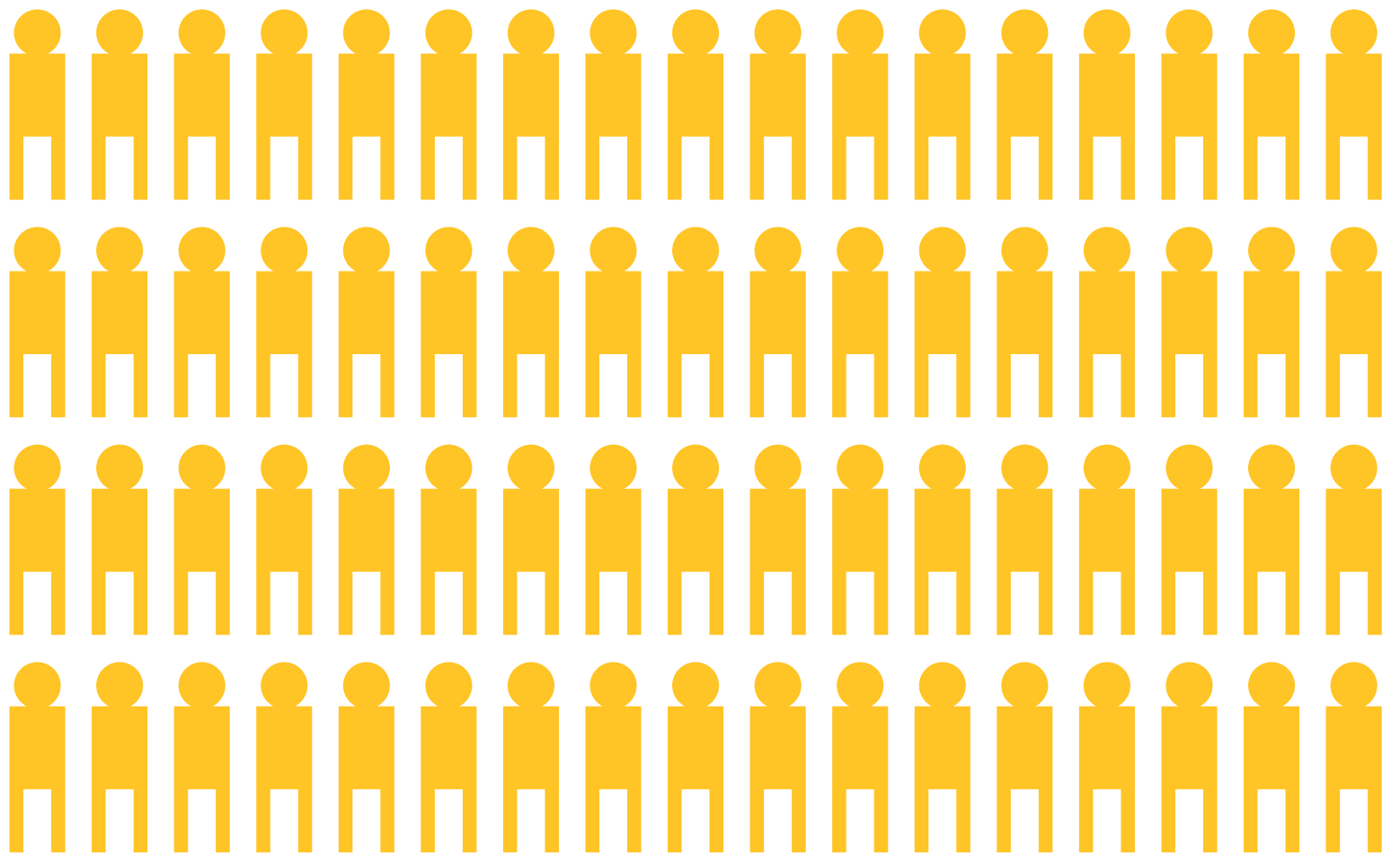


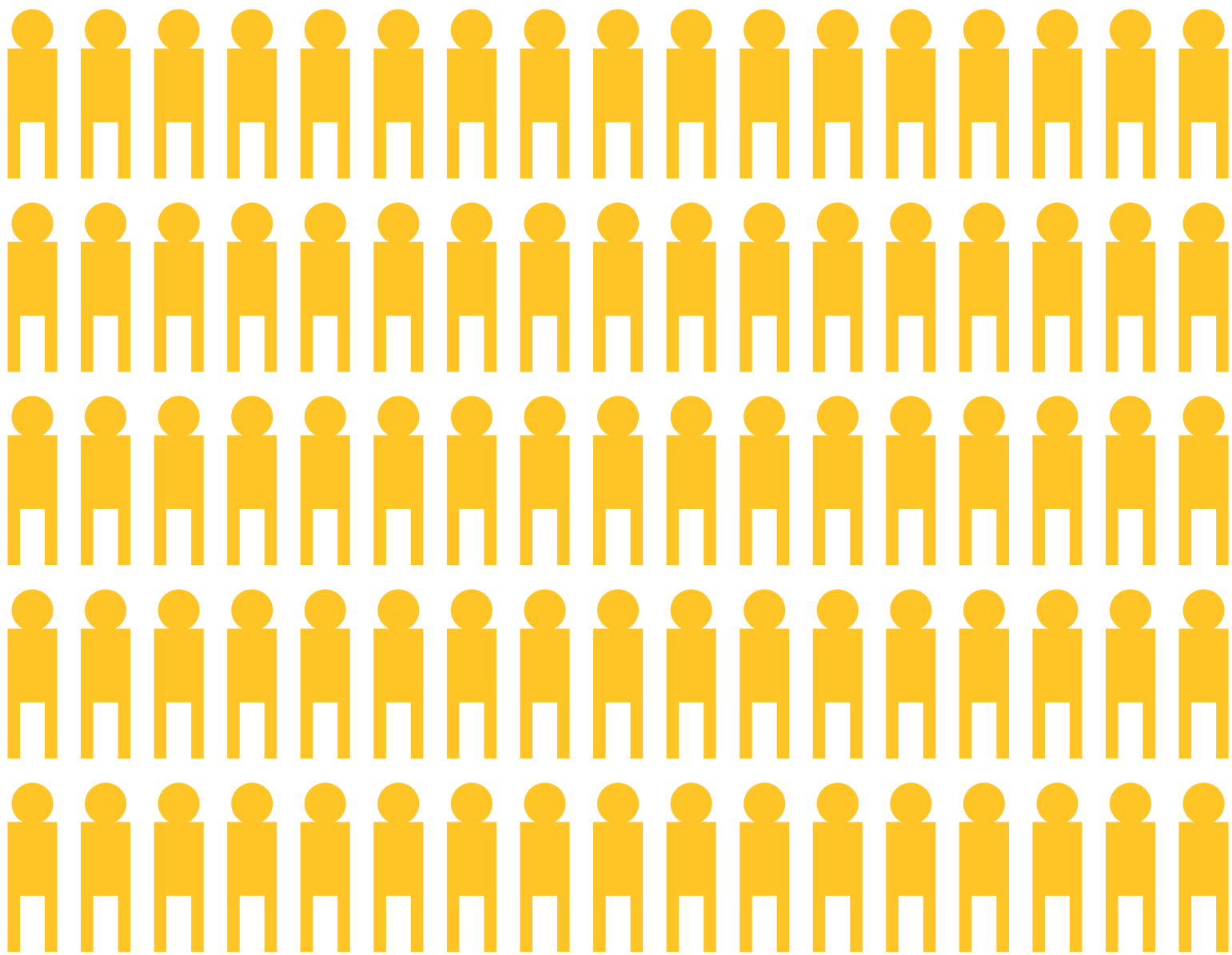
FERREYROS

2008

BEYOND

MACHINES





Statement of Responsibility

This document contains accurate and sufficient information with regard to the business performance of Ferreyros S.A.A. during 2008.

Notwithstanding the responsibility of the issuer, the undersigned are responsible for the contents of this report pursuant to the applicable legal provisions.


Mariela García Figari de Fabbri
General Manager


Victor Astete Palma
Comptrolling Division Manager

Lima, March 31, 2009

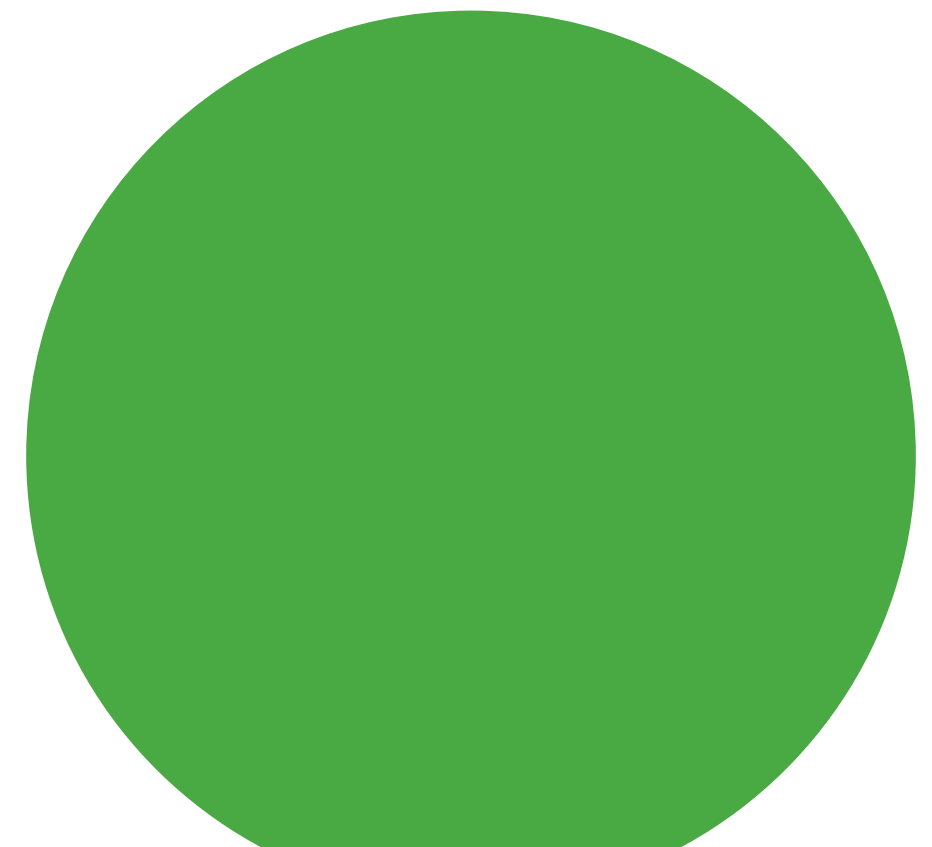
FERREYROS 2008 BEYOND MACHINES CONTENT



LETTER FROM THE CHAIRMAN OF THE BOARD TO THE SHAREHOLDERS	8
2008 MANAGEMENT REPORT	14
Commercial management	16
Post sales service	18
Logistics management	22
Geographical coverage	23
Investments in infrastructure	24
Financial management	24
Affiliates	28
Corporate governance	29
GENERAL AND OPERATIONS INFORMATION	32
General company details	33
Description of operations and development	37
Institutional aspects	44
Management analysis and discussion on Financial Statements	52
AUDITED FINANCIAL STATEMENTS	64
SOCIAL RESPONSIBILITY	112
CORPORATE GOVERNANCE	132



THE HUMAN FACTOR



1 PRINCIPLE VALUES

More than 2,400 workers sharing the same values: seriousness and transparency, fairness, pursuit of excellence in service, leadership in the markets, quality in their products and optimal organizational environment. These are values that have guided their actions during the 86 years of existence of the Ferreyros Organization, passing from one generation to the next as an integrating element between the different work teams.

2 PRINCIPLE RESPECT AND DIVERSITY

All collaborators are respected as persons at Ferreyros, guaranteeing fair treatment as human beings. We value the freedom of opinion and diversity and, accordingly, have in place several communications channels and a multi-disciplinary team consisting of collaborators from different regions of the country, without discrimination due to gender, race, origin, beliefs or social condition. We uphold a policy that favors equal opportunities based on the merits of each worker and promote labor inclusion, having among us three workers with different abilities, recognizing them as useful and productive persons.

3 PRINCIPLE PERMANENT TRAINING AND EDUCATION

Ferreyros encourages, promotes and favors the professional development of its workers. Therefore, it offers an ambitious education program that includes not only its sales force but also its technical and administrative personnel. Since many years ago, the company has been carrying out programs such as Masters, ProNet, Pro 2010, Service Pro and Logistics Pro, which have contributed to the development of its collaborators.

4 PRINCIPLE OPPORTUNITY FOR DEVELOPMENT

Guided by the value of fairness, we believe that the development of our collaborators must go hand in hand with that of the company. Consequently, we promote their professional growth, offering them different positions within the company or its subsidiaries. We are proud to say that it is not unusual to remain at Ferreyros "for a lifetime".

5 PRINCIPLE SECURITY, HEALTH AND WORKING CONDITIONS

The health preservation of our workers and their families, as well as an adequate life balance, is of great importance to Ferreyros. Therefore, not only do we offer safe and healthy environments, but we also engage in health prevention and recovery campaigns, as well as in different family integration and development activities.

BEYOND MACHINES

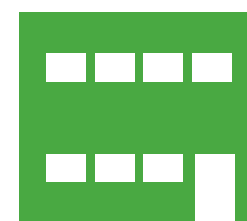
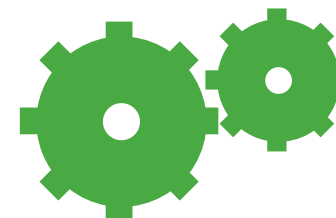
The name Ferreyros probably brings to the mind of many people the powerful yellow machines, a synonym of progress throughout the country.

Behind each piece of equipment there are hundreds of faces: the 2,400 persons that work in the company, who from their different fields of specialization pursue their commitment to build the company's leadership every day.

They are collaborators that work in an organized and coordinated manner to offer the largest market support together with a broad portfolio of products, a well-supplied stock of spare parts and components and a solid infrastructure of workshops with nationwide coverage.

Collaborators that grow closer to our customers and strive to always be one step ahead of their needs, seeking to obtain their maximum satisfaction and loyalty.

A human team that believes in Ferreyros as a shared achievement, a common enthusiasm, a collective effort. Because Ferreyros is much more than machines.



CUSTOMER FOCUSED EMPLOYEES

+ 2,400

YEARS IN THE PERUVIAN MARKET

+ 85

OPERATION SITES IN THE COUNTRY

+ 40

M² OF SPECIALIZED WORKSHOPS ALONG THE COUNTRY

+ 46,000

IN SPARE PARTS AND COMPONENTS

+ US\$ 50'000,000

INVESTMENT IN INFRASTRUCTURE

+ US\$ 6'000,000

LETTER FROM THE CHAIRMAN OF THE BOARD TO THE SHAREHOLDERS

I have been entrusted by the Board of Directors to submit to the shareholders a brief summary of the most relevant achievements of the company for the year 2008, together with some estimates concerning the probable behavior of the company in 2009. This summary will be supplemented with the Management Report and the General and Operations Report, as well as the duly audited financial Statements, which have been prepared by the management and approved by the Board of Directors in their meeting held on March 2, 2009.

As all are aware, 2008 was a year of exceptional economic performance in Peru, having obtained a 9.8% GDP growth rate, making an accumulated 50.5% between 2002 and 2008, one of the greatest growth periods of the Peruvian economy. All the economic sectors evidenced growth during the year, although the figures that had the greatest impact on the company's business were those of the mining sector (7.6%) construction (16.5%) and transport (9.14%).

Over the year, the sales of Ferreyros reached a record figure of US\$655 million. If we add the sales of our subsidiaries, the amount increases to US\$ 782 million, almost four times the amount obtained during 2002. The accumulated growth over the last five years was 277%.

Despite the greater competition due to the arrival of some new importers of machinery to the Peruvian market, the company kept its leading position and its high market share.

Large mining and infrastructure projects required machinery and Caterpillar equipment, which enabled us to surpass the number of 1,000 units sold, an amount never reached by the company before. Likewise, the sales of farming tractors reached 334 units and that of trucking rigs and dump trucks was more than 680 units, which accounted for a 59% growth in the line of Kenworth and Iveco trucks.

The timely and efficient transfer of this significant number of machinery, equipment and vehicles sold represented a great logistic challenge, considering the defective infrastructure that still exists in our country. It required coordinating many shipments from different ports around the world, as well as the storage and transportation of the units to different points throughout the country in volumes never handled before by the company.

As an essential part of our offer, our well spread presence throughout the national territory was increased by developing the geographical coverage strategy designed some years ago to strengthen the management of branch offices and offices located in the main cities of the country, assigning technical support units in projects, mining sites and our clients' operation centers.

Thus, the company continued distinguishing itself from its competitors through its outstanding post sales service that relied on an inventory of components and parts of more than US\$ 50 million and our skilled technical staff that summed more than 1,300 mechanics, supervisors and engineers.

Part of this effort was the increasing support to the technical, management and administration staff, to which end the company recruited 350 new workers during the year, for a total of 2,400 workers by the end of the year.

Aware that its greatest competitive advantage is its personnel, thanks to which the company is able to deliver a valuable proposal, it continued with its ambitious education and training program aimed at strengthening its development.

It is worth mentioning, however, that in the financial area we had to face a situation that had a negative impact on our results on two sides: On the one hand, increased assets to finance and accounts payable as a result of the greater volume of operations; and on the other hand, the higher cost of money that financing required due to the increase of the interest rates.



MARIELA GARCÍA DE FABBRI ÓSCAR ESPINOSA BEDOYA

In March 2008, the Board of Directors elected Óscar Espinosa Bedoya as President and Chairman while Mariela García de Fabbri was appointed General Manager of the company. These important changes are the result of a succession plan designed in advance to ensure the continuity of a management style that evidences more than two decades of success and which is based on firm values and a winning view to the future that embodies great effort and openness to changes.



Indeed, the increasing demand of our market for capital goods and the hardships of the plants to meet the explosive global demand, brought an inevitable inventory increase, the only way to serve our clients in a timely manner when the delivery timelines of the plants kept extending to the point it was unacceptable for them. The manifest loyalty of our customers obliged us to meet their demands, even at the risk of accumulating inventories. Meanwhile, that increasing demand generated the need to increase the machinery rental fleet, adding a significant number of units to our fixed assets. Finally, the greater commercial movement, especially in the sales of parts and provision of services, resulted in an increase of our accounts receivable. These factors generated the need for a higher financial level, which resulted in the increase of our liabilities and of the financial cost.

Once more, the company succeeded in obtaining the funds required to finance the increased inventories, fixed assets and accounts receivable, from its diversified financing sources that include Caterpillar Financial, local and foreign financing institutions and the capital market. The last named distinguished Ferreyros for its good corporate governance practices, which placed it among the eight companies that form part of the new Corporate Governance Index launched by the Lima Stock Exchange (BVL) in August.

Despite the high sales volume reached, the gross earnings, higher than those of the previous years and a record operating profit of 9.9% of the sales, which enabled the company to meet the higher financial expenses, the net profits for the year reached the sum of S/. 80 million equivalent to US\$ 27 million, an amount below the 2007 figure of S/. 127 million. A great part of this reduced profit is explained by the accumulated foreign exchange rate loss of S/. 51.0 million, in contrast with the foreign exchange rate profit of S/. 23.7 million obtained in 2007, making a net differential of S/. 74.7 million.

Indeed, considering that almost our entire purchase and sales operations are transacted in dollars, the foreign exchange rate variation affects our financial statements, which are expressed in Nuevos Soles due to the effect of the monthly variation of the foreign exchange rate on the balance sheet. The accounting standard that must be applied sets forth that inventories (machinery, equipment and parts) must be recorded at the foreign exchange rate in force on the purchasing date while the sales value is to be recorded at the foreign exchange rate in force on the date when the sale takes place. However, the liabilities corresponding to the financing of those inventories are adjusted on a monthly basis. Accordingly, in 2008, the foreign exchange rate loss generated an accounting imbalance that resulted in a significant exchange rate loss that had a negative effect on the net results.

In contrast, we must consider that there is a significant reserve in the balance sheet that will be made effective as those inventories are sold, at which point a greater gross margin will be obtained.

The share price evidenced a favorable behavior during the first months of the year. As from June, the share value of Ferreyros was in line to the down trend of the BVL and evidenced a sharp fall in its quotation, closing the year at S/. 2.15 per share. Nevertheless, it is worth mentioning that the Corporate Governance Index where the Ferreyros shares are placed stayed 16% above the General Stock Exchange Index.

In summary, sirs, the Board of Directors and the Management relieve that 2008 was a year of great achievement for the company despite the unexpected level of our net profits, which is partially compensated by the implicit reserve generated as described above.

While there is great concern in different sectors for the effects that the current International crisis may bring on the country, as well as for the understandable cautious attitude of some mining companies with respect to their investments due to the sharp fall of the price of some minerals, especially zinc and copper, we consider that 2009 will also be of significant achievements for the company. In a year of renewed hardships we may prove, as in the past, that we will know how to take advantage of the opportunities and consolidate our leadership.

Several factors will concur to accomplish that vision. Among them the soundness of our economy, the plans announced by the Government to face the crisis, many of them in the field of infrastructure, and the characteristics of several mining projects that cannot be stopped, all of which must generate a greater level of demand for the equipment we sell, although with different behaviors in the different markets in which we operate. These expectations for our 2009 sales, together with the financial-accounting measures we are adopting, will enable us to adjust our inventories to an optimum level, in line with the market needs.

Furthermore, we enjoy the royalty of our clients who are acquainted with our products and with our permanent endeavors to improve our service. We must continue to strengthen our existing bonds with them and build an active relation with the new projects.

Added to the above, our greatest challenge will be the permanent pursuit of excellence to meet the demands in sales and to provide post sales service in a timely manner, with emphasis on the value concept of our offer. We seek to provide comprehensive solutions and to encourage a clear customer service attitude.

Our human resources will continue being our greatest competitive advantage to face the challenges in 2009. We are aware that we need to keep on the strengthening of our technical capacities and to apply renewed personnel recruiting, development and retention policies.

Finally, the validity of a culture of austerity will ensure the proper use of our resources.

Before concluding this introductory letter, I must express our recognition to our shareholders for the confidence granted and point out that we are motivated by the preference of our clients, the encouragement of our suppliers and the support of our workers, all of which have enabled us to reach the leading position we currently hold in the commercial activities of capital goods in our country. Our deepest gratitude to all of them.

I am pleased to submit to our shareholders the following "Management Report" prepared by the management and approved by the board of directors, as well as the "General and Operations Report", with the "Financial statements analysis and discussion", pursuant to the Conasev Resolution 141.98 EF/94.10 that governs the presentation of Annual Reports, including the Statement of Responsibility set forth by the said Resolution.



Óscar Espinosa Bedoya

BOARD OF DIRECTORS

"FERREYROS' BOARD OF DIRECTORS ACTS IN AN INDEPENDENT, INFORMED AND OBJECTIVE MANNER, SHOWING LOYALTY TO THE COMPANY AND RESPECT FOR ALL STAKEHOLDERS. IT APPROVES AND ESTABLISHES THE COMPANY'S STRATEGY, AND SUPERVISES THE EFFICACY OF CORPORATE GOVERNMENT' PRACTICES, TAKING INTO CONSIDERATION THE DIVERSE OPINIONS OF AN IMPORTANT NUMBER OF INDEPENDENT DIRECTORS."



ALDO DEFILIPPI TRAVERSO

DIRECTOR

JUAN MANUEL PRADO BUSTAMANTE

DIRECTOR

JUAN MANUEL PEÑA ROCA

DIRECTOR



HERNAN BARRETO BOGGIO

DIRECTOR

CARLOS FERREYROS ASPÍLLAGA

VICEPRESIDENT



ÓSCAR ESPINOSA BEDOYA

CHAIRMAN AND PRESIDENT

EDUARDO MONTERO ARAMBURÚ

PRESIDENT OF THE AUDIT COMMITTEE

ANDREAS VON WEDEMEYER KNIGGE

DIRECTOR

2008 MANAGEMENT REPORT

COMMERCIAL MANAGEMENT

\$\$\$

+ 24% sales in dollars

+ US\$ 655 million in sales

+ US\$ 125 million sales from subsidiaries

MINING



+ 72% market share in FOB value

+ 254 mining trucks

CONSTRUCTION



+ 13% in sales

+ 315 units in the rental fleet

AUTOMOTIVE



+ 73% in sales

+ 680 trucks sold

POWER AND OIL



+ 64% market share in power generators

+ 71% market share in marine engines

AGRICULTURE



+ 45% in sales of agriculture equipment

+ 36% market share of wheel tractors

POST SALES



+ US\$ 240 million in spare parts and service sales

+ 230 training courses for technicians

COMMERCIAL MANAGEMENT

THE MINING SECTOR

The clear optimism that accompanied the market in the recent years continued throughout the first semester of 2008. By the beginning of July, the price for copper, of which Peru is the second world producer, reached a historical peak, when it surpassed US\$ 4 per pound. Furthermore, Peru is the fifth world producer of gold, the price of which showed a stable behavior, fluctuating around US\$ 850 per ounce and evidencing volatility only a few times over the year. The price of silver, of which we are the leading world producers, varied all along the first semester around US\$ 18 per ounce.

