td>0.0816</td>
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</table>

Sample Size: N = 81 companies per year
Discretionary Accruals cont.

Panel C: DAC

**Modified Jones Model:**
Descriptive Statistics

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<th></th>
<th>2006-2009 Early Adoption</th>
<th>2010-2011 Actual Adoption</th>
<th>2012-2016 Most Recent Compliance</th>
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<tr>
<td><strong>Mean</strong></td>
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<td></td>
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<tr>
<td>ABS [DAC]</td>
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<tr>
<td><strong>Standard Deviation</strong></td>
<td>0.1967</td>
<td>0.0641</td>
<td>0.0594</td>
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Sample Size: N = 81 companies per year

Panel D: Annual DAC

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<td>Mean</td>
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<td>0.115</td>
<td>0.251</td>
<td>0.100</td>
<td>0.104</td>
<td>0.067</td>
<td>0.071</td>
<td>0.064</td>
<td>0.054</td>
<td>0.060</td>
<td>0.066</td>
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<td>Median</td>
<td>0.106</td>
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<td>0.082</td>
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<td>0.055</td>
<td>0.054</td>
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<td>0.060</td>
<td>0.099</td>
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Appendix 3:
Summary of the Value Relevance Results
Value Relevance Regression Results

**Panel A: Price model: First and Second Stage (From Early Adoption to Actual Adoption)**

\[ P_{it} = \beta + \beta_1 \text{BVE}_{it} + \beta_2 \text{EPS}_{it} + \beta_3 \text{Post}_{it} + \beta_4 \text{BVE}_{it} \times \text{Post}_{it} + \beta_5 \text{EPS}_{it} \times \text{Post}_{it} + \epsilon_{it} \]  

(2)

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<td>POST</td>
<td>(0.1356)</td>
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<td>BVE X POST</td>
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<td>EPS X POST</td>
<td>(0.1017)</td>
<td>0.8601</td>
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Adjusted R^2 0.2975

N 414

**Panel B: Price model: Second and Third Stage (From Actual Adoption to Most Recent Compliance)**

\[ \text{EPS}_{it} + \beta_3 \text{Prior}_{it} + \beta_4 \text{BVE}_{it} \times \text{Prior}_{it} + \beta_5 \text{EPS}_{it} \times \text{Prior}_{it} + \epsilon_{it} \]  

(3)

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<td>(0.5032)</td>
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<td>(0.8716)</td>
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<td>(0.5853)</td>
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Adjusted R^2 0.3146

N 483
### Value Relevance Regression Results cont.

#### Panel C: Price model: First and Second Stage (From Early Adoption to Actual Adoption) with CF

\[ P_a = \beta + \beta_1 BVE_a + \beta_2 EPS_a + \beta_3 Post_a + \beta_4 BVE_a \times Post_a + \beta_5 EPS_a \times Post_a + \beta_6 CF_a + \beta_7 CF_a \times Post_a + \epsilon_a \] (4)

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<td>BVE X POST</td>
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<td>EPS X POST</td>
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<td>CF X POST</td>
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Adjusted R\(^2\) 0.3049

N 414

#### Panel D: Price model: Second and Third Stage (From Actual Adoption to Most Recent Compliance) with CF

\[ P_a = \beta + \beta_1 BVE_a + \beta_2 Prior_a + \beta_3 BVE_a \times Prior_a + \beta_4 EPS_a \times Prior_a + \beta_5 CF_a + \beta_6 CF_a \times Prior_a + \epsilon_a \] (5)

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<td>CF X PRIOR</td>
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Adjusted R\(^2\) 0.3265

N 483
Panel E: Price model: Whole research period (From 2006 to 2016)

\[ P_{it} = \beta + \beta_1 BVE_{it} + \beta_2 EPS_{it} + \beta_3 POST_{it} + \beta_4 BVE_{it} \times POST_{it} + \beta_5 EPS_{it} \times POST_{it} + \varepsilon_{it} \] (2)

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<td>(1.4101)</td>
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<tr>
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<td>(0.7183)</td>
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<td>0.8574</td>
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Adjusted $R^2$ 0.2461

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Panel F: Price model: Whole research period (From 2006 to 2016) with CF

\[ P_{it} = \beta + \beta_1 BVE_{it} + \beta_2 EPS_{it} + \beta_3 Prior_{it} + \beta_4 BVE_{it} \times Prior_{it} + \beta_5 EPS_{it} \times Prior_{it} + \beta_6 CF_{it} + \beta_7 CF_{it} \times Prior_{it} + \varepsilon_{it} \] (4)

<table>
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<th>Parameter</th>
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<th>t value</th>
<th>p</th>
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Adjusted $R^2$ 0.2557

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Appendix 4:
Excerpt from interview with the Supervisor of the SMV
(Superintendence of the Securities Market, former CONASEV)
Excerpt from interview with the Supervisor of the SMV (Superintendence of the Securities Market, former CONASEV)

“Until November 1999, when CANASEV issued the Manual for the Preparation of Financial Information (prepared according to IFRS), the IFRS standards were not complied with by Peruvian companies, despite a number of attempts by the Peruvian authorities to make companies fully comply with IFRS.

“It was in the year 2005 that we [CONASEV] resolved to strengthen the obligation of companies to comply with IFRS [issuing Resolution 092-2005-EF]. Then, a group of large companies—those included in the IGBVL [Bolsa de Valores de Lima General Sector] Index—came to us saying that their auditors wanted to comply with IFRS but that they couldn’t because of inconsistencies; for example, the application of IAS 12 [income taxes, specifically deferred taxes], which would involve companies’ records of expenses in the hundreds of millions that had not been revealed yet.
“In another meeting, CONASEV requested companies to quantify the amount the companies would have been required to reveal in the case of full compliance with IFRS. Then there was a period of requests for information, and revision of that information, and finally the CONASEV board said it was not possible for a company to recognize a loss of, for example, 200 million in a single quarter. So CONASEV decided to allow a gradual recognition of IFRS-related expenses, over a period of 13 years, until 2018. CONASEV requested that during that period companies include Notes explaining the fact that some IFRS-related expenses were not yet included.

“In 2010, there were a series of meetings with listed companies, by sectors and according to their participation in the market. Then a plan and schedule were made, indicating what the listed companies had to do, what they had to register, and what the effects would be for the companies in terms of their equity.

“Finally, by 2011, most of the companies reported that they had recorded all expenses related to the full compliance with IFRS in 2009 and 2010, and that if CONASEV authorized it, they would correct their reports with the information submitted in 2011 in full compliance with IFRS.”
Appendix 5: Corporate Governance in Peru – Other Issues
Performance in the Peruvian Stock Market

IBGC: Black Line
Peru General: Yellow Line

GCG performance premium approximately 30%

Spread 37%
Spread 28%

Source: Bloomberg
Challenges of Corporate Governance in Peru

I. Shareholders’ Challenges

1. Seek the existence of a single type of share
2. Equal Treatment to Minority Shareholders
3. Much more powerful General Shareholders’ Meetings

II. Board of Directors’ Challenges

1. More Professional Board of Directors
2. There should not be variable remuneration for directors
3. Adequate handling of conflicts of interest

III. Management’s Challenges

1. Greater Management Transparency
2. Better Investors Relations
3. Strengthening of the Risk Control and Management Environment
4. Ensuring Business Sustainability

Source: Corporate Governance Challenges in Peru towards the Pacific Alliance
(EY Peru, 2016)
Challenges that regulator must face in Peru

Source: 2016 La Voz del Mercado Survey, EY - BVL
Thank you!