Accordingly, many machinery orders that had been placed in advance continued their delivery process and started operating, even during the last two quarters, when the fall of the metal prices was notorious. The copper price, in particular, fell to one third of the highest level reached in July, while silver evidenced a downward trend during the second semester, closing the year at close to US\$ 10 per ounce. It is worth mentioning the difficult situation of the zinc quotation, which showed a downward trend all along the year, closing at US\$ 1,100 per ton, an unprecedented level since 2004, falling from three times higher figures shown during 2006 and 2007.

In the field of open pit mining, where investment decisions require significant anticipation and where analysis are mostly based on the long-term metal prices, the machinery and equipment orders have grown considerably with respect to previous years. In 2008, we received orders for US\$ 173 million in new machinery for the Large Mining sector, versus US\$ 73 million in 2007. Part of this amount was invoiced in 2008; however, the largest portion will be invoiced and delivered in 2009 and in 2010. In particular, it is worth mentioning the order for the entire machinery requirements for the Tia Maria mining project, of Southern Peru Copper Corporation (SPCC).

The market represented by the Large Mining sector continued being an important generator of business volume for Ferreyros. While in 2007 the growth of our sales of new machinery was marked by the first renewals of the fleets in Yanacocha and Antamina, in 2008 Cerro Verde headed our billing of mining trucks, followed by Yanacocha and Antamina, who continued with their renewal plans.

We are pleased to mention that once again we kept our leading position in the line of machinery for the Large Mining sector, with 72% market share – in FOB values – in the aggregate of the entire surface mining line.

In underground mining, we delivered in 2008 45 low profile loader units, versus the 40 units delivered the previous year. In 2008 we were once again leaders in this line of machinery, with 61% market participation - in FOB values - surpassing the traditional manufacturers. It is worth mentioning that during 2008, the company assigned 64 technicians to different mining operation sites of the companies with which it executed fleet administration agreements.

The marketing of electric generators for mining during 2008 was quite active, having closed significant deals with Hochschild Mining PLC, Fundación del Sur (FUNSUR) and Volcan Cía. Minera S.A.A. It must be mentioned that during the first quarter of 2009 we will deliver to FUNSUR the first three Caterpillar, G3520C electric generators sold in our country.

THE CONSTRUCTION SECTOR

This was a very important year for the construction market, due to the continuation of large road construction projects and, in general, the start up of new road and other infrastructure projects. Furthermore, the mining sector's demand for the subcontracting of mine construction works evidenced a significant increase. Likewise, new water and sanitation projects continued throughout the country. The large infrastructure gap, a still pending task in Peru, added to the manifest political intention of the central and the regional governments to work towards closing this gap, has caused our clients to keep up their endeavors to increase their fleets and renew their equipment, causing in turn our sales to increase by 13% with respect to 2007.

The increased activity in the construction sector led us to strengthen our rental fleet as well, totaling 315 units in 2008. Thus, through the rental activity we were able to test the production capacity of our machinery and equipment on the field and meet the needs of our clients requiring equipment on a temporary basis or those not in a position to purchase

the units. The success achieved makes us to continue pursuing the rental business during the forthcoming years.

Among the main projects served, we may mention the outstanding sale of a package of Caaterpillar machinery for our client Tolmos Espinoza García, who currently operates not only in Cajamarca, but also in Tarapoto and Chiclayo, and the delivery of a whole machinery package that included rental and sales, for our client Techint, which returned to Peru for the execution of the new 400-km gas pipeline for Peru LNG, as part of the ongoing works related to the Camisea gas project.

Our success when serving the large projects of our clients lies mostly on our vision of accompanying them at their work site with on-site facilities of our own, to provide spares on consignment and technical and commercial staff on site.

We must also mention that during the first half of 2008 we were witnesses to the entry into the country of some lots of earth movement machinery from China, of more than 20 different brands, imported by more than 25 importers who do not necessarily have a representation agreement with the manufacturers or an organized post sales service, which gradually formed inventory lots. During the last quarter, the growth rate of the imports of Chinese origin started to slow down.

THE POWER AND OIL SECTORS

In the field of power generation, we completed, through our subsidiary Orvisa S.A., the turnkey project of the Electro Oriente Thermal Plant, which included transportation, engineering, installation, commissioning and tests of two 15 MW generator sets, within the timeframe established by the client.

In the hydrocarbons area, we kept our presence with our traditional clients and expanded to new clients in the field that provide drilling and exploitation services in new oil fields, such as Petrex, Saxon, MI Overseas and others, through the sale of 3512B power generators and equipment rental.

In the marine sector, several re-powering projects of fishing vessels were completed with electronic engines of the 3500B series. At the same time the company participated actively in the installation of 3512B and 3516B engines for tugboats built in the SIMA (Navy Shipyard) our main clients being Petrolera Transoceánica, Ultratag and Cosmos.

Owing to our active participation in these markets, our market share in power generators is now 64% and in marine engines, 71% (in US Dollars).

For the large projects of our clients, we have continued with our vision of accompanying them on site, as in the construction sector. Furthermore, we conducted specific training program for some of our fishing clients.

THE AGRICULTURE SECTOR

During 2008, the sale of equipment grew 45% with respect to the previous year owing to strategic alliances with agriculture and agri-exporter associations, to programs involving field visits to clients, to a good management of the Customer Relations Management tool (CRM) and to the close monitoring of several proposals offered to the market. Along that line, product presentations and demonstrations were organized and field trips country wide with Massey Ferguson tractors and different implements we carry. As a result, the company achieved a 36% market participation, measured in US Dollars, placing us in a leading position in the wheeled tractors market for agriculture. Furthermore, we launched in the north area the new Challenger – CAT high power rubber caterpillar tractors.

Once again we received an award from one of our principals. This time it was AGCO – MF, who in December distinguished us with the "Diamond" award, the highest distinction it has ever granted to an agent in South America, after going through a qualification process of a series of key processes for a distributor.

The milling line also participated of the success and continued growing and developing by covering the territory by zones and segmenting our clients, especially in the north and eastern zones of Peru.

With regard to the forestry market, coverage was strengthened in order to capture opportunities in a sector that was undergoing open growth in 2008 and facing great potential. Our principals Mendes, Benecke and Omil accompanied us during 2008 in the prospection and identification of needs within the lumber sector.

Finally, the service and spare parts service for our farming lines was of special interest for the Agriculture Division, which continued with its training program and on-the-field actions for several groups of customers.

THE GOVERNMENT SECTOR

Our sales to the Government sector exceeded our expectations in 2008. According to the ranking published in the State Electronic Procurement and Contracting System – SEACE (official website of the Supervisory Agency for State Contracting – OSCE) as at December 31, the company ranked 18 among the top 100 of the State’s suppliers, a significant achievement if we consider the special lines we carry and offer to the State entities. Throughout the year, we participated in more than 600 purchase processes countrywide, of which we were awarded more than 300, that is, more than 50% success. The main lines we participated with were Caterpillar machinery, Iveco Trakker dump trucks and Massey Ferguson farming tractors, contributing significantly to the market participation of these lines.

The department in charge of sales to the Government Sector provides support to all the companies in the organization, in particular the integral support it offers to Orvisa S.A., in the Amazon region. Furthermore, the foundations were laid to optimize market coverage at a national level so that the growth achieved may be sustainable over time.

POST SALES SERVICE

During 2008, the company continued with the enhancements to the post sales service infrastructure and processes, following its clear vision that this is a critical element of customer satisfaction.

In the first place, the capacities for major component repairs were expanded, thanks to the start up of operations of a second Component Repair Center (CRC) in Arequipa, adding to the one in Lima, operating since 1995. The Arequipa CRC works under the same standards and processes of the Lima CRC, headed by experienced Caterpillar certified personnel assigned from the Lima CRC.

In 2008, 264 more major components than in 2007 were brought in for repair, a 17% increase, reaching a total of 1,823 major components received from our customers.

THE AUTOMOTIVE SECTOR

The sales of Kenworth and Iveco trucks experienced great dynamism, evidencing a 59% increase owing to the acceptance of our customers based on a comprehensive proposal that stresses the importance of post sales service. To that effect, the number of imported units was increased and significant investment was made in both, the expansion of our shop in Lurin and the commencement of construction in 2009 of the new commercial and post sale service headquarters for the Automotive Division in Ate. These actions enabled us to accompany the growth of the market, especially in the transportation, mining and construction sectors.

The number of Kenworth truck units sold grew 17% with respect to the previous year. The number of Iveco units sold, which includes buses and trucks, was 479, versus 240 the previous year, representing more than 100% increase.

It is also worth mentioning that the company continued working towards completing the portfolio of the automotive division, adding in August the line of Yutong buses from the leading bus manufacturer in Asia and second worldwide. The first sales of the Yutong buses took place during the fourth quarter. This line of buses offers a wide range of models that will allow us to reach different segments and to cover the new market of vehicles fueled by Natural Gas (GNV).

Altogether, the automotive division sales reached US\$90 million, representing a 73% growth with respect to 2007.

The Rebuilding Shop (TR) also continued with its technological renewal strategy, with an investment of almost US\$ 1 million in cutting edge technology equipment, such as a milling machine and a machining center, both under CNC numeric control, equipping for the computer-aided welding process and two crankshaft rectifiers.

A 10-ton bridge crane was installed in the Machine Shop of our site in Avenida Industrial, over the second row of repair bays, simplifying machinery assembly and dismantling. The metallic structure was manufactured and assembled by our subsidiary Fiansa.

In addition, improvements continued in the shops of some of our branches throughout the Peruvian territory, especially in the case of the shops in Chimbote and Huancayo that obtained the five-star Caterpillar certification in contamination control.

In order to serve the higher volume of units being delivered annually to our customers, which increased from 600 units in 2007 to more than 1,000 units in the Caterpillar line delivered during 2008, in August we opened our New Machinery Pre-delivery Shop facilities, located in a 3,000 m2 site in Avenida Argentina. The shop offers 20 bays for machines, equipped with compressed air, electric power and data line facilities, a test area for electric generators, washing area, painting area, materials and tools storage, mechanics room, administrative area, etc.

Supplementing the post sales service that the company offers from its CRC, its TR, its Machine Shop and its shops in the branch offices, the company has been gradually increasing the service it offers to its customers at their operation sites. First and foremost are the operations of large-scale, open pit mines in the country, in nine of which we have a total of 354 workers assigned to provide permanent, on-site service. Additionally, we serve underground mining projects and infrastructure works through 11 Service Support Contracts (CSA) approximately twice the number served in 2007. The technical personnel – engineers and mechanics – in these 11 projects totals 88 and the total turnover increased by more than 60%.

As part of our comprehensive service to our large-scale mining customers, Ferreyros has assigned skilled personnel, through its Large-scale Mining Division, to each of the nine mining operations throughout the country (Yanacocha, Cerro Corona, Antamina, Pierina, Marcona, Tintaya, Cerro Verde, Cuajone and Toquepala) and very soon will do the same with a tenth operation unit in the south of Peru (SPCC-owned Tía María). Each organization has engineers, technicians and employees with broad experience in mining-related activities. In 2008, out of the 520 persons that constituted the Large-scale Mining Division, 354 were assigned to the different mines, the Yanacocha operation being the largest, with 121 persons. These organizations provided 24/7 service and technical support to a fleet of 254 trucks of up to 240 tons loading capacity and 272 auxiliary machines such as tractors, motor graders, loaders and other models, in different rotating shifts aligned with the shifts of the employees and technicians of the mining companies. All this on-site technical team is backed by a central organization that seats in Lima, consisting of 166 persons, among engineers, administrative staff, technical specialists and others.

Thus, during 2008, we put in operation 21 240-ton trucks and 17 auxiliary machines; delivered 365,000 spare parts for an overall value of US\$ 81 million; 249 technicians attended to different maintenance, minor repair and component removal-installation jobs. In addition, we put in operation the first condition monitoring system developed by Caterpillar – the Mine Star Health (MSH) – at Yanacocha; we carried out two SAT (Site Assessment Tool); two EIA (Equipment Investment

Analysis) and eight Six Sigma projects. All of the foregoing were executed to improve maintenance and operation processes in the customers’ truck and machine fleets.

As a result of the services offered to our customers, Ferreyros achieved a total of US\$ 244 million in sales of spare parts and services in our lines, during 2008. This figure represents a 20% increase with respect to the previous year and accounts for 38% of the total company sales in 2008. Within this volume it is worth noting not only the turnover from the large-scale mining projects resulting from the existence of a fleet of 254 trucks and more than 272 auxiliary equipment, but also the growth evidenced by other sectors, where US\$ 71.8 million worth in spare parts and services were delivered, versus US\$55.9 million in 2007.

TRAINING PROGRAMS FOR OUR TECHNICIANS AND CUSTOMERS

Enhancements in infrastructure and processes in the different post sales service operations were accompanied, as it is already a tradition in the company, by our efforts aimed at training our technical staff. These efforts include the internal development Service Pro program, as well as external programs such as Think BIG and ABC offered by TECSUP and the Heavy Machinery program offered by SENATI.

The Service Pro program completed more than 10,000 certifications and re-categorizations for a total of 844 technicians enrolled. With the foregoing, more than 72,000 hours-technician of class training were completed, in a total of 230 technical courses conducted.

The fifth graduating class, consisting of 21 technicians, completed the 24-month Think BIG course, a program, launched in 2002 by Ferreyros and Caterpillar that trains technicians specialized in our products. The ABC program that takes place in Arequipa and Lima and covers four months training has prepared eight graduating classes, with a total of 167 technicians. Likewise, the company supported other programs of the SENATI with the curriculum, provision of technical information and apprenticeships for technicians in our different shops.

Throughout the training process of our technicians it is important the experience they may accumulate; accordingly, in 2008 we implemented the Technical Mentor program and prepared 26 technical mentors with the highest Service Pro standards, to assist in the “trainee” process both on the field and in the shops. The mentors’ assistance enabled us to intensify the training for our field service personnel towards ensuring quality and efficiency in the diagnostic and solution of Caterpillar machine problems that our customers may require.

"AT THE MACHINERY WORKSHOP, WE ARE A WORK TEAM FULLY DEDICATED TO CAT EQUIPMENT. WE FEEL PROUD OF BEING ABLE TO OFFER RELIABLE ANSWERS, WHETHER AT THE WORKSHOP OR IN THE FIELD, WITH THE SATISFACTION OF CUSTOMERS AS OUR MAIN CONCERN". **JUAN SILVA**

"I AM ABOUT TO COMPLETE 20 YEARS IN THE COMPANY AND IN ALL THE DIFFERENT AREAS I HAVE WORKED I HAVE BEEN ABLE TO OBSERVE THE PERSONNEL, ALWAYS COMMITTED, RELIABLE AND TRANSPARENT IN THEIR ACTIONS. THESE ARE THE MAIN VIRTUES THAT HAVE PLACED OUR COMPANY IN A LEADING POSITION". **JUAN MONTOYA**

"I HAVE WORKED IN DIFFERENT AREAS AND POSITIONS IN THE COMPANY. IN MY EXPERIENCE, I HAVE BEEN ABLE TO UNDERSTAND THAT A PLEASED CUSTOMER IS THE ONE THAT FEELS CERTAIN THAT HE HAS ARRIVED TO A PLACE WHERE HIS PROBLEMS AND EXPECTATIONS WILL BE MET, AND WHO CAN FEEL OUR COMMITMENT TOWARDS THAT GOAL. IN OTHER WORDS, WHEN HE FEELS THE ESSENCE OF SERVICE: TO SERVE". **FREDY WALDE**

Ferreyros is committed to serving its clients in the best manner. To that effect, it offers a modern network of workshops in Lima, with highly qualified personnel and state-of-the-art equipment. The world class Caterpillar-certified Component Repair Center (CRC); the Machinery Workshop for the repair and maintenance of equipment; the Rental and Used equipment workshops specialized in this type of equipment and the Recoveries Workshop (TR) specialized in the recovery of parts and components, are some of these first class shops.



Meanwhile, as every year, the company participated actively in the Caterpillar certification programs, this time with 17 technicians, achieving 33 certifications. The purpose of these certifications is to offer technicians the opportunity to demonstrate their expertise in the execution of diagnostics, tests and adjustments on mining, construction and power generation equipment.

In addition and bearing in mind our logistics employees, we implemented the Logistics PRO program seeking to create a career line associated to an educational and training program.

LOGISTICS MANAGEMENT

During the first six months of the year, the logistics management scenario was booming with the increased demand for capital goods worldwide, resulting in longer lead times from the different manufacturing plants of the brands traded by Ferreyros. Likewise, there was an increasing demand for a series of logistic services, such as international transportation, local terminal services and storage centers, as well as inland transportation, generating a shortage on the offer side to meet the demand. If we add the soaring fuel prices, we end up with ever rising logistic costs.

Therefore, in order to face the restrictions in International transportation services we called a freight tender inviting the leading international shipping lines and forwarders, enabling us to obtain more efficient service both time and cost wise. Furthermore, we called a tender for customs agent services and invited the leading companies in this line, thus ensuring the highest service standards.

Additionally, we decided to work with less tight inventory rotation parameters, to keep wide inventory levels to cover a greater number of months of demand, not only in machinery and equipment for the construction sector but also in large trucks and loaders for the Large-scale Mining Sector. Facing the prolonged manufacturing lead times proposed by the manufacturers, the company decided to receive the units on the date they were made available at the factory, assuming

As part of our value proposal for our customers, we continued in 2008 offering technical training and equipment operation. A total of 89 technical and maintenance courses were imparted in the main cities of Peru, covering more than 1,250 customers. Our Operators Training Center – a unit that combines our broad training experience in the use of cutting-edge technologies such as heavy machinery operation simulators - completed more than 520 courses for customers in the Large-scale Mining, Construction, Medium-scale and Small-scale Mining sectors.

the longer storage period in Ferreyros. Maintaining higher inventory levels called for larger storage spaces both in the country and in areas close to the ports of origin.

The main increase was in the lines of machinery, engines, equipment and vehicles, that is, what we call “prime products”, where our inventories rose by 70% mostly due to the inventory that was in transit to the Large-scale Mining market, which will be executed in 2009.

With regard to the spare parts stock, the levels increased 7% to sustain the sales growth of close to 27%, which reflected in improved rotation levels owing to the optimization of the management of stock control and replacement parameters and to the reduced times in the spares import and distribution chain. We were able to meet 93% of the spare part requirements of our customers immediately, from our own stock. The balance was covered through emergency orders, for which we have very agile procurement and importing processes, integrated with all our suppliers in the chain.

It is worth noting that towards the end of the second semester of 2008, we experienced a relief in the critical international trade situation described above, due to the lower world demand triggered by the international crisis, especially in the United States and certain European

countries. The plants then started to evidence greater delivery capacity, generating expectations for improved international transportation conditions due to both the reduced demand for freight and the sharp fall of the oil price, which, however, was not reflected immediately in the freight levels.

Ferreyros has kept for many years its leading position as importer of capital goods and this year was no exception, if we consider the companies that distribute capital goods. Keeping this position has meant facing a demand for ocean freight space for general cargo of approximately 88,000 m³ to transport machinery, engines and equipment from different ports of origin, mostly from the United States, 55%, Brazil, 24%, China, 8% and Belgium, 7%. In addition, we imported 500 vehicles transported by land. Finally, we received almost 600 containers with spare parts and minor equipment, with a total weight of 7,500 tons.

With regard to airfreight, we still keep our record as leading importers in this area, which we use mostly to import spare parts. In 2008, we reached an average of cargo arrivals at the

Jorge Chávez International Airport of El Callao, of 9 tons per day, considering freight and passenger flights, representing a 10% increase with respect to 2007.

With regard to storage, our infrastructure consists of 47 warehouses and spare part service centers, holding a total of 135,000 items. During the year, a total of 1.7 million items were received and 2 million items were dispatched. Our stocks were strategically distributed to serve the demand from the closest points possible. These are 25 warehouses with a total area of 10,500 m² in the main cities of the country and 22 warehouses in the operation sites of certain projects in the mining, construction and energy sectors. In this respect, we have defined a warehouse expansion plan to meet the increasing market demand.

Finally, we have three warehouses for the storage of machinery, engines, equipment and vehicles that make a total area of 30,000 m² of our own, which are supplemented with rentals from third parties. These warehouses received almost 3,000 units during 2008.

GEOGRAPHICAL COVERAGE

Ferreyros has 14 branch offices and sales offices located in the main cities of the country, in addition to the four branch offices and agencies of its subsidiary Orvisa, in the Amazon region, which forms part of the national distribution network. As already mentioned, the creation of additional spare part and technical support service centers continued at the operation sites of some customers, in order to ensure a fast and efficient service for a high number of machinery and equipment

available. Among them we may mention those installed at the Cerro Corona project (Cajamarca) Talara (Piura) Pacasmayo (Trujillo) and Sider Perú (Chimbote).

Altogether, in 2008 the sales of our branch offices grew 43% with respect to the previous year, driven by the greater activity shown by the primary sectors, the most notorious being the performance of the medium-scale mining companies, large-scale mining contractors, agriculture and fishing, as well as the construction, government and transportation sectors.

INVESTMENTS IN INFRASTRUCTURE

With its characteristic confidence in the future, Ferreyros undertook significant investments to update its infrastructure and improve customer service. In the case of its branch offices it is worth noting the relocation and construction of the new headquarters of the Lambayeque office, with 10,166 m² of offices and repair shops, leaving behind the old facilities in downtown Chiclayo, where it had operated for more than 60 years. The corporate offices in Trujillo also underwent full

refurbishment and expansion of its customer service and repair shop areas. As mentioned in the post sales service section, significant investments were made in the machinery shops, the Component Repair Center of Arequipa, in a new store in Avenida Argentina, covering 14,000 m², where areas for pre-delivery services and rental and used equipment have been implemented. Likewise, work already started at what will be the headquarters of the Automotive Division.

FINANCIAL MANAGEMENT

The increase of the sales figures, which in nuevos soles was 15.9% and in dollars around 23.5%, with respect to 2007, as well as the achievement of a 22.1% gross margin in the year (compared to 20.2% in 2007) were the bases of the good operating results yielded by the company. We must add to the above that the commercial efforts were based on administration and sales expenses which, as a percentage of the sales, were similar to those of the previous year. Thus, the profits from operations last year were S/. 188.7 million (equivalent to US\$ 65 million at the average foreign exchange rate for the year). Notwithstanding these positive operating figures, the result of a good business and operations performance, Ferreyros had to face in 2008 the impact of the foreign exchange rate fluctuations between our currency and the dollar. After experiencing long time stability during the past years, with a foreign exchange rate of S/. 3.20 per dollar, this year our currency was strengthened during the first four months of the year, undergoing a significant appreciation, from S/. 3.00 per dollar at the beginning of the year to S/. 2.8 per dollar towards the month of April, to fall again until the end of the year, closing at S/. 3.14 per dollar.

Consequently, the impact of foreign exchange rate loss in our Financial Statements was of S/. 51 million. This impact, as explained throughout the year, is not completely economic, but mostly only in the books and temporary, as the different accounts in the Balance Sheet are not adjusted in the same manner as the variations in the foreign exchange rate. While the company has its inventories and rental fleet, which are transacted in dollars in the market, it must reflect these assets in their equivalent in nuevos soles, at the foreign exchange rate of the date of purchase,

as set forth by the International Accounting Standards (IAS) whereas the liabilities behind them – also transacted in dollars – are adjusted on a monthly basis to reflect the foreign exchange rate variations. It is worth mentioning that the foreign exchange rate difference will be off set to a large extent when the inventories, recorded at a lower exchange rate, are sold. The same happens with the rental equipment. The accumulated Foreign exchange rate loss figure must therefore be compared against the lower value of the inventories and rental fleet recorded, as these, in average, showed an exchange rate of S/. 3.03 per dollar and S/. 3.00 per dollar, respectively, when the closing exchange rate was S/. 3.14 per dollar; Accordingly, there is a reserve of S/. 40 million, approximately, in terms of gross profit.

In addition, we must mention that during the year it was necessary to finance a higher volume of assets in order to meet the increasing sales, with the ensuing increase of liabilities and, hence, financial expenses. The financial expenses represented 2.9% of the sales, versus 2.3% in 2007. Thus, the interest coverage ratio was 4.8 times. We must also mention the lower result of our subsidiaries, explained in part by the foreign exchange rate loss generated in them, which had a negative impact in their results.

Within this context, the net profits for the year were of S/. 80 million (approximately US\$ 27.1 million at the annual average exchange rate) representing a return on equity of 17.6% for the year.

With regard to the increase in the assets, it is worth mentioning the case of the inventories, the opening level

of which was US\$ 152 million and US\$ 137 million at June, closing the year at US\$ 262 million. This growth is explained by the longer lead times of the manufacturing plants generated by the huge international demand at the beginning of August, before the announcement of the international financial crisis. At the end of the year, suppliers, especially Caterpillar, the largest of the companies we represent, showed delivery dates similar to those seen before the expansion of the world demand, thus evidencing an inventory level higher than the new replacement lead times suggest.

In addition, the company consolidated its rental fleet during 2008, increasing it from 157 to more than 315 units, a major investment in fixed assets that amounted to US\$ 20 million.

Finally, the accounts receivable accompanied the sales growth, a total of 26.5% in the year, concentrated, to a large extent, in billing for loans covering spare parts, services, rentals and machines that enter the portfolio for 30 or 60 days until payment by the customer or the financing institution is due. In order to meet the financing required by the customers, Ferreyros offers them advise in applying to different financial institutions both locally and abroad, as we are aware that they can offer the best loan conditions based on their experience and financial structure. Nevertheless, in some cases, the company still offers direct financing alternatives. As a result, we managed to bring down investment in medium-term accounts receivable by reducing from 9% to 8% the percentage of our sales of machinery and equipment with medium-term financing, with the ensuing decrease in the levels of reserves for bad debts. It is worth mentioning that while during the first half of the year a certain expansion was noted in the loan operations of different institutions, especially through leasing operations to customers – in particular for the purchase of trucks – during the second half of the year these sources experienced a contraction and tightened their loan conditions, generating greater requirement from our customers, mainly those in the transportation market.

In turn, the delinquency rate of the 30-day portfolio was 7.06%. The reserve for accounts receivable remained around US\$ 9 million.

All investments aimed at increasing the above mentioned assets resulted in greater indebtedness, increasing the indebtedness ratio from 1.60 : 1 to 2.48 : 1.

The general liquidity or current ratio, understood as the capacity of the company to meet its short-term debts based

on its outstanding assets evidenced a level, as at the closing of the year, of 1.43 : 1, after the company assumed in the last quarter short-term debt to finance inventory purchases. It is estimated that during the first semester of 2009, when the inventories are billed and paid for, the company will recover its current ratio of more than 1.5 : 1.

We must mention the great success achieved by the company in obtaining the funds required to finance the increasing assets. Keeping the high levels and being able to comply with the execution of the planned investments during 2008 in the company's subsidiaries and in the infrastructure of repair shops and warehouses, not only in Lima but throughout the country, meant a considerable effort to expand and keep the financing sources in the amounts required and under the conditions sought. Financing was obtained from the profits generated during the year and from miscellaneous liabilities.

Ferreyros has a diversified base of Financing sources, including Caterpillar Financial Services, local Banks and the capital market. The financial debt level went from US\$ 181 million in December 2007 to more than US\$ 300 million as at December 31, 2008. Bank financing increased from US\$ 68 million in 2007 to US\$ 171 million in 2008 from both local and foreign sources, which kept very competitive rates.

The capital market reflected certain instability due to the International financial problems that naturally affected the stock market in our country, however, with periods of high stock demand. The first months of the year exhibited smaller appetites for foreign currency papers by institutional investors – especially mutual funds – nevertheless, this situation was reversed during the second semester, as a slowdown was experienced in the growth of mutual funds in nuevos soles whereas the funds in dollars increased. This phenomenon, which was also registered by the bank deposits, would obey, among other factors, to the volatility experienced by the exchange market and to the recovery of the dollar during the last semester, resulting in better performances in dollars with respect to those in nuevos soles, in real terms.

The strategy of fixed rate indebtedness was kept throughout the year and even hedging some operations that had variable rates, fixing same in 6%. As a consequence of financial restrictions Worldwide, the interest rate evidenced an upward trend during the last months of the year and, therefore, increasing the "spreads", mainly due to a greater perception of risk and the higher funding costs themselves. The strategy also considered concentrating the financing in foreign currency to off set these obligations with the revenues expressed in the same currency and avoid foreign exchange rate risks.

Towards the end of the year and as a result of great international announcements regarding the financial crisis, certain conservatism was observed in some financial entities and a certain tightening of the loan conditions. However, the company trusts that its good payment record and sound corporate governance will be key elements that will ensure access to the funds required during 2009, as demonstrated in 2008, a year when despite very uncertain moments, the company was able to place bonds for up to US\$ 33 million.

Along a different line, 2008 showed as of September, a sharp fall in the prices of the stocks listed in the Lima Stock Exchange (BVL). While the stock of Ferreyros followed the same downward trend as the rest of the stock listed in the BVL, it was less sharp than those of the seven other companies that form the Good Corporate Governance Index (See the Corporate Governance section).

“WE OFFER LEGAL SOLUTIONS FOR OUR CUSTOMERS’ REQUIREMENTS. OUR PRIMARY PURPOSE IS TO FACILITATE BUSINESS OPERATIONS WITH OUR CUSTOMERS. CREATIVENESS, HAND IN HAND WITH SAFETY, IS THE MAINSTAY OF OUR WORK. OUR CLIENTS RECOGNIZE THE VALUE ADDED OF OUR ADVICE WITHIN THE SCOPE OF OUR COMPREHENSIVE SERVICES. A SATISFIED CUSTOMER IS OUR BEST ACHIEVEMENT.”

EDUARDO RAMÍREZ DEL VILLAR

“IT IS HIGHLY REWARDING TO HAVE THE OPPORTUNITY TO ADD VALUE TO OUR CUSTOMERS’ PROCESSES THROUGH AN INTERACTION WITH OURS. FOR EXAMPLE, IT MAY BE THAT THE CLIENT PLACES PURCHASE ORDERS DIRECTLY IN OUR ENTRANCE MAILBOXES, THANKS TO THE ELECTRONIC BUSINESS OPTIONS WE OFFER. WE ARE ABLE TO UPDATE OUR PRICE CATALOGUES AND INVENTORY AVAILABILITY IN THEIR SYSTEMS.” JUAN ANGOBALDO



The efficient management of different areas of Ferreyros is key to a successful performance of the company’s operations. The experience and commitment of the staff in relevant areas such as Human Resources, Information Technology, Legal, Comptrollership and Internal Auditing, have from the onset represented an essential element in the achievements of Ferreyros and its constant pursuit of permanent improvement.



AFFILIATES

During the year, our subsidiaries experienced a greater demand for goods and services offered to the market, which enabled them to grow and benefit from the synergies between them and with Ferreyros. The organization's strategy considers achieving part of the growth through the subsidiaries based on their greater revenue and profit volumes, as with their contribution towards increasing customer satisfaction and expanding market coverage. Accordingly, during the year investments were made in different subsidiaries, for a total of about US\$ 10 million, which include the acquisition of a business engaged in the provision of lubricants service that will form part of Mega Caucho Representaciones; investments in Cresko for the start up of its operations; the capital increase in Depósitos Efe for the expansion of its warehouse and comprehensive logistic activities; and the investment in Fiansa for the purchase of land in Huachipa to relocate its operations in Lima in the future.

During 2008, our affiliates complied with their sales Budget and in all cases, with exception of the shrimp fishery Domingo Rodas S.A., generated profits for the organization, even after taking up the negative impact of the foreign exchange rate that affects them as described in the case of Ferreyros. In general, our affiliates contributed to the organization sales amounting to US\$ 127 million, representing a 50% growth with respect to 2007, and profits for US\$ 6 million.

Eighty percent of this total was generated by Unimaq, Orvisa, Fiansa and Megacaucho.

Unimaq reached sales in 2008 for US\$ 67 million, 37% more than the sales recorded in 2007. This increase includes the adoption of the entire light construction line of Caterpillar, sold by Ferreyros until December 2007, which will give us a better market coverage.

Orvisa reported sales amounting to US\$ 49 million as at the end of the year, 42% more than in 2007, mostly in the energy, forestry, river transportation and oil sectors. The most relevant deals were the sale and installation of a 14 MW thermal power plant for Electro Oriente and the continuation of a comprehensive maintenance contract for Pluspetrol in Andoas, operated by the affiliate "ORVISA Servicios Técnicos SAC".

Fiansa, which celebrates its 40th anniversary, generated sales for US\$ 16 million, a 33% growth with respect to 2007 and 100% when compared to 2006. The sales consider the execution of projects in the mining sector where it performed the expansion of a mineral concentrator plant, the construction of a transmission line and the construction of the metallic structure for an acid water treatment plant. Furthermore, it executed metallurgical and assembly works, serving customers in the industrial, agribusiness and construction sectors. It purchased a 15,000 m² land property in Huachipa, Lima, where the future plant of the company will be built.

Mega Caucho & Representaciones reported sales for close to US\$ 16 million. This sales volume represented a 47% increase with respect to the previous year and over 100% when compared to 2006. The main line of business is the sales of Goodyear tires, focused on tires for underground mining equipment and the provision of specialized maintenance service with repair shops located at the respective operation sites.

The third chapter contains details on the relevant events of all the subsidiaries (General and operations information, under Affiliates).

CORPORATE GOVERNANCE

The firm commitment of Ferreyros with good corporate governance was evidenced in 2008 through the permanent improvement process of practices concerning the respect for shareholders' rights, fair treatment, the transparent and timely presentation of relevant market information and the clear stipulation of the Board of Directors' and Management's duties.

In compliance with the respect for the shareholders' rights, the Shareholders' Meeting held on March 26 was called with due notice and through several communications channels, resulting in the attendance of 164 shareholders, representing a 92.13% quorum. The minutes of the meeting were made available within five days. As part of the innovation in 2008, the Shareholders' Meeting was broadcasted live through the company's website and the shareholders were able to access on real time through the Internet. The Meeting approved the distribution of dividends in cash and the capitalization of profits in line with the dividends policy. By recommendation of the Board, it was agreed to distribute S/. 0.132 per share in cash dividends and S/. 0.26147 per share in paid-up shares.

As part of the communication and information transparency policy, the company continued to provide consultancy service and relevant and timely information to its shareholders and analysts and other stakeholders through its Securities and Investor Relations Department. Following our good practice of making ourselves available in the market through different points of contact, the company participated in multiple meetings and conference calls with institutional investors, investment Banks and analysts, local and foreign. In March, the company participated in the event organized by Larraín Vial, in Chile, which brought together a numerous group of investors interested in the Latin American region and in September, in the Fourth Conference on Capital Markets organized by Banco de Crédito del Perú. Furthermore, the annual meeting with the pension funds and with the leading banks in the country took place. In 2008, the company participated, as it does since 2006, in the annual meeting of the Companies Circle, a group of 14 Latin American companies that share their best practices to provide each other feedback and support.

During 2008, the recognition we received from the market account of our good practices, generated great demand in

the three corporate bond placements made in the Peruvian capitals market and enabled us to keep more than 1,200 regular share holders.

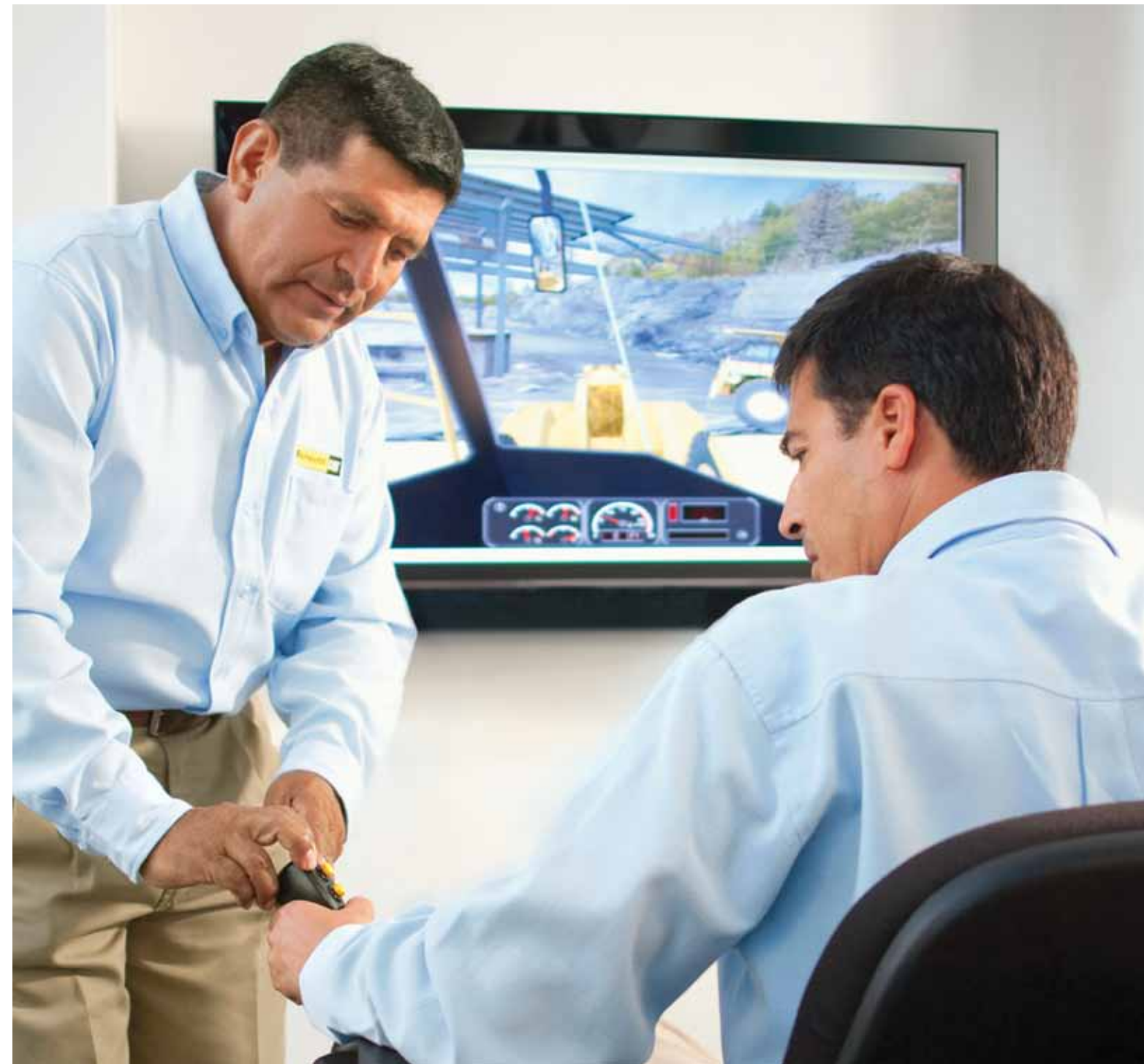
Finally, the company was recognized by the Lima Stock Exchange, which certified it as eligible to form part of the Good Corporate Governance Index it launched in July 2008 after validating the self-assessment of 26 good corporate governance principles that the company presents with its Annual Report and which are published by the Securities and Exchange Commission (CONASEV). Ferreyros was included in the referred index together with seven other leading companies in the country. Of the eight companies that make up the index, Ferreyros was awarded the "Key to the BVL", a symbol of recognition as the company with the best corporate governance practices. This recognition was followed by the awards received in the Good Corporate Governance Contest, organized by Procapitales and the Peruvian University of Applied Sciences (UPC) for the third year in a row. In the 2008 version, the company won in the categories "Best treatment to the shareholders" and "Best board of directors policies" after being a finalist in two other categories of the contest: "Information transparency" and "Best behavior with the internal and external environment". Thus, out of a total of five main categories in the contest, the company won two and was a finalist in another two.

These recognitions pose the company the challenge to continue revising its processes and implementing improvements on its corporate government practices on a permanent basis in order to preserve the place of honor achieved as a point of reference in corporate governance matters, the access to capital sources and the trust of shareholders and investors.

During 2008 and for the fifth consecutive year, the company complied with publishing with its Annual Report the self-assessment on the compliance with the good corporate governance principles that govern Peruvian corporations. It is worth mentioning that out of the 26 principles, the company graded its compliance with 25 principles with a "four" (full compliance) and 1 principle with a "three" (partial compliance). This assessment is found in Chapter VI (Corporate Governance) of this report.



When special versatility is required in an operation, there is nothing like **Caterpillar excavators** to dominate the terrain. Owing to a wide array of implements, among them the bucket, the hammer, the hook and the ripper, these machines are tailored to meet the specific requirements with maximum efficiency. These excavators, key in construction and mining works, are provided with fast coupling mechanisms to change the implements in the minimum time – from less than 30 seconds – to get ready for a new task.



The training of operators is critical for the customers of Ferreyros, as it enables them to achieve the best performance of their Caterpillar equipment. The Technical Development team uses its broad training experience, adding it to state-of-the-art technologies, to provide valuable competencies to customers in different points throughout the country. Furthermore, it favors one of the greatest strengths of Ferreyros: the specialized training of the technical personnel of the company.



GENERAL AND OPERATIONS INFORMATION

GENERAL COMPANY DETAILS

NAME AND ADDRESS

Company name	Ferreyros S.A.A.
Type of corporation	Sociedad Anónima Abierta
Taxpayer ID (RUC)	20100027292
Address	Jr. Cristóbal de Peralta Norte 820 Monterrico, Santiago de Surco Lima, Perú
Telephone	511 - 6264000
Fax	511 - 6264504
Web site	www.ferreyros.com.pe
Customer hotline	511 - 6265000
Shareholders hotline	0800 - 13372

ECONOMIC GROUP

The assets of Ferreyros records the participation of the following subsidiaries in the capital stock: Pursuant to the denomination of economic group of Conasev, Ferrerros forms an economic group with the following subsidiaries:

Subsidiaria	Participación
Orvisa S.A.	99.00%
Unimaq S.A.	99.99%
Fiansa S.A. (ordinary shares)	99.44%
Depósitos Efe S.A.	99.86%
Motorindustria S.A.	99.99%
Domingo Rodas S.A.	99.89%
Ferrenergy S.A.C.	50.00%
Megacaucho Representaciones S.A.	99.99%
Cresko S.A.	99.99%

INCORPORATION AND REGISTRATION IN THE PUBLIC RECORDS

Ferreyros was incorporated under the original name of Enrique Ferreyros y Compañía Sociedad en Comandita, by deed executed on September 14, 1922 before the Attorney-at-Law and Notary Public in and for Lima, Agustín Rivero y Hurtado. It was registered on Entry 1, page 299, volumen 15 of the Book of Corporations of Lima. This corporation was dissolved as recorded in Entry 10, page 296, volume 30 of the Registry of Companies of Lima.

Enrique Ferreyros y Compañía S.A. absorbed the assets and liabilities of the previous Corporation by deed executed on September 21, 1931, before Attorney-at-Law and Notary Public in and for Lima, Agustín Rivero y Hurtado, registered on Entry 1, Page 457, Volume 31 of the Registry of Companies of Lima. The change of name to Enrique Ferreyros S.A. was made through deed executed on November 23, 1981, before Attorney-at-Law and Notary Public in and for Lima, Jorge Orihuela Iberico, registered in Item 11007355 of the Registry of Companies.

The change of name to Enrique Ferreyros S.A. was made through deed executed on May 6, 1996, before Attorney-at-Law and Notary Public in and for Lima, Jorge Orihuela iberico, registered on Entry 2B of Card 117502 of the Book of Corporations of the Registry of Companies. On March 24, 1998, the Shareholders' Meeting agreed to change the company name of Ferreyros S.A.A., registered in Item 11007355 of the Registry of Companies.

Description of the main companies that make up the economic group

Orvisa S.A.

Founded in 1974, it has established itself as the largest trading company dealing in capital goods in the Peruvian Amazon Region. From its headquarters in Iquitos and its branch offices in Tarapoto, Pucallpa, Puerto Maldonado, Huaypetue and Bagua, it provides the same lines of equipment and brands offered by Ferreyros to the agricultural, transportation, forest and hydrocarbon sectors. Due to its location in the jungle, Orvisa currently enjoys certain tariff and tax advantages.

In 2004, Orvisa created an affiliate under the name of Orvisa Servicios Técnicos S.A. to provide services to the oil sector. This affiliate is based in Andoas, Loreto and specializes in the maintenance and repair of generator sets.

Unimaq S.A.

It started operations in 1999. Its business is focused on trading goods and services and on the rental of light equipment for the construction, mining, industry and fishery sectors. Since it was created, it has represented leading product lines of excellent quality, such as Mitsubishi-Cat lifts, Wacker compaction equipment, Lincoln Electric welding equipment, Olympian Cat generator sets, Amida light towers,

Enerpac hydraulic tools, Compare compressors. In almost all these lines, Unimaq has maintained its leading position in the local market.

In 2007 Ferreyros redefined the role of this subsidiary for it to become the unit of the organization in charge of serving the urban or light construction sector, without neglecting the aforementioned lines and markets. To this effect, Unimaq assumed the trading of the Caterpillar light equipment line, which is basically targeted at the urban construction sector and which was previously offered to the market by Ferreyros. In turn, Ferreyros transferred its business unit "Rentando – Cat Rental Store" to Unimaq; in this manner, the rental of equipment was added to its sales portfolio to make an integral offer to its customers, including the sale of new and used equipment, the rental service and the post-sale service.

Fiansa S.A.

Founded in 1968, Fiansa S.A. is engaged in the execution of metal-mechanic and electric works. At present, it mainly serves the construction, mining and industrial sectors. It has wide experience in the development of engineering and construction of steel structures for buildings, bridges, storage tanks, hydraulic systems, industrial plants and infrastructure in general, as well as in the construction of hydroelectrical power stations, transmission lines, power substations and industrial electrical installations.

The industrial plant, with an area of 10,000 m², is located in the city of Trujillo.

Depositos Efe S.A.

Founded in 1983, this affiliate is engaged in the sale of simple or field bonded warehousing services. It provides storage services for machinery, equipment, spare parts, textiles, telecommunication equipment, as well as bulk chemicals. The company is properly equipped to develop its logistic operations with quality and efficiency.

The great demand for logistic operations generated in the country as a result of the growth of exports and imports and the signing of the Free Trade Agreement (FTA) with the United States will enable the company to increase its operations.

During 2008, Depósitos Efe acquired a land property in the zone of Gambetta in El Callao with the aim of expanding its storage activities and keep on participating in an important manner of the logistics chain.

Motorindustria S.A.

Founded in 1987, its original line of business was the development of the terminal industrial activity of motor production and the sale of spare parts and services. In 1998, the Shareholders' Meeting resolved to modify its activities and thus the company started machining operations for the recovery of machinery components. Its work was closely linked to the Component Remanufacturing Center of Ferreyros and, hence, in 2006 the operations of Motorindustria were incorporated to Ferreyros S. A. through a spin-off process. Motorindustria has had no economic activity this year.

Domingo Rodas S.A.

Aquiculture company founded in 1979. It is located in the Province of Tumbes, Playa Hermosa beach resort, on the left bank of the Tumbes River, and is engaged in the growing, culture and export of prawns. It currently has 250.97 hectares in production and has achieved an annual production of 700 tons of prawns.

In order to consolidate its operations and face the external variables that may affect its outcomes, the company decided to diversify its operations by expanding its business to the extraction, processing and export of products for direct human consumption.

Ferrenergy S.A.C.

This company was incorporated in 2006 by its shareholders Ferreyros S.A.A. and Energy International Corporation, with a participation of 50% each.

The primary purpose of the company is the sale and supply of energy, as well as the purchase/sale, import and export of goods and articles in general, among others. To date, Ferrenergy has an 18 MW capacity plant and has entered into a contract with an oil company for the Supply of Power and electric energy for a period of five years.

Mega Caucho & Representaciones S.A.C.

A company that represents and distributes Goodyear tires and Mobil lubricants. It was incorporated to the organization by acquisition in January 2007.

The company has applied the strategy of using its strengths and orienting its activities to the industrial business, which requires much technical support and considerable specialization, having concentrated its sales and services on the mining, transportation, construction and industrial sectors.

It has entered into several repair shop administration and service contracts with the leading underground mining companies, achieving an important leadership in this sector of the market.

Seeking to expand its activities in lubricants, in 2008 it acquired the company Inlusa.

Cresko S.A.

It started operations in October 2007 to offer specialized products not covered by Ferreyros and Unimaq to the industrial, construction, mining and agricultural markets.

It is the first company in the organization to make incursions in the trading of products of Asian origin.

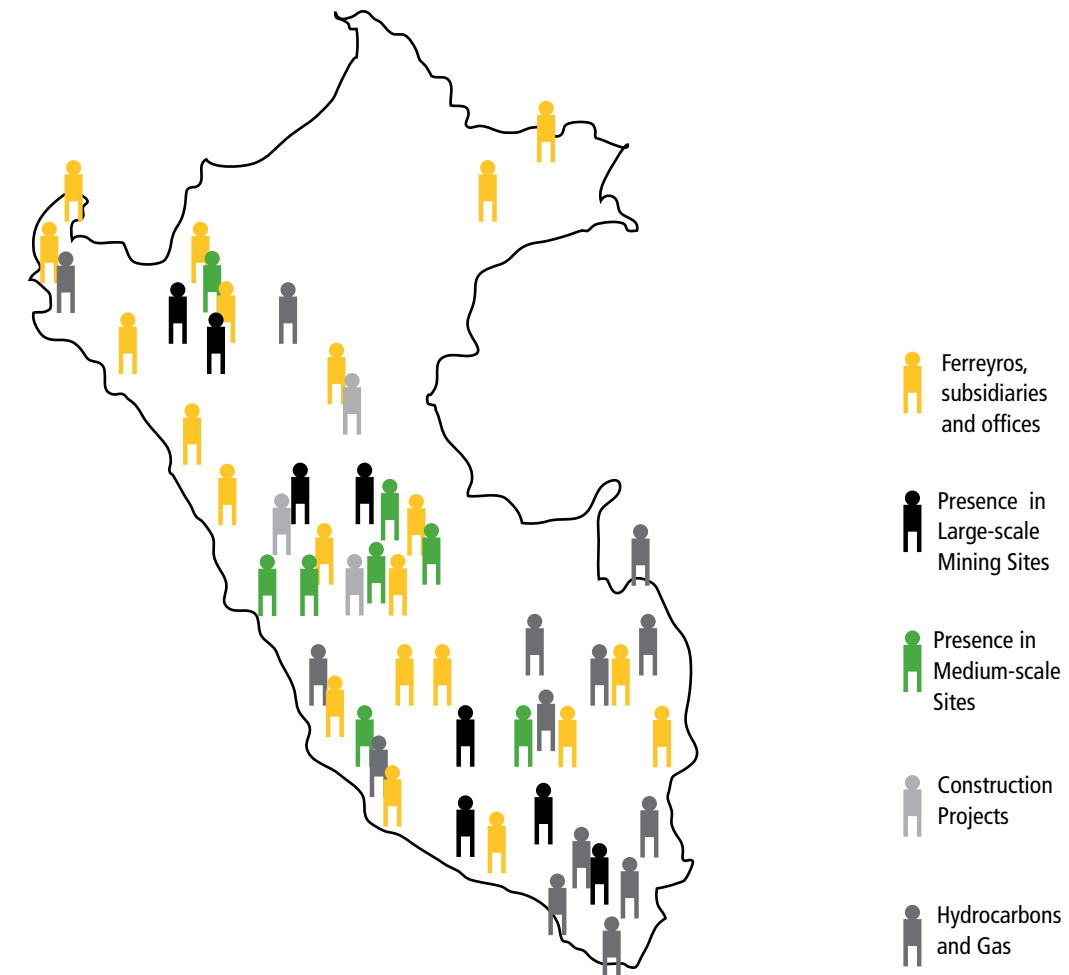
It comprises the trading of chemical inputs, capital goods and used equipment for the industrial, construction and mining sectors.

BRANCH OFFICES AND AGENCIES

The main assets of Ferreyros consist in land and buildings, where its administrative offices, warehouses, repair shops, exhibition rooms and inventory are located.

Ferreyros Commercial and Administrative Offices are headquartered in its new site in Santiago de Surco. At our premises on Avenida Industrial we have our repair shops and central spare parts warehouse and at our premises on Avenida Argentina, the work shops for the rental and used lines. Likewise, we have offices at Lurin, in the City of Lima, dedicated to the marketing of our automotive line.

Through ten branch offices, Ferreyros has a wide coverage throughout Peru, with presence in the cities of Arequipa, Cajamarca, Cusco, Chimbote, Huancayo, Huaraz, Ica, Lambayeque, Piura and Trujillo. Furthermore, we have offices in Ayacucho, Cerro de Pasco, Puno and Tumbes.



Through Orvisa, we have subsidiaries in Iquitos, Pucallpa, Tarapoto, and offices in Andoas, Bagua, Satipo, Puerto Maldonado and Huaypetuhe.

In addition, we are present in more than 20 mine sites and construction projects throughout the country.

OTHER INVESTMENTS

The company maintains investments in the following companies:

Companies	Number of shares	Participation
La Positiva Seguros y Reaseguros	25'365,384	13.7928%
La Positiva Vida Seguros y Reaseguros	4'632,896	3.5143%
Transacciones Plurales S.A.	1'698,660	16.1305%
Transacciones Especiales S.A.	223,526	0.5165%

CAPITAL STOCK, SHARES AND SHAREHOLDING STRUCTURE

As at December 31, 2008, the capital stock of Ferreyros is represented by 377'778,844 ordinary shares with a par value of S/. 1.10 each, fully subscribed and paid up, out of which 84.32% correspond to Peruvian investments and 15.68% to foreign investments.

The opening price quoted this year was S/. 6.40 and the closing price quoted, S/. 2.25, having recorded a maximum price of S/. 6.45 in January and a minimum of S/. 2.00 in November. The average price of a share in 2008 was S/. 4.39 (Annex 1).

Shareholders with an interest of 5% or more of the capital stock of the company are:

Shareholders	%	Origin
La Positiva Vida Seguros y Reaseguros S.A.	9.47	Peruvian
RI-FONDO 3.	8.15	Peruvian
HO- FONDO 2	7.65	Peruvian
IN-FONDO 3	6.50	Peruvian
Horseshoe Bay Limited	6.46	Foreign

Voting shares are distributed as follows:

Shareholding	Number of shareholders	Number of shares	% participation
Less than 1%	1,242	73'264,924	19.39
From 1% to less than 5%	13	160'086,873	42.38
From 5% to less than 10%	5	144'427,047	38.23
From 10% upward	0	0	0
Total	1,260	377'778,844	100.00

DESCRIPTION OF OPERATIONS AND DEVELOPMENT

CORPORATE PURPOSE

In accordance with the bylaws of Ferreyros S.A.A., its corporate purpose is the purchase/sale of national and foreign goods and products; the import and export of goods and articles in general; the provision of services and investment and commission transactions.

TERM OF EXISTENCE AND ISIC CATEGORY UNDER WHICH THE COMPANY IS CLASSIFIED

It has perpetual existence and its line of business is classified within Group 5150, Division 51 of the International Standard Industrial Classification (ISIC) of the United Nations Organization (UNO).

EVOLUTION OF THE ISSUER'S OPERATIONS

In 1922, the company "Enrique Ferreyros y Compañía Sociedad en Comandita" was founded on the initiative of Enrique Ferreyros Ayulo and three shareholders, to engage in the trading of consumer products.

In 1942, Ferreyros obtained the representation of Caterpillar Tractor, which constituted a total change in the company's activity. As from 1965, it started a decentralization process and established offices in the provinces, as well as several affiliates.

In 1971, it was decided to register Ferreyros in the Lima Stock Exchange, from which time it had a widespread shareholding structure.

Towards the end of the 80's, Ferreyros abandoned the business of consumption goods and decided to focus its efforts on its core business, capital goods. To this end, it acquired new representations to complement the Caterpillar line. In this manner, it was able to better serve its customers of the diverse production sectors of the economy.

In the 90's, the company started the business of equipment rental and the sales of used machinery and readied to take up the challenge of meeting the demands that the large-scale mining sector would have after the start of the privatization process and the entrance of new production agents into the economy. As from 1995, the company has made considerable

investments to improve the infrastructure of offices and shops and to train its service personnel so that they could meet the maintenance and repair services contracts for the large-scale mining equipment. Likewise, the company decided to make incursions into the sale of machinery for underground mining.

In response to the growth experienced, in 1994 the company made the first placement of corporate bonds and in 1997, a successful share placement both in Peru and abroad, which increased its equity by US\$ 22 million.

The sudden slow down of the economy's growth during the period 1998-2001 had an adverse effect on the company's sales and the organization the organization and its finances had to be adapted to the new market size.

Between 2002 and 2008, the company faces a period of accelerated growth making important investments in infrastructure, systems and training of personnel.

Between 2006 and 2008, the company received a series of awards in corporate governance matters.

ECONOMIC SECTORS

Ferreyros, recognized as the leading distributor of capital goods in Peru, targets its activities at different economic sectors of the country, such as mining, construction, fisheries, agriculture, hydrocarbons, energy, industry and transportation. The commercial performance section, in Chapter II describes the relationship with these sectors during 2008.

LINES OF PRODUCTS

The Ferreyros organization is the only distributor of Caterpillar in Peru, and we have represented them since 1942.

In addition to Caterpillar new and used machines and engines, Ferreyros trades a wide variety of products of other quality brands such as Kenworth, Iveco, Massey Ferguson, Atlas Copco Drilling Solution, among others. In order to serve those customers that need to rent rather than buy, Ferreyros has an important fleet of Caterpillar machines to meet the equipment needs, basically in infrastructure projects.

The company has a large network of repair shops located all around the Peruvian territory to provide the post-sale service to its customers. These shops are fitted with high technology equipment, operated by skilled technicians who receive permanent training.

Furthermore, in order to guarantee the supply of spare parts for all the product lines it distributes, the company has warehouses and spare part distribution centers in all its branch offices as well as in strategic locations where its major customers carry out their activities.

COMPETITION

Due to the wide range of product lines distributed by Ferreyros, the company competes in several segments with a great number of suppliers representing several brands. Thanks to the preference of its customers, Ferreyros is leader in almost all the market segments in which it participates.

In the off-road truck line for the Large-Scale Mining market, Ferreyros competes with Komatsu and Terex. In earth moving machinery, the main competitors are Komatsu, Volvo, Hyundai, Case, JCB, Daewoo and John Deere.

In machinery to serve the mining and construction sectors, the main competitors of Caterpillar are JCB, Volvo, John Deere and Komatsu.

In diesel engines, Ferreyros competes with Detroit Diesel, Cummins, FG Wilson and Volvo. In heavy fuel engines we compete with Wartsila and Man. In gas engines, with Wartsila and Waukesha.

With regard to the farming line, Ferreyros distributes Massey Ferguson tractors and among its main competitors are John Deere and Ford New Holland. As to farm implements, it distributes Tatu and Montana equipment.

In portable air compressors, its competitor is Atlas Copco. In drills for mining, the line of drills represented by Ferreyros competes with Sandvik, Drilltech, Reedrill and Bucyrus.

The Caterpillar underground mining loaders compete with Atlas Copco and Sandvik Tamrock.

As to the line of, in the market of dump trucks and tractor trailer trucks, Ferreyros participates with its brands Kenworth and Iveco and competes with Volvo, Scania, Mercedes Benz, Freightliner and Volkswagen. In buses, we participate with our brands Iveco and Yutong and compete with brands like Mercedes Benz, Volkswagen, Scania and Agrale.

Concerning the lines of spare parts of the different brands we trade, the company faces the competence with entities distributing non-genuine spare parts in small market segments.

FINANCING SOURCES

The company finances its activities, primarily, with retained earnings, according to parameters established by the dividends policy. Additionally, it is financed with credits from local and foreign banks, Caterpillar Financial Services and through an active participation in the capital market, through the placement of corporate bonds.

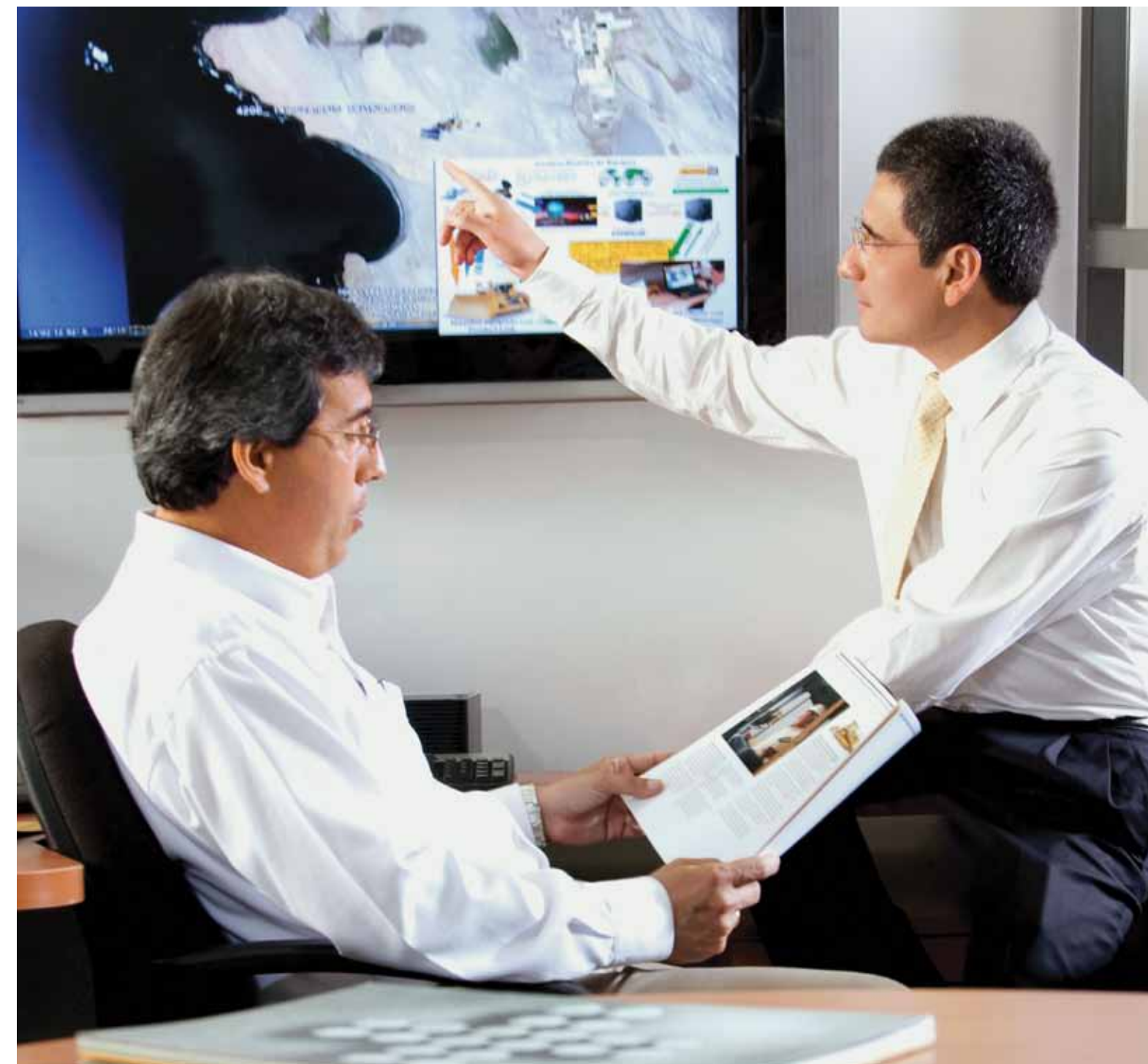
The financing sources are selected based on the best conditions and terms available.

PARTICIPATION IN THE CAPITAL MARKET

Corporate bonds

Since 1994, the company actively participates in the capital market. Between 1994 and 2004 it has placed four bond issues and two share issues. Later, in 2004 a corporate bonds and shares program was registered, followed in 2007 by the First Debt Instruments Program of (IRD) of Ferreyros.

As at December 31, 2008, the amount placed in Ferreyros corporate bonds, under both existing programs, was US\$ 88 millions, US\$ 15 millions of which correspond to the First Corporate Bonds Program and US\$ 63 millions to the First Debt Instruments Program (IRD).



In response to the needs of the market, the specialists of Ferreyros are constantly searching technological solutions designed to increase the efficiency of its customers' operations. This wide array of intelligent products includes the remote asset management solution (Product Link) the Minestar Health (MSH) that provides vital, detailed information in real time, of mining equipment and the computer aided earthmoving (CAES) among many others



First Corporate Bonds Program

The First Corporate Bonds Program was registered with the Public Registry of the Securities Market by CONASEV Resolution 028-2004-EF/94.11 for up to a total outstanding amount of US\$ 50'000,000 (Fifty Million US Dollars) or its equivalent in Nuevos Soles.

First Corporate Bonds Program

Class	CONASEV Resolution 028-2004-EF/94.11
Par value	Registered and indivisible on account in CAVALI ICLV S.A.
Series	US\$ 1,000 each
Maximum amount of issue	One or more
Effective term	US\$ 50'000,000
Payment of interest	2 years, renewable
	End of quarter

Series registered in the First Program - Characteristics of placements in force as of December 2008

First Program Issue	Amount of Issue	Balance (US\$)	Term (years)	Rate of Placement	Date of Issue	Redemption Date	Amortization
FERRE1BC3A	35'000,000	5'000,000	5	6.12%	21/10/2005	21/10/2010	16 quarterly payments, 1 free year
FERRE1BC4B	35'000,000	10'000,000	3	6.06%	28/02/2006	28/02/2009	100% of capital at 3rd year
		15'000,000					

“THE WORK IMPLIES GREAT COMMITMENT TOWARDS OUR CUSTOMERS, BEING INVOLVED IN SOLVING THEIR REQUIREMENTS IN THE BEST MANNER, COMPLETING THE WORK ENTRUSTED WITHIN FORESEEN TIMEFRAMES. THIS WILL ENABLE IDENTIFYING TIMELY AND EFFECTIVE SOLUTIONS. WE THUS BUILD THE CONFIDENCE THAT WILL MAKE OUR CUSTOMERS FEEL OUR PERMANENT SUPPORT” . HUBERTT CHACÓN

“AT THE FLUIDS ANALYSIS LABORATORY, IT IS ESSENTIAL TO RESPOND PROMPTLY TO THE SERVICE REQUIRED BY THE CUSTOMER. MY TEAM AND I ENGAGE OUR BEST EFFORTS SO THAT OUR CUSTOMERS MAY RECEIVE A FULL REPORT OF THE CONDITIONS OF THEIR MACHINES WITHIN 48 HOURS” . FERNANDO MOLOCHE

One of the most important objectives of Ferreyros is to ensure the efficient management of the machinery and equipment fleet of its customers with respect to maintenance and repair. Accordingly, the work of the Fluids Analysis Laboratory (SOS) is vital. Thus, customers have the possibility of taking timely preventive and/or corrective actions when they receive a detailed report only 48 hours after delivery of the sample.



First Debt Instruments Program of Ferreyros

The First Debt Representative Instruments Program was registered with the Public Registry of the Securities Market by CONASEV Resolution 055-2007-EF/94.11 for up to a total outstanding amount of US\$ 90'000,000 (Ninety Million US Dollars) or its equivalent in Nuevos Soles.

First IRD Program

Class	CONASEV Resolution 055-2007-EF/94.11
Par value	Registered and indivisible on account in CAVALI ICLV S.A.
Series	US\$ 1,000 each
Maximum amount of issue	One or more
Effective term	US\$ 90,000,000
Payment of interest	2 years, renewable
	End of quarter

Series registered in the First Program

Characteristics of current placements

DRI Issues	Amount of Issue	Balance (US\$)	Term (years)	Rate of Placement	Date of Issue	Redemption Date	Amortization
First Issue of Series A Bonds*	Up to 90'000,000	15'000,000	3	5.8100%	09/05/2007	10/05/2010	100% of capital at redemption
Second Bond Issue	Up to 90'000,000		5				16 quarterly payments, 1 free year
Third Issue of Short-Term Instruments	Up to 90'000,000		5				100% of capital at redemption
Fourth Issue of Series A Bonds*	Up to 90'000,000	15'000,000	4	6.2500%	21/09/2007	21/09/2011	100% of capital at redemption
Fourth Issue of Series B Bonds*	Up to 90'000,000	10'000,000	4	6.1300%	09/11/2007	09/11/2011	100% of capital at redemption
First Issue of Series B Bonds*	Up to 90'000,000	15'000,000	3	6.5000%	13/03/2008	14/03/2011	100% of capital at redemption
First Issue of Series C Bonds*	Up to 90'000,000	7'500,000	3	6.3100%	24/09/2008	26/09/2011	100% of capital at redemption
Fifth Bond Issue	Up to 90'000,000		3				100% of capital at redemption
Sixth Issue of Series A Bonds*	Up to 90'000,000	10'500,000	3	8.0000%	22/12/2008	22/12/2011	100% of capital at redemption
Seventh Bond Issue	Up to 90'000,000		5				16 quarterly payments, 1 free year
Eighth Bond Issue	Up to 90'000,000		4				100% of capital at redemption

*Current issues. US\$ 73'000,000

GUARANTEES, SURETIES AND SECURITIES GRANTED

As at December 31, 2008, the company has granted sureties and bank guarantees to the companies of the group and customers to back their obligations with bank and financial entities. Likewise, it has granted bank guarantees for the participation in public and private biddings and tenders. The guarantees granted by December 31, 2008 totaled US\$ 47.3 millions, which represents 26% of the equity.

Bank Guarantees

As at December 31, 2008, the bank guarantees facilities used by Ferreyros to secure diverse transactions, mainly bids in public biddings and the receipt of advance payments, amounted to US\$ 9.1 millions.

Sureties for Subsidiaries

The company has granted sureties in favor of subsidiaries to secure their obligations with bank institutions, in the amount of US\$ 22.6 million.

The financial entities require from Ferreyros the provision of sureties to secure the credit lines of some subsidiaries and the medium-term credit operations. However, thanks to the growth of some subsidiaries and their financial consolidation such requirement has been diminishing.

Sureties for Customers

For the development of its operations and sales, the company provides direct financing to customers or acts as surety before financial institutions. In some cases these sureties are granted with the express approval of the Board of Directors of the company.

Such sureties for customers were granted to customers to secure their obligations with Caterpillar Financial Services, Caterpillar International Services of Peru, Caterpillar Leasing Chile and some local banks.

As at the closing of 2008, the balance of sureties amounted to US\$ 15.6 millions, which are supported by the respective guarantees of the customers and/or cash flow trusts.

Guarantees on Assets

As at December 31, 2008, the company has pledged real property guarantees for US\$ 11.5 millions on some real property to back mortgage credits before Caterpillar Financial Services. The debt balance is US\$ 4.4 million.

CONTINGENCIES AND COMMITMENTS

As at December 31, 2008, the company has the following contingencies:

a. In April 2003, the company received Income Tax and Valued Added Tax assessments from the tax authority for the year 2000 in the total amount of S/. 7.2 millions, including penalties and interest. An appeal was filed before the Tax Court.

b. In December 2005, the company received Income Tax and Valued Added Tax assessments from the tax authority for the year 2000 in the total amount of S/. 24.0 million, including penalties and interest. An appeal in dispute of tax assessment was filed before the Tax Authority (SUNAT).

c. In June 2006, the company received Income Tax and Value Added Tax assessments for the years 2002 and 2003 in the amounts of S/. 36.1 and S/. 5.9 millions, respectively, including penalties and interest. An appeal in dispute of tax assessment was filed before the Tax Authority (SUNAT).

d. In December 2006, the company received Penalty Orders for the withholding of the Income Tax on services rendered by non-domiciled parties in the years 2004 to 2006. The SUNAT has considered the appeal in dispute partly well founded, having rectified the assessed amount and maintaining the assessment for total amount of S/. 1.2 million, including interest. An appeal will be filed before the Tax Court.

e. On April 4, 2008, the company received Income Tax and Value Added Tax assessments for the year 2004 for an amount of S/. 12.1 million, including fines and interest. An appeal in dispute of tax assessment was filed before the Tax Authority (SUNAT).

f. On July 7, 2008, the company received Income Tax and Value Added Tax assessments for the year 2005 for an amount of S/. 6.6 million, including fines and interest. An appeal in dispute of tax assessment was filed before the Tax Authority (SUNAT).

g. As at December 31, 2008, the company maintains dispute proceedings before the courts for an amount of US\$ 1.1 million as compensation for tort liability, filed by third parties.

Based on the opinion of its legal and tax advisors, the company's management considers that such assessments and law suits are inadmissible and that the final result would be favorable to the company; therefore, it did not deem necessary to make a provision for these proceedings.

With regard to the inspection processes based on which the aforementioned tax assessments were issued, the Tax Authority (SUNAT) following the established procedures and prior to the issue of the respective report, informed the company about the outcome of each inspection, granting a specific term to

evaluate and correct the omissions and violations allegedly incurred. In this respect, the company complied with correcting the omissions and violations and making the respective payments, which were considered appropriate by the tax consultants who performed a thorough evaluation.

INSTITUTIONAL ASPECTS

THE BOARD OF DIRECTORS

The Board of Directors of Ferreyros consists of eight directors elected by the Shareholders' Meeting for a period of three years, in accordance with the Business Corporations' Act and in compliance with Section 32 of the company's bylaws. The current Board of Directors was appointed by the Shareholders' Meeting held on March 26, 2008 for the period 2008-2011. It is composed of the following members:

Óscar Espinosa Bedoya
 Carlos Ferreyros Aspillaga
 Eduardo Montero Aramburú
 Hernán Barreto Boggio
 Aldo Defilippi Traverso
 Juan Manuel Peña Roca
 Juan Manuel Prado Bustamante
 Andreas von Wedemeyer Knigge

In the first meeting held on March 26, 2008, the members of the Board of Directors designated Óscar Espinosa Bedoya as chairman and Carlos Ferreyros Aspillaga as Vice-Chairman.

As set forth in the "Good Corporate Governance Principles for Peruvian Companies", the company has independent directors to ensure that independent judgment is exercised in matters where there may be potential conflicts of interest and to guarantee a plurality of opinions.

The directors considered independent given that they do not have any degree of kinship with the company's administration or with the majority shareholders are:

Eduardo Montero Aramburú
 Hernán Barreto Boggio
 Aldo Defilippi Traverso
 Juan Manuel Prado Bustamante

Professional experience of the directors

Óscar Espinosa Bedoya

Chairman and President of Ferreyros since March 2008, he was General Managing Director since 1983. He joined the company in 1981. Civil Engineer graduated from the National University of Engineering. He has a Master Degree by the universities of North Carolina State and Harvard University and specialization certificates from the ISVE, Italy, CEO Management Program of the Kellogg School of the Northwestern University and Advanced Management Program (PAD) of the University of Piura in engineering, economics and business administration studies. He has held important steering and management positions in Cofide, the World Bank, Banco Internacional del Perú and other financial institutions. He is currently a member of the board of directors of several companies, among them, La Positiva Compañía de Seguros y Reaseguros and La Positiva Vida and AFP Profuturo, as well as of business enterprise associations. He is a member of the Steering Council of Tecsup, Vice-President of Asociación Pro Universidad del Pacífico, and a member of the Trust of the Ruiz Montoya University. He received the IPAE award in 1999.

Carlos Ferreyros Aspillaga

A member of the Board of Directors since January 1971 and Chairman of the Board from September 1993 to March 2008. He is currently Vice-President of Ferreyros. He is a Director of La Positiva Seguros y Reaseguros S.A., a member of Group of 50 (G-50) (Carnegie Endowment for International Peace & Inter-American Dialogue). Businessman, graduated from Princeton University.

Eduardo Montero Aramburú

A member of the Board of Directors since March 1980 and Vice-Chairman of the Board from September 1993 to March 2008. He is currently also President of Indus S.A. and Director of Agrícola BPM S.A. Formerly he worked as Director of the Central Reserve Bank and Chief Executive Officer of Industrias Pacocha S.A. He graduated in Economics from Lehigh University and has a Master Degree in Business Administration by the Wharton School of the University of Pennsylvania.

Hernán Barreto Boggio

A member of the Board of Directors since March 2005, elected by the Pension Fund Administration Companies

GENERAL AND OPERATIONS INFORMATION

(AFPs). He is currently President of Consorcio Peruano de Minerales S.A. and consultant for several companies in the metallurgical, mining and energy sectors. Formerly he worked as Chairman of the Board of Empresa Generadora Eléctrica del Centro (C.H.E. Yuncán) Chief Executive Officer of Centromin Perú, Vice-President of Minera San Ignacio de Morococha, Vice-President of Minera Poderosa, Executive Director of Zentrax International Corp. (USA), Director of the Center for Economic Development (Brazil), Director of ARLABANK and EULABANK and Alternate Director of the Corporation for Andean Development (CAF). He has been General Manager of Banco de la Nación and Manager of COFIDE. He graduated in Agricultural Engineering from the National University of Agriculture (UNA) and has a Master Degree in Food Technology and in Chemical Engineering by the MIT and a Ph.D. Candidate in Systems Engineering by the Michigan State University. He is a Fulbright Scholar and Rockefeller Foundation Scholar, as well as a Sigma XI member.

Aldo Defilippi Traverso

A member of the Board of Directors since March 2005, elected by the Pension Fund Administration Companies (AFPs). He is also an Executive Director of the American Chamber of Commerce of Peru (AmCham Perú) and President of the Cancer Foundation. Furthermore, he is a director of several institutions, among them the Metropolitan University of San Juan de Puerto Rico, Clínica San Felipe, Pennyinvest, Perú 2021, BASC, United Way, Solidar and the Nesst Fund. He has been Financial Manager of Ferreyros S.A., General Manager of Banco Industrial, Banco de Comercio and Banco Banex in Peru; Executive Director of BLADDEX, in Panama; Investment Banking Manager of the Inter American Investment Corporation (IAIC) in Washington; Head of the Division of Economic Studies of the INTAL (IADB) in Argentina and an Economist of the World Bank, in Washington. He has been President of the National Committee for Foreign Investment and Technologies (CONITE) Manager of ProInversión and Director of several public and private companies. He has worked as professor of the University of the Pacific, University of Lima and Catholic University. He is a Ph.D. Candidate in Economics and has a Master Degree by the University of Boston and a Bachelor's Degree by the University of the Pacific in Economics.

Juan Manuel Peña Roca

A member of the Board of Directors since December 1984. He is currently also President of La Positiva Seguros y Reaseguros and La Positiva Vida, Seguros y Reaseguros, Chairman of the Board of Directors of Alianza Compañía de Seguros y Reaseguros (Bolivia) Director of Seguros América (Nicaragua) of Martinizing del Perú and of Profuturo AFP. Formerly he worked as General Managing Director of Bland Welch (Brazil) in charge of the Latin America and the Caribbean area and as President of the Inter American Federation of Insurance Companies (FIDES). He graduated in

Civil Engineering from the National University of Engineering.

Juan Prado Bustamante

A member of the Board of Directors since March 2005, elected by the Pension Fund Administration Companies (AFPs). He is currently an associate at the Llon & Bustamante Attorneys-at-Law Law Firm and a member of the steering council of the Manuel J. Bustamante de la Fuente Foundation. He formerly worked as an Associate Attorney-at-Law at the Rubio, Leguía, Normand & Asociados Law Firm, as Director of CAVALI, Director of Promotores e Inversiones Investa S.A. S.A.B., Director of Entergy Power Perú S.A., Director of Generandes Perú S.A. and Director of CONASEV. He graduated from the Law and Political Sciences School of the University of Lima, and pursued Graduate Studies at the New York University, School of Law and at the Boston University, School of Law.

Andreas von Wedemeyer Knigge

A member of the Board of Directors since July 2003. He is currently also Chief Executive Officer and General manager of Corporación Cervesur S.A.A., as well as Chairman of the Board of several companies that form that group (Creditex, Alprosa, Transaltisa, Proagro, and others). He is also Chairman of the Board of Directors of Profuturo AFP and of Euromotors S.A., as well as Vice President of the Association of Pension Fund Administration Companies. He is a Director of La Positiva Seguros y Reaseguros; La Positiva Vida, Seguros y Reaseguros; and of Corporación Financiera de Inversiones. Furthermore, he is a member of the Steering Council of CONFIEP, the National Association of Industries and of Comex Perú, and a member of the Executive Committee of Comex. He is also a member of the Council of Entrepreneurs of Latin America (CELA) and a Director of Tecsup and member of the International Business Consulting Council of the University of Applied Sciences (UPC). He has been Director and General Manager of Cervecera del Sur del Perú S.A. He is a business administrator, graduated in Hamburg, Germany, with studies at PMD and others at the Harvard Business School, U. S. A. and at the University of Piura.

Degrees of kinship

As at December 31, 2008, there is no degree of kinship – by affinity or consanguinity – among the directors or between them and the management staff.

Messrs. Carlos Ferreyros Aspillaga, Óscar Espinosa Bedoya, Juan Manuel Peña Roca and Andreas von Wedemeyer Knigge are Directors of La Positiva Compañía de Seguros y Reaseguros, a shareholder of Ferreyros that owns 9.47% of the capital stock.

Messrs. Óscar Espinosa Bedoya, Juan Manuel Peña Roca and Andreas Von Wedemeyer Knigge are, in turn, Directors of AFP Profuturo, a pension fund administration company and a shareholder of Ferreyros owning more than 5% of the capital stock.

Special bodies created and organized within the Board of Directors

The Board of Directors has three committees:

- General Steering and Corporate Governance Committee
- Audit Committee
- Organizational Development and Human Resources Committee

Each committee consists of a minimum of three directors, at least one of which is an independent director, as defined in Corporate Governance Principle V, Item e.1. The Chairman, the Vice-Chairman and the General Manager participate in all three committees. The committees meet on a quarterly basis.

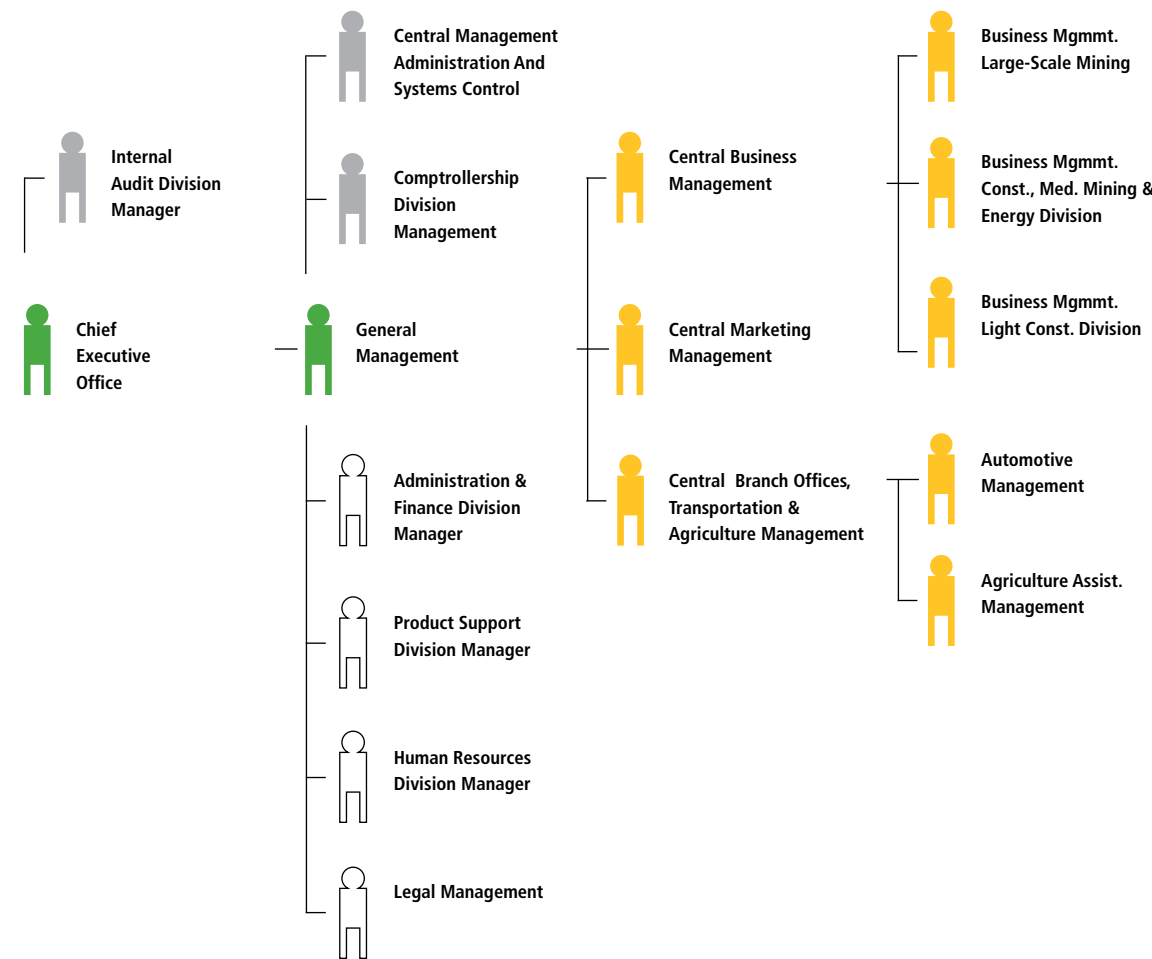
The General Steering and Corporate Governance Committee replaces the Board of Directors Committee, created in July 1993 and its primary function is to act as an advisory body to the Management for the general running of the company and to supervise on behalf of the Board of Directors.

The primary duty of the Audit committee is to oversee the integrity of the accounting systems and to analyze the external auditors' report on the Financial Statements.

The primary duties of the Organizational Development and Human Resources Committee are to provide advice to the Management on the adoption of general human resources policies.

The Corporate Governance section shows the detailed particular duties of each committee and their composition.

THE MANAGEMENT



Professional experience of the main executive officers

Mariela García Figari de Fabbri

In March 2008, she was appointed as General Manager of the company, in replacement of Oscar Espinosa Bedoya. As part of a succession plan, she was Deputy General Manager between January 2005 and March 2008. She joined the company in 1988 and held several positions in the finance division, the last one being Finance Manager, from 2001 to January 2005. She graduated in Economics from Universidad del Pacifico and obtained her MBA from the Adolfo Ibañez University of Chile and the INCAE of Costa Rica. She is currently a member of the Board of Directors of the American Chamber of Commerce (AmCham Perú) of Cosapi, the Consulting Committee of OWIT and Vice President of the Companies Circle that groups 14 Latin American companies distinguished for their good corporate governance practices. She has been a member of the Board of Directors of Procapitales and President of its Corporate Governance Committee until the end of 2006, as director of IPAE from 2002 to 2004. Before that, she worked as researcher and member of the editorial committee of Consorcio La Moneda.

Hugo Sommerkamp Molinari

Central Systems Manager since July 2001. He joined the company in 1985 and held the position of Comptrollership Manager of affiliate companies. From 1990 to 1996 he worked in Paraguay as Financial Director of the different subsidiaries of the ECOM group (Lausanne, Switzerland). He rejoined Ferreyros in 1996 as Manager of the Finance and Administration Division, a position he held until 2001. He is a certified public accountant, graduated from the Catholic University of Perú, with specialization studies in Peru and abroad, including the "Caterpillar Leading for Growth and Profitability" program, given at the Kenan-Flagler Business School of the University of North Carolina.

José Miguel Salazar Romero

Central Customer Relations and Marketing Manager since 2004. He joined the company in 1969 and held several positions in commercial and financial areas until 1990. In 1988 he was appointed Financial Division Manager. From 1990 to 1995, he held similar positions in other companies of the sector. He rejoined Ferreyros in 1996 as General Manager of Matreq Ferreyros s.A., an exclusive Caterpillar dealer in Bolivia and a subsidiary of Ferreyros until April 2003. From 2001 to 2004 he was the Mining Division Manager. He has taken several courses in the country, as well as seminars organized by Caterpillar, including the "Caterpillar Leading for Growth and Profitability" program, given at the Kenan-Flagler Business School of the University of North Carolina.

Gonzalo Díaz Pro

Chief Operating Officer since 2007, he formerly worked as Mining Division Manager of Ferreyros since July 2006. He joined the company in 2004. He is a Civil Engineer graduated from the Pontifical Catholic University of Peru and has an MBA by the Adolfo Ibañez University of Chile and by INCAE, of Costa Rica, in addition to several specialization courses followed in Peru and abroad. He has more than 15 years experience in the management and development of construction, open pit mining and energy projects both in Peru and in Chile. Formerly he held several positions in the Cosapi group, including the Commercial Management of the affiliate in Chile.

Luis Bracamonte Loayza

Central Branch, Transportation and Agriculture Manager since October 2005. He joined the company in 1980 and held several positions such as Assistant Manager of Credits and Collections. In 1996 he was appointed as Manager of the Branch Offices Division and later was designated also as Manager of the Agriculture and Automotive Division. He is currently in charge of the supervision of the branch offices. He pursued university Studies at the University of Lima and obtained graduate diplomas in the School of Business Administration (ESAN) and in the advanced management program of the INCAE institute in Costa Rica.

Jorge Durán Cheneaux

Mining Division Manager of Ferreyros since February 2007. He joined the company in 1994 as Field Service Engineer in charge of the Cerro Verde mining operation. Subsequently, he was appointed as Head of Service - South Region. In 1999 we was designated as Service Manager in charge of service operations countrywide. In 2001, he took office as Manager of the Component Repair Center (CRC) and repair shops in Lima and in 2005, he was appointed as Manager of Mining Operations. He is a Mechanical Engineer graduated with honors from the Pontifical Catholic University of Peru and has an MBA by the INCAE of Costa Rica and Adolfo Ibañez University of Chile. He has participated in several specialization courses and forums of Caterpillar and is Black Belt certified by the Six Sigma permanent improvement program. In 2007, he followed the "Caterpillar Leading for Growth and Profitability" program given in the Kenan-Flagler Business School of the University of North Carolina.

“WE ARE AN ORGANIZATION THAT WORKS WITH A TEAM COMMITTED TO OUR CUSTOMERS: WE CONSIDER OURSELVES THEIR STRATEGIC PARTNERS, WITH A FORWARD-LOOKING APPROACH AND A CLEAR LOYALTY OBJECTIVE. IT IS OUR WAY OF CONTRIBUTING TO THE SUSTAINED DEVELOPMENT OF OUR COUNTRY” . **WALTER ARTEAGA**

“IT IS GREATLY MOTIVATING TO KNOW THAT I WORK FOR A COMPANY THAT SHARES ONE SAME GOAL, FOCUSED AND GUIDED BY CUSTOMER SATISFACTION. THIS ENCOURAGES US TO MAKE OUR BEST EFFORT AND TO BE CONSTANTLY IMPROVING TOWARDS ACHIEVING THIS VALUABLE GOAL” . **JORGE ROSA-MEDINA**

“OVER THE 43 YEARS OF SERVICE IN THIS GREAT COMPANY, WHICH IS ALREADY A PART OF MY FAMILY, I HAVE BEEN ABLE TO BUILD FRIENDSHIPS MORE THAN COMMERCIAL RELATIONSHIPS WITH THE CUSTOMERS THAT ADD TO THE SATISFACTION THAT A GOOD, MUTUALLY BENEFICIAL DEAL ALWAYS BRINGS. THERE ARE SMALL DETAILS THAT ONLY A FRIEND CAN GIVE, MORE THAN A CONSULTANT OR A SALESMAN, LIKE RESPONDING TO ENQUIRIES REGARDLESS OF THE TIME OR ATTENDING THE BAPTISM OF THE FIRST GRANDSON OF SOMEONE WHO HAS BEEN A CLIENT-FRIEND FOR OVER 20 YEARS” . **HUBERTO CANO**



Ferreyros is the leading company in the sale of capital goods in Peru. Year after year, the commercial units of the company contribute their greatest effort to maintain this privileged position, thanks to a deep understanding of the different markets served and to the closeness achieved with its customers, enabling the company to offer a valued proposal that distinguishes it from its competitors.



Alberto Parodi de la Cuadra

Construction, Medium-Scale Mining and Energy Division Manager since 2007. He joined the company in 1995. He was Commercial Manager of Construction and Medium-Scale Mining from January 2006 to January 2007 and Commercial Post-Sales Manager from July 2002 to December 2005. Industrial Engineer graduated from the Ricardo Palma University. He has a Master Degree in Strategic Business Administration by CENTRUM Católica. He followed the specialization course at the Kenan Flagler Business School of the University of North Carolina). He pursued other specialization courses in Peru and abroad.

Oscar Rubio Rodriguez

Manager of the Light Construction Business Division since 2007. In addition, he is the General Manager of the subsidiaries UNIMAQ S.A. and Domingo Rodas S.A. He joined the company in 1975 and has held several managerial positions since 1983. He is currently the President of the Peruvian Shrimp Fisheries Association (Asociación Langostinera del Perú). He is an Economist graduated from the Program of Economics of the National Major University of San Marcos. He has pursued several courses in Peru and abroad and holds several specialization diplomas from ESAN, IPAE and the University of La Salle in Argentina.

José López Rey Sánchez

Manager of the Product Support Division since 2001. He joined the company in 1981 and served as Services Manager from 1994 to 1998 and as spare Parts and Services Manager from 1999 to 2001. He is a Mechanical Engineer, graduated from the National University of Engineering and has followed administration and managerial accounting courses in ESAN, the Advanced Management Program (PAD) at the University of Piura and in 2007, he followed the "Caterpillar Leading for Growth and Profitability" given at the Kenan-Flagler Business School of the University of North Carolina.

Patricia Gastelumendi Lukis

Administration and Finance Division Manager since 2005. She joined the company in 1987. After holding different positions in the credits and collections area, she was appointed as Credits Manager in 1998. She graduated in Business Administration from the University of Lima and has taken several specialization courses in ESAN, in addition to an MBA by the Adolfo Ibañez University in Chile and by the INCAE Business School in Costa Rica. In 2007, she participated in the "Caterpillar Leading for Growth and Profitability", Program, given at the Kenan-Flagler Business School of the University of North Carolina. She is a member of the Board of Directors of IPAE.

Victor Astete Palma

Comptrollership Division Manager since 1996. He joined the company in 1977 and has held different positions in the accounting, budget, accounting advisory and investment comptrollership managements. He is a certified public accountant graduated from the National Major University of San Marcos and has followed several specialization courses in Peru and abroad.

Andrés Gagliardi Wakeham

Human Resources Division Manager since 1986. From 1973 to 1980 he was Assistant Manager and Manager of Industrial Relations in Laboratorios Efesa, when this company was an affiliate of Ferreyros. He has held similar positions in other prestigious companies. He is a graduate in industrial relations from the San Martín de Porres University and has followed several courses and programs in his special field.

Raúl Vásquez Erquicio

Internal Audit Division Manager since 1978, when he joined the company. Formerly he worked as Administrative and finance Manager of Compañía Pesquera Estrella del Perú and Auditing Manager at Arthur Andersen & Co. He holds a Bachelor Degree in economic and commercial sciences and the title of Certified Public Accountant and pursued doctoral studies at the National Major University of San Marcos. He has been the President of the Institute of Internal Auditors (USA) President of the Latin Federation of Internal Auditors (FLAI) and President of the Ethics Committee of the FLAI. He is currently a member of the Professional Issues Committee of the Institute of Internal Auditors and an international lecturer on internal audit issues.

Carlos Dongo Vásquez

Manager of the Components Repair Center since 2005 and General Manager of Motorindustria s.A. since 2002. He joined the company in 1979 and has held several positions in the commercial and services areas. He worked as Manager of Sales and Spare Parts and Services and as Manager of the Machines and Engines Division. He is a mechanical engineer graduated from the Catholic University of Peru. In 2007, he participated in the "Caterpillar Leading for Growth and Profitability", Program, given at the Kenan-Flagler Business School of the University of North Carolina.

Eduardo Ramírez del Villar

Legal Manager since he joined the company in 1999. An Attorney-at-Law graduated from the Catholic University of Peru, with Master studies (Master in Law) at the George Washington University (Fulbright Scholarship). He was in charge of the legal area of the Finance Department of the Andean Corporation for Development (CAF) headquartered in Caracas, Venezuela. He was responsible of the debit operations of that international organization and before that, he worked as attorney in the Legal Consultancy area, supporting the financing operations for the public and private sectors of Peru and in the structuring of large-scale projects in the region. He was formerly Legal Manager at Cosapi Organización Empresarial, acting as legal consultant in construction business related matters. He pursued several specialization courses in Peru and abroad. In 2007, he participated in the "Caterpillar Leading for Growth and Profitability", Program, given at the Kenan-Flagler Business School of the University of North Carolina.

Compensation of the members of the Board of Directors and the Management Staff

According to the Financial Statements of Ferreyros, the total amount of the compensation paid to the Board of Directors and the Management Staff represents 0.93% of the gross income.

HUMAN RESOURCES

All aspects related to the administration of the company's personnel are handled by the Human Resources Division. At the end of 2008, the total workforce of the company summed 2,389 permanent workers both in the head office and in the provinces, a 21% growth with respect to the previous year.

The variations in the personnel over the last three years were as follows:

	2008	2007	2006	2005	2004
Officers	49	50	37	35	34
Employees	1030	906	712	594	584
Technical personnel and workers	1,310	1,017	738	503	641
	2,389	1,973	1,487	1,132	1,259

The reason for the increase in personnel between 2007 and 2008 was the growth in sales and, above all, due to the need of technical personnel to carry out repairs countrywide.

MANAGEMENT ANALYSIS AND DISCUSSION ON FINANCIAL STATEMENTS

Below is a brief description of the reasons that explain the most relevant variations in the Financial Statements as at December 31, 2008 as compared with the previous year. To

this effect, some figures have been reclassified in the Income Statement shown below to include sales by direct order in the net sales and the cost of sales.

BALANCE SHEET ANALYSIS

Balance Sheet (in millions of Nuevos Soles)	As 31-12-08	As 31-12-07	Amount	Variation %
Assets				
Current Assets				
Cash and deposits	65.9	28.2	37.7	133.7
Trade accounts receivable:				
Third parties	319.7	239.1	80.6	33.7
Affiliates	4.4	10	(5.6)	(56.0)
Other accounts receivable:				
Affiliates	10.2	4.6	5.6	121.7
Other	19.1	11.2	7.9	70.5
Inventories	820.6	529.5	291.1	55.0
Prepaid expenses	0.7	0.8	(0.1)	(12.5)
Total current assets	1,240.6	823.4	417.2	50.7
Long-term trade accounts receivable	49.9	46.6	3.3	7.1
Financial investments	179.3	137.5	41.8	30.4
Property, machinery and equipment	382.8	279.7	103.1	36.9
Deferred income tax and workers' profit sharing	20.5	13.8	6.7	48.6
Other assets	4.8	1.6	3.2	200.0
Total	1,877.9	1,302.6	575.3	44.2

Balance Sheet (in millions of Nuevos Soles)	As 31-12-08	As 31-12-07	Amount	Variation %
Current liabilities and net Stockholders' equity				
Current liabilities	472.6	191.7	280.9	146.5
Bank overdrafts and loans				
Trade accounts payable:				
Third parties	4.6	3.5	1.1	31.4
Affiliates				
Other accounts payable:				
Taxes payable	6.2	7.8	(1.6)	(20.5)
Salaries payable	42.5	44.0	(1.5)	(3.4)
Affiliates	1.8		1.8	
Other accounts payable	44.3	33.6	10.7	31.8
Current portion of long term-debt	107.2	91.4	15.8	17.3
Total current liabilities	867.7	545.8	321.9	59.0
Long-term debt	466.5	248.8	217.7	87.5
Total Liabilities	1,334.2	794.6	539.6	67.9
Differed income	6.2	10.1	(3.9)	(38.6)
Net stockholders' Equity				
Capital sock	415.4	335.7	79.7	23.7
Additional capital stock	(0.1)		(0.1)	
Revaluation surplus	10.0	15.9	(5.9)	(37.1)
Legal reserve	31.8	19.1	12.7	66.5
Retained earnings	80.4	127.1	(46.7)	(36.7)
Total Net Stockholders' Equity	537.5	497.8	(39.7)	8.0
Total	1,877.9	1,302.6	575.3	44.2

GENERAL AND OPERATIONS INFORMATION

As at December 31, 2008, total assets reached S/. 1,877.9 million, versus S/. 1,302.6 million as at December 31, 2007, that is, a net increase of S/. 575.3 million. The main variations in the asset accounts that explain this increase are the following:

a. Net increase of Third party trade accounts receivable (current maturity and long term) of S/. 83.9 million, explained by the growth in sales, especially of spare parts, services and rentals, which have a 45-day payment policy in average. Additionally, cash sales of the main products, mostly financed by financing institutions, always require temporary financing from our side while the loan and the respective disbursement are processed with the financing entity. In some cases this has taken some time, generating a increase in the receivable accounts of the company.

b. Net increase of **Inventories** of S/. 291.1 million, due to purchases made during the year to meet the increasing sales and additionally, due to the longer restocking lead times offered by manufacturers (3 to 5 months) as a result of the greater world demand experienced throughout the first semester. Thus, the company advanced purchases in order to have the stock that would be required during 2009 to meet the customers' orders with prompt deliveries.

It is worth mentioning that during 2008, substantial sales were closed with mining customers, for units that required delivery during 2009 according to the purchase orders received. In order to be able to meet the delivery timeframes and considering the lead times of the manufacturing plants between 12 and 24 months, during the last quarter the company purchased large mining equipment to be delivered during 2009, which were not included in our inventories as the closing of 2007; therefore, the increase of the inventories figures is much more notorious due to the relative high values of the trucks, loaders and mining trucks.

c. Net increase in Property, machinery and equipment of S/. 103.1 million, mostly explained by: i) an increase of S/. 128.8 million due to the purchase of equipment for the rental fleet; ii) an increase of S/. 24.9 million due to the purchase of other fixed assets (investments in buildings, tools, repair shop equipment and others); iii) a reduction of S/. 49.1 million due to the greater accumulated depreciation; and vi) other reductions totaling S/. 1.5 million.

d. Increase in **Financial Investments** of S/. 41.8 million, due to: i) an increase of S/. 13.7 million in profits from subsidiaries, recognized through the equity participation method; ii) an increase of S/. 27.7 million due to capital contributions in our subsidiaries Depósitos Efe and Cresko; and iii) other increases totaling S/. 0.4 million.

As at December 31, 2008, total liabilities amounted to S/. 1,334.2 million, which compared to the S/. 794.6 million recorded as at December 31, 2007, represents an increase of S/. 539.6 million. This increase is explained mostly by a growth of our inventories and increased customer accounts receivable, as explained above.

LIQUIDITY

The current ratio as at December 31, 2008 is 1.43, lower than the current ratio recorded as at December 31, 2007.

The financial leverage ratio recorded as at December 31, 2008 is 1.94, versus 1.04 as at December 31, 2004. To calculate this ratio the cash and deposits balances and the liabilities with suppliers that do not generate financial expenses were excluded.

The total indebtedness ratio as at December 31, 2008 is 2.48, compared to 1.60 as at December 31, 2007.

"A FAIR TREATMENT TO ALL THE SHAREHOLDERS IS A CORPORATE GOVERNANCE PRINCIPLE AND A STRATEGIC GOAL OF THE COMPANY. OFFERING A FRIENDLY AND FAIR TREATMENT IS A COMMITMENT OF THE FINANCE DIVISION AND MINE IN PARTICULAR, AS SECURITIES OFFICER. IT IS HIGHLY MOTIVATING FOR ME TO OBTAIN THE LOYALTY OF OUR SHAREHOLDERS. ACCORDING TO THEIR OWN STATEMENTS, THE PERSONAL TREATMENT OFFERED BY FERREYROS MARKS THE DIFFERENCE WITH OTHER COMPANIES WHERE THEY ARE ALSO SHAREHOLDERS". AUGUSTA PONCE

A personal and close contact that may enable meeting the particular needs of information of our shareholders and investors in a timely manner is the reason of existence of our Securities and Investor Relations Department. Furthermore, the permanent review of our processes to implement improvements in good corporate governance practices are constant, seeking to preserve their trust in the company.



ANALYSIS OF THE FINANCIAL PERFORMANCE

Income Statement

(in millions of Nuevos Soles)

	Amount	2008 %	Amount	2007 %	Variation %
Net sales	1,918.2	100.0	1,655.3	100.0	15.9
Cost of Sales	(1,493.8)	(77.9)	(1,320.8)	(79.8)	13.1
Gross profit	424.4	22.1	334.6	20.2	26.9
Selling and administrative expenses	(244.0)	(12.7)	(212.5)	(12.8)	14.8
Other net income (outcome)	8.3	0.4	0.0	0.0	
Operating income	188.7	9.8	122.1	7.4	54.6
Other income (outcome)					
Financial income	31.7	1.7	42.3	2.6	(25.1)
Financial expenses	(56.3)	(2.9)	(38.2)	(2.3)	47.3
Foreign exchange gain (loss)	(51.0)	(2.7)	23.8	1.4	
Share in the results of subsidiaries and affiliates	13.4	0.7	32.8	2.0	(59.0)
	(62.3)	(3.2)	60.6	3.7	(202.8)
Income before workers' profit sharing and income tax	126.5	6.6	182.6	11.0	(30.8)
Workers' profit sharing	(10.3)	(0.5)	(12.5)	(0.8)	(17.2)
Income tax	(35.7)	(1.9)	(43.1)	(2.6)	(17.2)
Net income	80.4	4.2	127.1	7.7	(36.7)

NET SALES

The company's sales in the years 2008 and 2007, in millions of nuevos soles, were as follows:

	2008	2007	Variation %
Caterpillar equipment	806.7	764.0	5.6
Used equipment	44.3	68.9	(35.7)
	851.0	832.8	2.2
Agricultural equipment	52.8	34.9	51.3
Automotive	232.3	151.7	53.1
	1,136.1	1019.4	11.4
Rental of equipment	49.5	24.1	105.2
Spare parts and services	732.6	611.8	19.8
Total	1,918.2	1,655.3	15.9

The company's sales in the years 2008 and 2007, in millions of nuevos soles, were as follows:

Net sales in 2008 amounted to S/. 1,918.2 million, which compared to the S/. 1,655.3 million recorded in the same period the previous year, represents a 15.9% increase. Altogether, the sales of our main products (new and used Caterpillar equipment, automotive and for agriculture) were 11.4% higher than in the previous year (S/.1,136.1 million in

2008; S/. 1,019.4 million in 2007) owing to the following:

- Slight 2.25 increase in the sales of new and used Caterpillar equipment (S/. 851.0 million in 2008, versus S/. 832.8 million in 2007).
- Increase of 51.3% in the sales of farming equipment (S/. 52.8 million in 2008, versus S/. 34.9 million in 2007) mostly explained by sales to customers in the agro-exports business and by the increased demand of customers engaged in rice growing, owing to the higher price of this product in the local market.
- Increase of 53.1% in the automotive line sales (S/. 232.3 million in 2008, versus S/. 151.7 million in 2007) as a result of the considerable dynamism experienced by the transportation sector during the first nine months of the year.

Meanwhile, in 2008 the sales of spare parts and services were higher than those of the previous year by 19.8% (S/. 732.6 million in 2008 versus S/.611.8 million in 2007) mainly due to the greater sales to Large-Scale Mining companies.

In turn, revenues from equipment rentals in 2008 evidenced a 105.2% increase as compared with the figures recorded the previous year (S/. 49.5 million in 2008, versus S/. 24.1 million in 2007) mostly explained by an increase in the demand for rental equipment by customers of the construction sector.



For more than three decades, Massey Ferguson farming tractors have been sowing the future in Peru. Designed with specific characteristics to perform activities such as tilling, sowing, and application and harvesting, they effectively meet the multiple requirements of agriculture in our country: from simple configuration equipment to powerful units with complete satellite-guided systems. In this way, Massey Ferguson renews its leadership in the market year after year.



INCOME FROM SALES

Profits from sales in 2008 amounted to S/. 424.4 million, which compared to the S/. 334.6 million of the previous year represents 26.9%, mostly explained by a 15.9% increase in the sales. In percentage terms, the 2008 gross margin is greater to that of the previous year (22.1% in 2008 versus 20.2% in 2007). The increase of the gross margin in percentage terms is explained by: i) a greater participation of the sales of spare parts and services in the total sales of the company (the gross profit percentage of spare parts and service is much higher than that of core products) and ii) a recovery in the exchange rate, which represented a significant improvement in the sales prices in nuevos soles.

SALES AND ADMINISTRATION EXPENSES

The sales and administration expenses amounted in 2008 to S/. 244.0 million, which compared to the S/. 212.5 million of the previous year represented a net increase of 14.8%, mainly due to an increase in the variable expenses, as a result of the growth in sales and the increase of fixed expenses, attributable to: i) the hiring of technical personnel to serve future demand of maintenance and repair services, and ii) expenses incurred in the maintenance of the new Monterrico premises and in the refurbishment of the premises at Avenida Industrial.

In 2008, the sales and administration expenses represented 12.7% of the sales versus 12.8% in the previous year.

MISCELLANEOUS INCOME (EXPENDITURE) NET

This account registered in 2008 a net income of S/. 8.3 million, compared to a net expenditure of S/. 0.0 million the previous year. The following concepts were recorded in 2008 in this account: i) an expenditure of S/. 0.4 million for a reserve for the devaluation of investments; ii) an income of S/. 3.7 million from termination of agreements; iii) an income of S/. 0.6 million from the leasing of premises; iii) an income of S/. 0.4 million from commission from loans placed; v) an income of S/. 0.8 million for miscellaneous services rendered to a mining

company; and vi) other net income amounting to S/. 3.2 million. The following concepts were recorded in 2007 in this account: i) an expenditure of S/. 6.2 million for a reserve for the devaluation of investments; ii) an income of S/. 0.7 million from termination of agreements; iii) an income of S/. 0.6 million from the leasing of premises; iii) an income of S/. 2.0 million for miscellaneous services rendered to a mining company; v) an income of S/. 0.6 million from loan placements; and vi) other net income amounting to S/. 2.3 million.

FINANCIAL INCOME

In 2008, the financial income amounted to S/. 31.7 million, which compared to the S/. 42.3 million of the previous year represents a 25.1% decrease. This decrease is mainly explained by the fact that during 2008 the amount of sales with medium term financing by the company was significantly smaller than the amount recorded during the same period the previous year, since Ferreyros followed its policy of reducing medium term financing to its customers, diverting these operations to financing entities.

FINANCIAL EXPENSES

Financial expenses amounted to S/. 56.3 million in 2008, which compared to the S/. 38.2 million of the previous year, represents a 47.3% increase, generated mostly by an increase of S/.368.1 million in the average interest-bearing liabilities (S/. 827.0 million in 2008, versus S/. 458.9 million in 2007). Such increase is basically explained by the increase of obligations to finance the greater amounts of short-term accounts receivable, inventories and rental fleet. Additionally, the rise in financial expenses is explained by a slight increase in the interest reate of new obligations in US dollars. It must be noted that the impact of the greater interest rates in the markets did not affect the company substantially since a significant part of its liabilities is engaged at fixed rates and for terms of three or more years.



The efficient management of different areas of Ferreyros is key to a successful performance of the company's operations. The experience and commitment of the staff in relevant areas such as Human Resources, Information Technology, Legal, Comptrollership and Internal Auditing, have from the onset represented an essential element in the achievements of Ferreyros and its constant pursuit of permanent improvement.



FOREIGN EXCHANGE GAIN (LOSS)

In 2008, operations in foreign currency yielded a foreign exchange loss of S/. 51.0 mio, in contrast with the foreign exchange rate gain of S/. 23.8 million the previous year. The foreign Exchange loss in 2008 is explained by a 4.8% devaluation of the nuevo sol with respect to the US dollar, which went from S/. 2.997 per dollar on December 31, 2007, to S/. 3.142 per dollar on December 31, 2008. The foreign Exchange gain in 2007 was due to a 6.3% appreciation of the sol versus the US dollar. In the case of Ferreyros, the cash and foreign currency accounts receivable amount is lower than the monetary liabilities in the same currency. The section Financial Performance in Chapter II offers a detailed explanation of the impact of the devaluation in 2008.

PARTICIPATION IN THE RESULTS OF SUBSIDIARIES AND AFFILIATES

This account records the earnings of subsidiaries and affiliates recognized through the equity method. In 2008, income for this item amounted to S/. 13.4 million in 2008, which compared to the S/. 32.8 million recorded during the same period of the previous year represents a 59.0% decrease, mostly explained by the lower profits registered by an associate from the insurance sector and, in addition, due to the decrease recorded in the net profits of some subsidiaries due to the impact of the foreign exchange loss recorded in 2008 as a result of the devaluation of the new sol against the US dollar.

WORKERS' PROFIT SHARING AND INCOME TAX

Workers' profit sharing and income tax for 2008 and 2007 have been calculated pursuant to the tax and accounting regulations in force.

NET PROFIT

In 2008, the net profit was S/. 80.4 million, which compared to the S/. 127.1 million of the previous year represents a 36.7% decrease. This result is mainly explained by the foreign Exchange loss, the increase of the financial expenses, increase of sales and administration expenses and a decrease in the profits of subsidiaries and affiliates, which has been partially off set by the greater profits from sales and an increase in miscellaneous revenues. It is worth noting that, as mentioned in the Financial Performance Section in Chapter II, a great part of the foreign exchange loss is temporary, as the inventories are reflected at the purchasing exchange rate and have not been adjusted despite the fact they have been transacted in foreign currency.

EARNINGS BEFORE INTEREST, DEPRECIATION AND AMORTIZATION (EBIDA)

In 2008, EBITDA amounted to S/.283.2 million, versus S/. 230.0 million in 2007, representing a 23.1% increase.

CHANGES IN THE PARTIES RESPONSIBLE FOR THE PREPARATION AND REVIEW OF THE FINANCIAL INFORMATION

During 2008 and 2007 there were no changes in the parties responsible for the preparation and review of the company's financial information.

Exhibit 1. Quotation of the share and bonds of Ferreyros in 2008, as published by the Lima Stock Exchange.

Variable Income

ISIN Code	Mnemonic	Year- Month	Quotations 2008				Average
			Opening S/.	Closing S/.	Maximum S/.	Minimum S/.	Price S/.
PEP736001004	FERREYC1	2008-01	6.40	6.03	6.45	5.70	6.21
PEP736001004	FERREYC1	2008-02	6.05	5.70	6.15	5.65	5.88
PEP736001004	FERREYC1	2008-03	5.70	6.05	6.30	5.60	5.91
PEP736001004	FERREYC1	2008-04	6.05	5.70	6.25	5.60	5.82
PEP736001004	FERREYC1	2008-05	5.65	6.15	6.40	5.60	5.94
PEP736001004	FERREYC1	2008-06	6.15	4.35	6.39	4.30	4.88
PEP736001004	FERREYC1	2008-07	4.35	3.85	4.35	3.55	4.00
PEP736001004	FERREYC1	2008-08	3.85	3.45	3.85	3.30	3.64
PEP736001004	FERREYC1	2008-09	3.45	3.15	3.65	3.00	3.29
PEP736001004	FERREYC1	2008-10	3.15	2.50	3.15	2.45	2.81
PEP736001004	FERREYC1	2008-11	2.05	2.14	2.39	2.00	2.15
PEP736001004	FERREYC1	2008-12	2.14	2.25	2.28	2.14	2.20

Fixed Income

ISIN Code	Mnemonic	Year- Month	Quotations 2008				Average
			Opening %	Closing %	Maximum %	Minimum %	Price %
PEP73600M140	FERR1DBC6A	2008-12	100.0000	100.0000	100.0000	100.0000	100.0000



The **M Series motor graders**, the latest model launched by Caterpillar in this family of machines, are the leading players in an unprecedented innovation: the replacement of conventional control levers by two ergonomic joysticks that reduce the movement of hand and wrist in more than 78%. Furthermore, these machines offer exceptional visibility of the work area, among other features, configuring an alternative that provides comfort and ease of use, increasing the productivity of the operator.



Productivity is the key word to define the performance of the customers' business. The technical personnel of Ferreyros are present in their operation center, wherever they may be in the country, offering field service with the support of our decentralized network of branch offices. The company offers this specialized work through alternatives such as customer support agreements (CSA) in the shortest time and with the greatest efficacy.



FINANCIAL STATEMENTS



+ US\$ 780 million in consolidated sales



+ 22 % gross margin



+ 9% operating margin



+ S/. 283 million EBITDA



+ US\$ 100 million in machines, engines, equipment and vehicles for immediate delivery



+ US\$ 20 million in fixed asset investments (CAPEX)



+ S/. 70 million in income reinvestment



+ US\$ 30 million in corporate bond placement



+ Corporate Governance recognition

Dongo-Soria Gavoglio y Asociados
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(Free translation from the original in Spanish)

REPORT OF INDEPENDENT AUDITORS

February 16, 2009

To the Stockholders and Board of Directors
Ferreyros S.A.A.

We have audited the accompanying financial statements of **Ferreyros S.A.A.** which comprise the balance sheets as of December 31, 2008 and December 31, 2007 and the statements of income, of changes in stockholders' equity and of cash flows for the years then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Peru. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Peru. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

February 16, 2009
Ferreyros S.A.A.

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

Opinion -

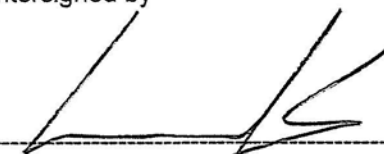
In our opinion, the accompanying financial statements referred to above, present fairly, in all material respects, the financial position of **Ferreyros S.A.A.** as of December 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in Peru.

Emphasis of a matter -

Without qualifying our report, we draw attention that the separate financial statements of **Ferreyros S.A.A.** were prepared in compliance with regulations currently in force in Peru for the presentation of financial information and they reflect the value of the investments in its subsidiaries under the equity method (Note 2-h) and not on a consolidated basis. These financial statements should be read together with the consolidated financial statements of **Ferreyros S.A.A.** and its subsidiaries, which are presented separately and on which we issued an unqualified opinion in our report of this date.

Dongo-Soria Gavoglio y Asociados

Countersigned by


_____(partner)
Esteban Chong L.
Certified Peruvian Public Accountant
Registration No.01-010595

BALANCE SHEET

ASSETS

	As of December 31,	
	2008	2007
	S/.000	S/.000
Current Assets		
Cash and cash equivalents (Note 5)	65,876	28,182
Trade accounts receivable:		
Third parties (Note 6)	319,654	239,141
Affiliates (Note 7)	4,443	9,963
Other accounts receivable:		
Affiliates (Note 7)	10,254	4,637
Other (Note 8)	19,125	11,217
Inventories (Note 9)	820,642	529,505
Prepaid expenses	661	790
Total current assets	1,240,655	823,435
Long-term trade		
Accounts receivable (Note 6)	49,891	46,571
Investments in securities (Note 10)	179,271	137,473
Property, plant and equipment (Note 11)	382,833	279,702
Deferred income tax and workers' profit sharing (Note 12)	20,533	13,749
Other Assets	4,751	1,643
	1,877,934	1,302,573

Liabilities and net stockholders' equity

	As of December 31,	
	2008	2007
	S/.000	S/.000
Current liabilities		
Borrowings (Note 13)	472,587	191,724
Trade accounts payable:		
Third parties (Note 14)	188,488	173,766
Affiliates (Note 7)	4,620	3,492
Other accounts payable:		
Taxes payable	6,182	7,810
Salaries payable	42,538	44,020
Affiliates (Note 7)	1,793	-
Other accounts payable (Note 15)	44,335	33,608
Current portion of long-term debt (Note 16)	107,190	91,429
Total current liabilities	867,693	545,849
Long-term debt (Nota 16)	466,492	248,800
Deferred income	6,237	10,131
Stockholders' equity (Note 17)	415,449	335,719
Capital	(113)	-
Additional capital	9,970	15,937
Unrealized earnings	31,761	19,056
Legal reserve	80,455	127,051
Retained earnings	537,512	497,793
Tax situation (Nota 18)		
Contingencies and commitments (Nota 19)		
	1,877,934	1,302,573

The accompanying notes from page 74 to 109 are an integral part of the financial statements.

STATEMENT OF INCOME

	For the year ended December 31,		
	2008	2007	
	S/.000	S/.000	
Net sales:			
Third parties	1,870,046	1,594,327	
Affiliates	38,166	56,569	
	1,908,212	1,650,896	
Cost of sales (Note 20):			
Third parties	(1,450,780)	(1,264,057)	
Affiliates	(34,179)	(52,682)	
	(1,484,959)	(1,316,739)	
Income from sales	423,253	334,157	
Other operational revenues	1,155	413	
Gross profit	424,408	334,570	
Administrative expenses (Note 21)	(86,458)	(81,374)	
Selling expenses (Note 21)	(157,551)	(131,121)	
Other revenue (expenses), net (Note 22)	8,345	(23)	
Operating profit	188,744	122,052	
Other income (expenses):	31,668	42,287	
Financial income (Note 23)	(56,346)	(38,245)	
Financial expenses (Note 24)	(51,038)	23,764	
Difference on exchange, net			
Share in profits of subsidiaries under the equity method	13,430	32,790	
	(62,286)	60,596	
Income before workers' profit sharing and income tax	126,458	182,648	
Workers' profit sharing (Notes 12 and 18)	(10,340)	(12,494)	
Income tax (Notes 12 and 18)	(35,673)	(43,103)	
Profit for the year	80,445	127,051	
*Basic and diluted earnings per share (Nota 25)	S/.	0.213	0.336

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

*For the years ended december 31, 2008 and 2007

	Capital	Additional capital	Unrealized earnings	Legal reserve	Retained earnings	Total
	S/.000	S/.000	S/.000	S/.000	S/.000	S/.000
Balances at January 1, 2007	284,196	-	15,937	9,300	89,729	399,162
Transfer to legal reserve	-	-	-	9,756	(9,756)	-
Dividend distribution	-	-	-	-	(28,420)	(28,420)
Capitalization of retained earnings	51,553	-	-	-	(51,553)	-
Profit for the year	-	-	-	-	127,051	127,051
Balances at December 31, 2007	335,749	-	15,937	19,056	127,051	497,793
Transfer to legal reserve	-	-	-	12,705	(12,705)	-
Transfer of revaluation surplus to retained earnings	-	-	(5,752)	-	5,752	-
Valuation of derivative financial instruments	-	-	(215)	-	-	(215)
Treasury shares	(108)	(113)	-	-	-	(221)
Dividend distribution	-	-	-	-	(40,290)	(40,290)
Capitalization of retained earnings	79,808	-	-	-	(79,808)	-
Profit for the year	-	-	-	-	80,445	80,445
Balances at December 31, 2008	415,449	(113)	9,970	31,761	80,445	537,512

The accompanying notes from page 74 to 109 are an integral part of the financial statements.

The accompanying notes from page 74 to 109 are an integral part of the financial statements.

STATEMENT OF CASH FLOWS

	For the year ended December 31,	
	2008	2007
	S/.000	S/.000
Operating activities		
Collections from customers	2,174,258	1,941,656
Other collections related to operating activities	43,012	46,570
Payments to suppliers	(2,260,667)	(1,804,721)
Payments of salaries and social benefits	(200,470)	(157,883)
Payments of taxes	(76,062)	(81,297)
Other payments related to operating activities	(11,961)	(2,161)
Net cash (used in) provided by operating activities	(331,890)	(57,836)
Investing activities		
Sale of property, plant and equipment	3,751	11,334
Purchase of machinery and equipment	(18,575)	(20,369)
Disbursements on work in progress of property, plant and equipment	(6,304)	(30,852)
Purchase of investments in securities	(30,518)	(7,590)
Purchase of intangible assets	(3,251)	(6,755)
Dividends received	2,442	3,331
Other collections related to investing activities	-	129
Net cash used in investing activities	(52,455)	(50,772)
FINANCING ACTIVITIES		
Borrowings, net	(641)	(1,164)
Long-term debt, net	515,592	166,919
Interest on bank borrowings and long-term debt	(52,640)	(35,155)
Dividends paid	(40,272)	(28,420)
Net cash provided by (applied to) financing activities	422,039	102,180
Net increase (decrease) in cash	37,694	(6,428)
Balance of cash at beginning of the year	28,182	34,610
Balance of cash at end of the year	65,876	28,182

Statement of cash flows

	For the year ended December 31,	
	2008	2007
	S/.000	S/.000
Reconciliation of net result to cash flows from operating activities		
Net income of the year	80,445	127,051
Adjustments to reconcile net income to cash flows from operating activities:		
Provision for doubtful accounts	5,192	6,604
Provision for impairment of inventories	3,695	4,982
Provision for impairment for investments in securities	403	6,247
Recovery of provision for impairment of inventories	(5,205)	(7,081)
Provision for impairment of fixed assets	(210)	228
Provision for workers' bonuses	10,186	7,835
Provision for workers' vacations	2,197	3,290
Value of interest in investments in securities	(13,430)	(32,790)
Loss (profit) on sale of property, plant and equipment	(1,567)	332
Depreciation and amortization	49,334	32,901
Financial expenses	56,347	38,245
Directors' remunerations	6,484	9,447
Workers' profit sharing	10,340	12,494
Deferred income tax and workers' profit sharing	(2,860)	(4,267)
Other	1,753	1,454
Net changes in assets and liabilities:		
Trade accounts receivable	(89,025)	18,695
Other accounts receivable	(8,005)	(16,061)
Inventories	(370,317)	(270,534)
Prepaid expenses	130	794
Other assets	(3,330)	-
Trade accounts payable	14,683	48,097
Other accounts payable	(79,130)	(45,799)
Net cash (applied to) provided by operating activities	(331,890)	(57,836)

The accompanying notes from page 74 to 109 are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 BACKGROUND AND BUSINESS ACTIVITIES

Background

Ferreyros S.A.A. (hereinafter the Company) was incorporated in Lima in September 1922 under the legal name of Enrique Ferreyros y Cia Sociedad en Comandita. Subsequently, in June 1998, after several changes in its legal trade name, the Company amended its corporate by-laws in order to comply with the Peruvian General Law of Companies, under which, its new legal name became Ferreyros Sociedad Anonima Abierta (Ferreyros S.A.A.). Its legal address is Avenida Cristóbal de Peralta Norte No.820, Surco and it has branch offices in Piura, Chiclayo, Trujillo, Chimbote, Huaraz, Ica, Arequipa, Cusco, Cajamarca, Cerro de Pasco Huancayo and Ayacucho.

Business activity

The Company is mainly engaged in importing and selling machinery, engines, automotive equipment and spare parts, rental of machinery and equipment and in providing repair and maintenance services.

In 2008 the personnel engaged by the Company to perform its activities comprised 49 officials, 1030 employees and 1310 workers (50 officials, 890 employees and 972 workers as of December 31, 2007).

Approval of the financial statements

The financial statements as of December 31, 2008 have been prepared by Management and will be submitted to the Board of Directors and General Stockholders' Meeting for their consideration within the terms established by law. The financial statements as of December 31, 2007 were approved by the General Stockholders' Meeting held on March 26, 2008.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most significant accounting principles and policies applied in the preparation of the financial statements are detailed below. These policies have been consistently applied to all years presented, unless otherwise stated.

a. Basis of preparation

The financial statements of the Company have been prepared in accordance with accounting principles generally accepted in Peru. The accounting principles generally accepted in Peru comprise the International Financial Reporting Standards (IFRS), approved by the Contaduria Publica de la Nacion and endorsed through resolutions issued by the Consejo Normativo de Contabilidad.

The 2008 and 2007 financial statements have been prepared in accordance with the historical cost convention, as modified by the revaluation of land in prior years, and in 2008 for the recognition of derivative financial instruments at fair value.

The preparation of the financial statements generally requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Critical accounting estimates and judgment are described in Note 4.

The variation in the purchasing power of the Peruvian currency for 2008 and 2007, based on the Wholesale Price Index, was 8.8% and 5.2%, respectively

Amendments to Standards and interpretations (IFRIC) effective in Peru as from 2008

The Consejo Normativo de Contabilidad through Resolution No.040-2008-EF/94 dated March 14, 2008 approved the application of the following interpretations used in the preparation of the financial statements at December 31, 2008:

- IFRIC 1, "Changes in de-commissioning, restoration and similar liabilities"
- IFRIC 2, "Members' shares in cooperative entities and similar instruments".
- IFRIC 4, "Determining whether an arrangement contains a lease".
- IFRIC 5 "Rights to Interests Arising from Decommissioning, Restoration and Environmental Funds".
- IFRIC 6, "Liabilities arising from participating in a specific market".
- IFRIC 7, "Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies".
- IFRIC 8, "Scope of IFRS 2".
- IFRIC 9, "Reassessment of Embedded Derivatives".
- IFRIC 10, "Interim Financial Reporting and Impairment".
- IFRIC 11, "Group and Treasury Share Transactions"
- IFRIC 12, "Service Concession Arrangements".

The Company has evaluated the application of these new interpretations and considers that they have no relevant impact on the presentation of the financial statements.

Amendments to Standard and interpretations (IFRIC) effective in Peru as from 2009

The Consejo Normativo de Contabilidad through Resolution No.040-2008-EF/94 dated March 14, 2008 approved the application of the following amendments of standards and interpretations used in the preparation of the financial statements as of December 31, 2009. :

- IAS 32, "Financial instruments: Presentation" (amended in 2006). This standard has been amended to make it consistent with IFRS 7, described below.

- IFRS 7, "Financial Instruments: Disclosures". This Standard requires the entity to provide more extensive disclosures to enable the users of the financial statements to reasonably assess the significance of the financial instruments in its financial condition and performance. This standard requires management to disclose the analysis performed of each financial risk to which the entity is exposed. The standard describes financial risks such: credit risk, liquidity risk and market risk. The standard requires qualitative and quantitative disclosures to be made on the entity's financial instruments based on the information provided internally to the entity's key management personnel. This standard applies to:

- Recognized and non-recognized financial instruments
- Agreements to buy or sell non-financial products that are within the scope of IAS 39.

Management considers that as a result of the adoption of these standards, the information to be disclosed in the financial statements could be modified in the future.

- IFRS 8, 'Operating segments', IFRS 8 replaces IAS 14, 'Segment reporting', and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. It is expected that the application of this standard will result in an increase in the number of reportable segments presented.

- IFRIC 13, 'Customer loyalty programs' (effective from July 1, 2008). IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple element arrangement, and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. This Standard has no impact of the Company's financial statements.

Standards, amendments and interpretations of standards issued not effective internationally or in Peru

The following standards and amendments to effective standards have been published and are mandatory internationally for accounting periods beginning on or after January 1, 2009 but the Company has not anticipated their application and will apply them when formally endorsed in Peru by the Contaduría Pública de la Nación.

- IFRS 1 (amended) "First-time adoption of IFRS" and IAS 27 "Consolidated and separate financial statements".
- IFRS 2 (Amended) "Share-based Payment".
- IFRS 3 (Revised), "Business combinations".
- IFRS 5 (Amended), "Non-current assets held-for-sale and discontinued operations".
- IAS 1 (Amended), "Presentation of financial statements".
- IAS 16 (Amended), "Property, plant and equipment".
- IAS 23 (Amended), "Borrowing costs".
- IAS 27 (Revised), "Consolidated and separate financial statements".
- IAS 28 (Amended), "Investments in associates" (and consequential amendments to IAS 32, "Financial Instruments: Presentation", and IFRS 7, "Financial instruments: Disclosures").
- IAS 32, "Financial instruments: Presentation" and IAS 1 (Revised), "Presentation of financial statements" – "Puttable financial instruments and obligations arising on liquidation".
- IAS 36 (Amended), "Impairment of assets".
- IAS 38 (Amended), "Intangible assets".
- IAS 39 (Amended), "Financial instruments: Recognition and measurement".

Several minor amendments were made to IFRS 7, "Financial instruments: disclosure", IAS 8, "Accounting policies, changes in accounting estimates and errors" and IAS 10, "Subsequent events", NIC 18, "Revenue" and IAS 34, "Interim financial information".

- IFRIC 16, "Hedges of a net investment in a foreign operation".

b. Foreign currency translation

Functional and presentation currency:

The items included in the Company's financial statements are expressed in the currency of the primary economic environment in which the entity operates (functional currency). Financial statements are presented in New Peruvian soles, which is the Company's functional and presentation currency.

Transactions and balances:

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

The balances in foreign currency at December 31, are summarized as follows:

	2008	2007
	US\$000	US\$000
Assets		
Cash and cash equivalents	17,543	8,339
Trade accounts receivable	98,463	96,274
Other accounts receivable	2,901	1,806
	118,907	106,419
Liabilities		
Financial obligations	150,314	63,697
Trade accounts payable	58,322	56,327
Other trade accounts payable and deferred income	14,094	9,956
Long-term borrowings	182,583	113,523
	405,313	243,503
Net liability	286,406	137,084

At December 31, 2008, the exchange rates used by the Company for recording foreign currency balances were S/.3.137 and S/.3.142 per US\$1 for assets and liabilities, respectively (S/.2.995 and S/.2.997 per US\$1 for assets and liabilities, respectively, at December 31, 2007), which have been published by the Superintendencia de Banca, Seguros y AFP.

At December 31, 2008, the Company has obtained an exchange gain of S/.258.3 million and an exchange loss of S/.309.3 million (S/.106.6 million and S/.82.9 million of exchange loss, respectively at December 31, 2007).

c. Financial assets

Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. At December 31, 2008, the Company's financial assets are mainly loans and accounts receivable.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the balance sheet.

Recognition and measurement

Loans and receivables are recognized at the amortized costs under the effective interest method.

If there is no active market for a financial instrument (or the instrument is not listed), the Company establishes their fair value by using different valuation techniques.

d. Derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Company maintains derivative financial instruments that correspond to interest rate swaps related to its borrowings from foreign entities. The Company has designated these derivatives as hedges of highly probable transactions (cash flow hedges).

Cash flow hedge -

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in equity. The gain or loss relating to the ineffective portion is recognized immediately in the statement of income.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement.

e. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank on-demand deposits, highly liquid at short term with maturities of up to three months.

f. Trade accounts receivable and other accounts receivable

Trade receivables are recognized at fair value, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is recognized in the statement of income. Accounts not collectible are written-off when identified as such.

g. Inventories

Inventories are stated at the lower of cost or net realizable value, on the basis of the specific identification method, except for spare parts which are recorded by using the average cost method. The cost of inventories excludes financing costs and differences on exchange. In-transit inventories are recognized at cost under the specific identification method. The net realizable value is the estimated selling price in the ordinary course of business, less applicable selling expenses.

h. Investments in securities

The Company records its investments in subsidiaries and associates under the equity method, by which the results obtained by these companies are recognized in the Company's financial statements with debit or credit to the carrying amount of the investment. Cash dividends received are credited to the value of the investment. Other investments are classified as available for sale.

i. Property, plant and equipment and depreciation

Land and buildings comprise mainly plants, retail outlets and offices. Land is recorded at fair value, based on periodic valuations carried out by external independent valuers at least every six years. All other property, plant and equipment items are stated at historical cost less depreciation and the accumulated loss for impairment. Historical cost includes expenditure that is directly attributable to the acquisition of these items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Maintenance and repair costs are charged to the results of the year when they are incurred.

Increases in the carrying amount arising from revaluation of land are credited to the revaluation surplus account in equity. Decreases that offset previous increases of the same asset are charged against revaluation surplus in equity; all other decreases are charged to income. When revalued assets are sold or retired, the revaluation surplus included in equity is transferred directly to retained earnings.

Land is not depreciated. Depreciation of other assets is calculated under the straight-line method and by the method of machines used - hours to allocate their cost or revalued amount, less their residual value, over their estimated useful lives, as follows:

	Years
Buildings and other constructions	33
Installations	10
Machinery and equipment	5 y 10
Machinery and equipment, rental (*)	
Vehicles	5
Vehicles, rental (*)	
Furniture and fixtures	4 y 10

(*) Based on the machine / hours method.

Residual values and useful lives of assets are reviewed and adjusted, if appropriate, at each balance sheet date.

The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount exceeds its estimated recoverable amount. The assets should be tested for impairment when events or circumstances exist that indicate that the carrying value could not be recoverable. The recoverable amount is the higher of the net selling price of an asset and its value in use.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the statement of income.

i. Rental of machinery, equipment and vehicles

Machinery, equipment and vehicles for rent through operating leases are recorded in the account Property, plant and equipment, calculating their respective depreciation under the machine used / hour method. When rental contracts expire, these assets are transferred to the account Inventories for their technical refurbishing and subsequent sale. The rental income is recognized monthly under the machine used / hour method over the period of the lease.

k. Financial lease contracts

Building, machinery, equipment and furniture lease contracts are recorded under the financial method, recording the amount of the lease as an asset and an obligation, and charging to income the related financial expenses and depreciation of the assets in the period in which they accrue. Depreciation of these assets is calculated under the machine used / hour method.

l. Intangibles

Costs that are directly associated to computer software that will generate economic benefits exceeding costs beyond one year, are recognized as intangible assets and are shown in Other assets in the balance sheet. These costs are amortized under the straight-line method over the estimated useful life of 4 years.

m. Financial obligations

Borrowings are initially recognized at fair value, net of transaction costs incurred. Subsequently are recognized at amortized cost. Any difference between the proceeds received (net of transaction costs) and the redemption value is recognized in income over the period of the borrowings and/or obligations issued using the effective interest method.

n. Income tax

Current income tax is determined and recorded under tax laws applicable to the Company.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted on the balance sheet date and are expected to apply when the related deferred income tax asset will be realized or the deferred income tax liability will be settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

o. Provisions for employees' benefits

Workers' profit sharing

The Company recognizes a liability and an expense for workers' profit sharing determined on the basis of 8% of taxable income as established under tax regulations currently in force.

Employees' vacation leave

Personnel's annual vacations and other remunerated absences are recognized on the accrual basis. The provision for the estimated obligation for annual vacations and other remunerated absences of employees is recognized at the balance sheet date.

Employees' severance indemnities

The provision for employees' severance indemnities comprises all employees' rights to indemnities under current regulations. The related payments, considered as definitive, are deposited in the financial institution chosen by employees.

p. Provisions

The provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount involved can be made. Recognition of provisions for future operating losses is not allowed.

In the event of several similar obligations, the probability that an outflow of resources will be needed to settle the obligation is determined by considering the obligation as a whole. A provision is recognized even when the probability is very low that an outflow of resources will be needed to settle any specific item included in the same class of obligations.

q. Dividend distribution

Dividends distribution to the Company's stockholders is recognized as a liability in its financial statements in the period in which the dividends are approved by the Company's stockholders.

r. Contingencies

Contingent liabilities are not recognized in the financial statements and are included in notes to the financial statements, unless their occurrence is considered remote. Contingent assets are not recognized in the financial statements and are disclosed only if their realization is considered probable.

s. Basic and diluted earnings per share

Basic earnings per share are calculated by dividing the net income for the year by the weighted-average number of the shares outstanding at the balance sheet date. As of December 31, 2008 and 2007, the Company does not have diluted financial instruments; accordingly, the basic and diluted earnings per share are similar.

t. Recognition of revenues from sales

Revenues comprise the fair value of revenues from sales of services, net of sales taxes, rebates and discounts. Revenues are recognized in income as follows:

- Revenues from sales of machinery, engines, vehicles and spare parts are recognized when the risks and rewards inherent to the ownership of the assets have been transferred to the buyer. Revenues from services are recognized when rendered.
- Revenues from maintenance and repair services and lease of machinery and equipment are recognized in the period when the services are rendered.

Other Company income is recognized as follows:

- Revenues from rentals and financing for sales are recognized on the accrual basis.
- Revenues from commissions on direct orders: when the vendor meets the order.
- Income from financial interest, based on the effective interest method.
- Dividend income: when the Company's right to collection is established and are credited to the cost of the investment.

u. Segment reporting

A business segment is a group of assets engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

v. Share capital

Common shares are classified as equity.

3 FINANCIAL RISK MANAGEMENT

Company's operations expose it to certain financial risks that could have potential adverse effects which are permanently evaluated by the Company's Board of Directors and Management in order to minimize them. Financial risks are: Market risk (including foreign exchange price risk and interest rate risk), credit risk and liquidity risk.

Risk management is carried out by Management under policies approved by the Board of Directors. Management identifies, evaluates and hedges financial risks based on the Board guidelines. The Board exercises oversight and periodical monitoring.

The financial risks that the Company is exposed to are:

a. Market risks

i) Foreign exchange risk -

The Company's activities and its borrowing in foreign currency expose it to the risk of changes in U.S. dollar exchange rates. As a way to reduce this exposure, the Company seeks to maintain an adequate balance of assets and liabilities, as well as between income and expenses in foreign currency.

The net liability position is economically hedged with inventories and rental equipment, for which their selling prices are settled in U.S. dollars. Company's management has accepted the risk of its liability position and therefore has not entered into derivatives to hedge the foreign currency risk.

ii) Price risk -

The Company's exposure to the risk of changes in prices is low given its tight control over its operating costs to enable it to maintain not only its prices but also the quality of the services provided.

iii) Interest rate risk -

The Company's interest rate risk arises from its financial obligations. Certain financial obligations are agreed at floating interest rates and expose the Company to the risk of fluctuations in the related interest rates affecting the cash flows and the fair value of borrowings.

The Company analyses its interest rate risk exposure and evaluates its impact based on an analysis of the macroeconomic variables. Based on these evaluations, the Company makes a decision regarding contracting borrowings either at fixed or floating interest rates.

Also, the Company manages its cash flow interest rate risk by entering into interest rate swaps to hedge the cash flow interest rate risk. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Under an interest rate swap, the Company agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts.

In this respect, in 2008, the Company signed interest rate swap contracts with local financial institutions relating to variable rate financial obligations amounting to US\$55 million and for the period from June 2008 and May 2015. The net cash flows relating to the payment of variable rate interests on financial obligations and cash flows arising from the settlement of derivatives result in fixed payments of interest. At December 31, 2008, the fair value of interest rate swaps amounts to approximately S/.215 (in thousands). No similar transactions were entered into in 2007

b. Credit risk

Credit risk arises from cash and cash equivalents, and deposits in banks and financial institutions, as well as credit exposures from customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties are accepted. For customers, the Company has established policies to ensure that its sales are made to customers with an adequate credit history.

The risk of concentration of credit may arise from the placement of cash surplus. In order to mitigate such risk, the Company has established a maximum amount of cash to be placed in one single financial institution at the end of its daily operations. The table below shows the level of concentration of time deposits at December 31:

		2008	2007
	Rating (*)	Carrying amount	Carrying amount
		S/.000	S/.000
Banco de Crédito del Perú	A +	30,133	2,995
Banco Scotiabank	A +	6,901	-
Banco Continental	A +	330	899
		37,364	3,894

(*) Based on most recent risk-ratings of such financial institutions.

c. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. The Company maintains adequate level of cash and available credit lines.

The Company manages and monitors of its liquidity reserves.

The following are the balances payable at the balance sheet date as per maturities contractually agreed:

As of December 31, 2008	Total	Year 2009	Year 2010	Year 2011	Years 2012 to 2015
	S/.000	S/.000	S/.000	S/.000	S/.000
Overdrafts and other financial borrowings	472,587	472,587	-	-	-
Trade accounts receivable	193,068	193,068	-	-	-
Other accounts payable	94,848	94,848	-	-	-
Long-term debt	573,682	107,190	118,835	260,270	87,387
	1,334,185	867,693	118,835	260,270	87,387

As of December 31, 2007	Total	Year 2008	Year 2009	Year 2010	Years 2011 to 2013
	S/.000	S/.000	S/.000	S/.000	S/.000
Overdrafts and other financial borrowings	191,724	191,724	-	-	-
Trade accounts receivable	177,258	177,258	-	-	-
Other accounts payable	85,438	85,438	-	-	-
Long-term debt	340,229	91,429	61,947	78,217	108,636
	794,649	545,849	61,947	78,217	108,636

d. Capital risk management

The Company's has defined that to reach an optimal capital structure (debt and equity as the total financing sources) will allow to optimize the Company's profitability and meet its commitments with creditors and stockholders. In order to maintain or adjust the capital structure, the Company's policy in place is maintaining a conservative position in borrowings. Also, it has a dividend policy in place and the maximum levels allowed of debt considering the commitments presently effective with creditors, as a way to maintain an optimal capital structure. Debt is calculated considering all the Company's liabilities. The balances of assets and liabilities and equity and its related percentages at December 31 are as follows:

	2008		2007	
	S/.000	%	S/.000	%
Total liabilities	1,340,422	71	804,780	62
Total equity	537,512	29	497,793	38
Total liability and equity	1,877,934	100	1,302,573	100

Gearing ratio at December 31, 2008 and 2007 is as follows;

	2008	2007
	S/.000	S/.000
Total financial obligations (Notes 13, 14 and 16)	1,109,293	544,852
Less: Cash and cash equivalents	(65,876)	(28,182)
Net debt	1,043,417	516,670
Total equity	537,512	497,793
	1,580,929	1,014,463
Gearing ratio	66%	51%

The increase in this ratio resulted from the increase in short-term and long-term financial borrowings during 2008, substantially intended to finance import transactions.

e. Global financial crisis

During the last quarter of 2008 the financial crisis, which initially began as a decline in home values and illiquidity in the U.S. subprime mortgage market, evolved to a globally widespread capital markets crisis causing the fall of several large U.S. investment banking institutions and crippling the global financial market. The consequences of the actual effect of the global financial crisis for Peru are in fact unknown; even though most specialists concur that such effects will anyway reach and affect the Peruvian economy.

Major effects of the global crisis on the Company's operations principally comprise a decline in sales growth, temporary excess of inventories and a slight increase in the risk of accounts receivable. In this respect, the Company's plan to cope with this crisis mainly involves maintaining a tighter control on expenses, per business unit, seeking to keep expenses in direct proportion to the volume of operations; postponing certain investments in fixed assets that are not strictly necessary for adequately serving customers' needs; performing a review of the financial policies to place higher priority on liquidity; maintaining a on-going follow-up on the plan to reduce inventories to reach optimal operating levels and performing a re-assessment of customers' credit risk, based on an assessment of the impact that the financial crisis may have on customers' operations. This plan is intended to mitigate the risk of a significant adverse effect of the financial crisis on the Company's financial performance.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Critical accounting estimates made by management are permanently evaluated and are based on historical experience and other factors, including the expectation of future foreseeable events the occurrence of which is considered reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, in few occasions equal the related actual results. If such estimates and assumptions, based on Management's best judgment as of the date of the financial statements, vary in the future due to changes in assumptions, the corresponding financial statement balances will be corrected on the date when the estimates and assumptions were made. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years are related to tax obligations, estimation of useful lives of fixed assets and fair value of derived financial instruments and inventories. Determination of the tax obligations and expenses requires interpretations of the applicable tax laws and regulations. The Company has legal tax counsel's advice before making any decision on tax matters. Even though Management considers that their estimates are prudent and appropriate, differences of interpretation may arise from the interpretation made by the Peruvian Tax Authorities that may require future adjustments for taxes.

5 CASH AND CASH EQUIVALENTS

Al 31 de diciembre este rubro comprende:

	2008	2007
	S/.000	S/.000
Time deposits	37,364	3,894
Checking accounts	27,521	23,381
Cash in transit	445	331
Petty cash	546	576
	65,876	28,182

Time deposits are of current maturity and bear interest at average market rates.

6 TRADE ACCOUNTS RECEIVABLE

As of December 31 this account comprises:

	2008		2007	
	Current S/.000	Long-term S/.000	Current S/.000	Long-term S/.000
Time deposits	357,641	56,385	277,496	51,150
Checking accounts	(12,143)	(6,494)	(11,249)	(4,579)
Cash in transit				
Petty cash	(25,844)	-	(27,106)	-
	319,654	49,891	239,141	46,571

Trade accounts receivables are guaranteed with inventories sold and, in some cases depending on the transaction's relevance, additional guarantees are required. These accounts receivable do not bear interest, except for the notes receivable that bear an annual interest rate and a collection commission totalling between 16% and 20%.

The annual changes of the provision for doubtful accounts were as the follow:

	2008 S/.000	2007 S/.000
Opening balance	27,106	27,517
Additions of the year	5,192	6,604
Reversal of portfolio transfer	(6,492)	(1,516)
Write-offs	(1,459)	(3,857)
Exchange differences	1,497	(1,642)
Ending balance	25,844	27,106

Management considers that the provision made is sufficient to cover the account receivable collection risk at the balance sheet date.

The aging detail of trade accounts receivable is as follows:

	2008 S/.000	2007 S/.000
Current	343,115	255,943
Past due up to 30 days	31,009	47,819
Past due from 31 to 90 days	22,710	3,895
Past due from 91 to 180 days	4,320	864
Past due for over 181 days	12,872	20,125
	414,026	328,646

7 TRANSACTIONS WITH AFFILIATES

The changes of the accounts receivable and payable with affiliates for the year 2008 is the following:

	Opening balance S/.000	Additions S/.000	Deductions S/.000	Final balance S/.000
Trade accounts receivable:				
Unimaq S.A.	8,716	21,126	(27,886)	1,956
Orvisa S.A.	1,059	21,984	(21,241)	1,802
Domingo Rodas S.A.	87	262	(349)	-
Cresko S.A.	77	273	(333)	17
Depósitos Efe S.A.	21	917	(433)	505
Mega Caucho & Representaciones S.A.C.	3	526	(483)	46
Motorindustria S.A.	-	46	(46)	-
Fiansa S.A.	-	1,065	(948)	117
	9,963	46,199	(51,719)	4,443
Other accounts receivable:				
Unimaq S.A.	2,207	537	(2,333)	411
Mega Caucho & Representaciones S.A.C.	1,228	14,520	(14,669)	1,079
Orvisa S.A.	858	3,553	(3,153)	1,258
Domingo Rodas S.A.	338	21,928	(16,778)	5,488
Fiansa S.A.	6	11,155	(11,161)	-
Motorindustria S.A.	-	1,883	(1,883)	-
Depósitos Efe S.A.	-	25,388	(24,957)	431
Cresko S.A.	-	3,998	(2,411)	1,587
	4,637	82,962	(77,345)	10,254
Trade accounts payable:				
Unimaq S.A.	1,647	32,795	(31,250)	3,192
Orvisa S.A.	719	3,644	(3,545)	818
Motorindustria S.A.	658	279	(930)	7
Fiansa S.A.	267	9,120	(9,140)	247
Mega Caucho & Representaciones S.A.C.	173	4,897	(4,784)	286
Depósitos Efe S.A.	28	452	(412)	68
Cresko S.A.	-	21	(19)	2
	3,492	51,208	(50,080)	4,620
Other accounts payable:				
Motorindustria S.A.	-	941	-	941
Orvisa S.A.	-	810	-	810
Cresko S.A.	-	42	-	42
	-	1,793	-	1,793

The changes of the accounts receivable and payable with affiliates for the year 2006 is the following:

	Opening balance	Additions	Deductions	Final balance
	S/.000	S/.000	S/.000	S/.000
Trade accounts receivable:				
Unimaq S.A.	8,835	41,964	(42,083)	8,716
Orvisa S.A.	368	20,523	(19,832)	1,059
Domingo Rodas S.A.	125	53	(91)	87
Cresko S.A.	-	1,195	(1,118)	77
Depósitos Efe S.A.	25	157	(161)	21
Fiansa S.A.	-	302	(302)	-
Motorindustria S.A.	4	45	(49)	-
Mega Caucho & Representaciones S.A.C.	-	3	-	3
	9,357	64,242	(63,636)	9,963
Other accounts receivable:				
Unimaq S.A.	498	2,453	(744)	2,207
Mega Caucho & Representaciones S.A.C.	-	4,189	(2,962)	1,227
Orvisa S.A.	861	4,298	(4,300)	859
Domingo Rodas S.A.	985	14	(661)	338
Fiansa S.A.	-	400	(394)	6
Depósitos Efe S.A.	-	141	(141)	-
	2,344	11,495	(9,202)	4,637
Trade accounts payable:				
Unimaq S.A.	647	6,638	(5,638)	1,647
Orvisa S.A.	978	4,981	(5,240)	719
Motorindustria S.A.	702	-	(44)	658
Fiansa S.A.	72	6,773	(6,578)	267
Mega Caucho & Representaciones S.A.C.	-	1,829	(1,656)	173
Depósitos Efe S.A.	83	745	(800)	28
	2,482	20,966	(19,956)	3,492
Other accounts payable -				
Fiansa S.A.	71	-	(71)	-

Trade accounts receivable and payable arise from the sales and/or services rendered and received by the Company. They are considered of current maturity, do not bear interest and have no specific guarantees.

Other accounts receivable and payable comprise mainly short-term loans intended for working capital; they are considered of current maturity, do not bear interest and have no specific guarantees.

Main transactions with affiliates are summarized as follows:

	2008	2007
	S/.000	S/.000
Sales of goods:		
Orvisa S.A.	19,786	16,958
Unimaq S.A.	17,388	37,899
Cresko S.A.	42	1,122
Otros	98	24
	37,314	56,003
Services rendered:		
Fiansa S.A.	458	14
Orvisa S.A.	207	311
Unimaq S.A.	157	234
Otros	31	7
	853	566
Purchase of goods:		
Unimaq S.A.	26,744	4,552
Fiansa	7,047	4,778
Orvisa S.A.	2,624	3,470
Mega Caucho & Representaciones S.A.C.	3,835	1,276
Otros	49	110
	40,299	14,186
Purchase of services:		
Unimaq S.A.	817	1,028
Orvisa S.A.	631	835
Fiansa	617	901
Depósitos Efe S.A.	347	517
Mega Caucho & Representaciones S.A.C.	279	257
Motorindustria S.A.	236	-
	2,927	3,538

8 OTHER ACCOUNTS RECEIVABLE

As of December 31 this account comprises:

	2008	2007
	S/.000	S/.000
Credit balance from income tax on advanced payments	10,171	-
Credit balance from VAT advanced payments	870	4,502
Accounts receivable from personnel	4,697	3,570
Inversiones Progreso	1,871	1,786
Accounts receivable from direct demand operations	1,106	897
Claims to insurance companies	1,102	-
Ferrenergy S.A.	-	1,076
Engineering works	-	251
Other	1,805	1,559
	21,622	13,641
Provision for doubtful accounts	(2,497)	(2,424)
	19,125	11,217

The annual change of the provision for doubtful accounts was as follows:

	2008	2007
	S/.000	S/.000
Opening balance	2,424	2,585
Exchange differences	73	(161)
Final balance	2,497	2,424

Company's Management considers that the provision made is sufficient to mitigate collection risks at the balance sheet date.

9 INVENTORIES

As of December 31, this account comprises:

	2008	2007
	S/.000	S/.000
Machinery, engines and automotives	447,327	277,606
Spare parts	128,640	106,627
Repair shop services in process	37,550	28,857
In-transit inventories	211,851	127,332
	825,368	540,422
Provision for impairment of inventories	(4,726)	(10,917)
	820,642	529,505

The annual change of the provision for impairment of inventories was the following:

	2008	2007
	S/.000	S/.000
Opening balance	10,917	12,282
Additions of the year	3,695	4,982
Transfers to fixed assets	278	734
Applications of sales	(5,205)	(7,081)
Other applications from the destruction of inventories	(4,959)	-
Final balance	4,726	10,917

Company's Management considers that the provision made is sufficient to mitigate the risk of impairment or obsolescence of inventories at the balance sheet date.

10 INVESTMENTS IN SECURITIES

As of December 31, 2008 and 2007 this account comprises:

	2008	Quantity 2007	Interest in capital %	Unit nominal value S/.	Carrying amounts 2008 S/.000	Carrying amounts 2007 S/.000
Common shares in subsidiaries:						
Orvisa S.A.	13,544,113	13,544,113	99.00	S/.1	29,755	25,228
Domingo Rodas S.A.	6,493,468	12,485,266	99.99	S/.1	4,417	6,493
Unimaq S.A.	39,861,526	30,983,563	99.99	S/.1	50,772	42,605
Fiansa S.A. (common shares)	8,143,609	4,994,509	99.51	S/.1	9,093	7,533
Fiansa S.A. (investment shares)	1,152,739	805,946	96.48	S/.1	1,247	672
Motorindustria S.A.	2,387,485	2,387,485	99.99	S/.1	2,062	2,352
Mega Caucho & Representaciones S.A.C.	3,973,579	2,984,526	100.00	S/.1	11,075	8,504
Depósitos Efe S.A.	17,419,043	1,607,520	99.86	S/.1	17,824	2,198
Cresko S.A.	17,077,350	4,766,850	99.99	S/.1	16,743	4,875
Carried forward					142,988	100,460
Brought forward:						
Common shares in other companies:						
Quoted:						
La Positiva Seguros y Reaseguros S.A.	25,365,384	15,703,626	13.79	S/.1	24,451	26,526
La Positiva Vida Seguros y Reaseguros S.A.	4,632,896	2,240,136	3.51	S/.1	4,290	4,664
Not quoted:						
Ferenergy S.A.	3,630,555	2,286,400	50.00	S/.1	4,331	2,060
Consorcio Ceres			10.00	S/.1	362	363
Other					1,311	1,308
					34,745	34,921
Other investments						
					1,538	2,092
					179,271	137,473

As of December 31, 2008 and 2007, the balance of investments in subsidiaries has been determined by the equity method on the basis of their financial statements, recognizing the Company's share in the results of these subsidiaries, associates and joint ventures of those years amounting to S/.13.4 million and S/.32.8 million, respectively, which are included in the item Other, net in the statement of income. The investment in Mega Caucho & Representaciones S.A.C. includes a goodwill of S/.5,290 thousand at year-end.

Also, in 2008 the Company has made a provision for the impairment of investments in securities of S/.0.4 million (S/.6.3 million in 2007) relating to the decline in the value of its investment included within "Other", net in the income statement.

In 2008, the Company made the following capital additions in its subsidiaries and combined business:

- Increase in the capital of Fiansa S.A. through a cash capital contribution of S/.1 million.
- Increase in the capital of Depósitos Efe S.A. through a capital contribution of S/.15.8 million.
- Increase in the capital of Cresko S.A. for a total S/.12.3 million.
- Increase in the capital of Ferenergy through a capital contribution of S/. 1.3 million.

In 2007, the Company made the following capital additions in its subsidiaries:

- Incorporation of Cresko S.A. through a capital contribution of S/.4.8 million. The business purpose of this Company is to be a representative and sale of raw materials, intermediate materials and capital assets through different specialized business units. It sells the brands Makinza, Tramotor, Traxo and Insumma.
- Increase in the capital of Unimaq S.A. amounting to S/.19.8 million, through the contribution of property for S/.7.0 million and the capitalization of debt of S/.12.8 million.

11 PROPERTY, PLANT AND EQUIPMENT

The changes on property, plant and equipment accounts and its related accumulated depreciation for the year ended December 31, 2008 were as follow:

	Opening balances	Additions to cost and/or applied to results	Sales	Transfers	Final balances
	S/.000	S/.000	S/.000	S/.000	S/.000
Cost:					
Land	47,365	4,786	(146)	-	52,005
Buildings and other constructions	94,508	1,658	(93)	4,881	100,954
Installations	4,662	260	(439)	-	4,483
Machinery and equipment	125,127	6,201	(3,381)	6,783	134,730
Machinery and equipment, rental fleet	139,040	80,687	(363)	28,418	247,782
Vehicles	4,124	185	(109)	214	4,414
Furniture and fixtures	39,663	5,483	(231)	-	44,915
Work in progress	3,082	6,304	-	(4,881)	4,505
	457,571	105,564	(4,762)	35,415	593,788
Accumulated depreciation:					
Buildings and other constructions	28,974	2,936	(20)	-	31,890
Installations	3,231	324	(131)	-	3,424
Machinery and equipment	87,400	10,084	(2,374)	(34)	95,076
Machinery and equipment, rental fleet	25,024	32,607	(94)	(12,767)	44,770
Vehicles	3,752	158	(109)	-	3,801
Furniture and fixtures	27,530	3,083	(27)	(17)	30,570
	175,911	49,192	(2,755)	(12,818)	209,530
Provision for impairment	1,958	(210)	(14)	(309)	1,425
Net cost	279,702	-	-	-	382,833

FINANCIAL STATEMENTS

The changes on property, plant and equipment accounts and its related accumulated depreciation for the year ended December 31, 2007 were as follow:

	Opening balances	Additions to cost and/or applied to results	Sales	Transfers	Final balances	Saldos Finales
	S/.000	S/.000	S/.000	S/.000	S/.000	S/.000
Cost:						
Land	51,414	4,933	(6,271)	-	(2,711)	47,365
Buildings and other constructions	72,066	599	(3,391)	31,327	(6,093)	94,508
Installations	4,246	416	-	-	-	4,662
Machinery and equipment	112,076	8,451	(3,437)	8,037	-	125,127
Machinery and equipment, rental fleet	107,561	56,351	(8,902)	(2,758)	(13,212)	139,040
Vehicles	4,162	76	(255)	141	-	4,124
Furniture and fixtures	31,408	5,895	(18)	2,378	-	39,663
Work in progress	7,593	30,852	-	(35,363)	-	3,082
	390,526	107,573	(22,274)	3,762	(22,016)	457,571
Accumulated depreciation:						
Buildings and other constructions	29,276	2,235	(1,383)	-	(1,154)	28,974
Installations	2,920	311	-	-	-	3,231
Machinery and equipment	78,674	9,911	(1,104)	(81)	-	87,400
Machinery and equipment, rental fleet	27,556	17,971	(2,239)	(13,566)	(4,698)	25,024
Vehicles	3,844	125	(217)	-	-	3,752
Furniture and fixtures	25,301	2,231	(2)	-	-	27,530
	167,571	32,784	(4,945)	(13,647)	(5,852)	175,911
Provision for impairment	(4,728)	(228)	847	799	1,352	(1,958)
Net cost	218,227	-	-	-	-	279,702

At December 31, 2008, the Company maintains mortgages on certain properties for US\$11.5 million to secure obligations maintained with Caterpillar Financial Services amounting to US\$4.4 million.

As of December 31, 2008, the items buildings and furniture and fixtures include cost and accumulated depreciation for S/.26.0 million and S/.1.0 million, respectively, related to financial lease agreements. Additionally, the item machinery and equipment rental fleet includes cost and depreciation amounting to S/.0.7 million and S/.0.1 million, respectively (S/.4.6 million and S/.0.7 million as of December 31, 2007, respectively) related to financial lease agreements which were settled by utilizing a purchase option in prior years.

12 DEFERRED INCOME TAX AND WORKERS' PROFIT SHARING

As of December 31, 2008 and 2007 this account comprises:

	2008	2007
	S/.000	S/.000
Income tax	15,919	10,674
Workers' profit sharing	4,614	3,075
Balance as of December 31	20,533	13,749

The temporary differences giving rise to deferred income tax and workers' profit sharing are as follows:

	Accumulated as of January 1, 2008	Additions and reversals in 2008	Accumulated as of December 31, 2008
	S/.000	S/.000	S/.000
Provision for impairment of inventories and property	(4,536)	2,079	(2,457)
Differences on depreciation rates	(3,472)	(1,352)	(4,824)
Provision for doubtful accounts	(3,431)	(3,799)	(7,230)
Exchange differences resulting from liabilities relating to inventories and fixed assets	(118)	(5,168)	(5,286)
Other provisions	(8,935)	1,596	(7,339)
Result for exposure to inflation of prior years of inventories, land and investments	(998)	292	(706)
Provision for vacations	(3,329)	(783)	(4,112)
Intangibles with limited life	585	(53)	532
Earnings from deferred sales, net	4,380	174	4,554
Lease transactions	446	669	1,115
	(19,408)	(6,345)	(25,753)
Land revaluation	5,659	(439)	5,220
	(13,749)	(6,784)	(20,533)

	2008	2007
	S/.000	S/.000
Deferred income tax asset at end of year	20,533	13,749
Deferred income tax asset at beginning of year	(13,749)	(7,382)
	6,784	6,367
Credit to profit the year:	643	942
Workers' participation	2,217	3,325
Income tax	3,924	2,100
Adjustment	6,784	6,367

Company's Management considers, based on its forecasts, that the deferred income tax asset and workers' profit sharing will be recovered through the application of the income tax and workers' profit sharing from future taxable profit.

13 BORROWINGS

As of December 31 this account comprises:

	2008	2007
	S/.000	S/.000
Overdrafts	348	990
Loans:		
Banco de Crédito del Perú	94,260	107,892
Scotiabank Perú	75,408	23,976
Banco de Crédito BCP – Sucursal Panamá	69,124	-
Banco Internacional del Perú - Interbank	47,130	-
Mercantil Commercebank	47,130	-
Standard Chartered Bank New York	40,843	-
Citibank	31,420	36,563
HSBC Bank (Panamá) S.A.	31,420	-
BBVA Banco Continental	-	22,303
Banco Financiero	28,592	-
Banco Interamericano de Finanzas	6,912	-
	472,239	190,734
	472,587	191,724

Bank loans are obtained for working capital and imports. These balances are of current maturity, bear fixed annual interest rates ranging from 5.0% to 8.7% and at Libor plus 2.95% to 4% and have no specific guarantees.

14 TRADE ACCOUNTS PAYABLE

As of December 31 this account comprises:

	2008	2007
	S/.000	S/.000
Invoices	125,424	160,867
Notes	63,024	12,899
	188,448	173,766

As of December 31, 2008, the balance mainly includes invoices and notes payable to Caterpillar Americas Co. for US\$23.7 million and US\$20.4 million, respectively (US\$32.1 million and US\$3.9 million, respectively as of December 31, 2007), corresponding to notes financing invoices of Caterpillar through Swiss Re, bearing interest at annual interest rates of Libor + 2.5%. Additionally, the balances of invoices payable to other suppliers primarily comprises Agco Do Brasil and Paccar Int. Bellow amounting to US\$4.6 million and US\$6.7 million, respectively (US\$2.7 million and US\$0.4 million, respectively at December 31, 2007).

15 OTHER ACCOUNTS PAYABLE

As of December 31 this account comprises:

	2008	2007
	S/.000	S/.000
Advances from customers	11,215	5,682
Provision for estimated expenses	11,795	8,964
Pacific Service & Trading Inc.	9,019	4,830
Generic provision for tax penalties	372	4,318
Provision for interests on obligations payable	10,146	5,802
Provision for interest	1,753	1,455
Other	35	2,557
	44,335	33,608

16 LONG-TERM DEBT

As of December 31, 2008 and 2007 this account comprises:

Name of creditor	Class of obligation	Maturity	Amount authorized/ used US\$000	Outstanding balances								
				Total		Total		Current		Non-current		
				2008	2007	2008	2007	2008	2007	2008	2007	
				US\$000	US\$000	S/.000	S/.000	S/.000	S/.000	S/.000	S/.000	
Caterpillar Financial Services												
Notes with Cat Financial Services at the annual interest rate of 6.66% and notes with Cat Leasing Chile that bear an interest of Libor + 2.05%.	Notes	Quarterly until 2015	81,281/ (1) 65,018 (4)	65,018	28,301	204,286	84,819	58,078	20,335	146,207	64,484	
Ferreyros bonds												
Bones issued third and fourth issue Series A and B from first program bearing annual interest 6.12% and 6.06%, respectively. First, fourth and sixth issue from first program of corporative bonds Series A, B and C bearing annual interest between 5.81% and 8.0%.	Corporate bonds	Up to November 2011	88,000/ (2) 88,000	88,000	72,500	276,496	217,283	39,275	52,448	237,221	164,835	
Local and foreign financial institutions												
Financial lease agreements at an annual interest rate of 6.80%	Quotas	Monthly up to 2014	8,400/ 8,400	8,400	7,355	26,394	22,043	3,820	4,208	22,575	17,835	
Notes with local and foreign institutions at an annual interest rate of 7.75% and Libor + 2%, respectively.	Notes	Quarterly up to 2012	23,000/ 21,165 (3)	21,165 182,583	5,367 113,523	66,506 573,682	16,084 340,229	6,017 107,190	14,439 91,430	60,489 466,492	1,646 248,800	

- (1) Relates to a joint line of credit.
- (2) Includes US\$5 million and US\$10 million of the first program, third and fourth issue, respectively and US\$ 73 million of debt .
- (3) Including a Note with Standard Chartered amounting to US\$8.0 million for which an interest rate swap has been signed with a local financial institution .
- (4) Including a Note with US\$44.2 million for which an interest rate swap has been signed with a local financial institution

In 2008, the Company entered into interest rate swaps contracts with local financial institutions. Under such contracts, the Libor rate is fixed until the maturity of the related Notes. The effect of the valuation of such derivatives at December 31, 2008 totaling US\$74 thousand was charged to unrealized earnings in stockholders' equity.

Name of creditor	Amount of financial obligations US\$000	Maturity	Swap contracts			
			Date	Entity	Fixed rate	Floating rate
Caterpillar Financial Services Corporation	28,125	Until 04.09.2012	13.06.2008	Banco de Crédito del Perú	3.37%	Libor at 3 months
Caterpillar Financial Services Corporation	8,499	Until 19.03.2013	13.06.2008	Banco Continental	4.27%	Libor at 3 months
Caterpillar Financial Services Corporation	2,868	Until 04.05.2015	19.06.2008	Banco de Crédito del Perú	4.32%	Libor at 3 months
Caterpillar Financial Services Corporation	4,708	Until 01.03.2012	19.06.2008	Banco de Crédito del Perú	3.90%	Libor at 3 months
Standard Chartered	8,000 52,200	Until 24.01.2011	05.09.2008	Banco Continental	3.74%	Libor at 3 months

17 STOCKHOLDERS' EQUITY

a) Capital -

As of December 31, 2008, the authorized, subscribed and paid-in capital amounts to S/.415,556,728 , made formal under public deed and represented by 377,778,844 common shares at S/.1.10 par value each, of which, 98,389 have been re-purchased by the Company. In this regard, share capital is shown net of the value of the repurchased shares, that is, the carrying amount of capital totals S/. 415,448,501. Of the total shares, 84.32% and a 15.68% are owned by local and foreign investors, respectively.

As of December 31, 2007, the authorized, subscribed and paid-in capital amounts to S/.335,749,000 made formal under public deed and represented by 305,226,000 common shares at S/.1.10 par value each, of which,85.05% and 14.95% are owned by local and foreign investors, respectively.

At December 31, 2008 and 2007, the Company's share quoted price was S/.2.25 and S/.6.40 per share respectively and its trading frequency index were 75% and 97.6%, respectively. The number of shares outstanding is shown in Note 25.

At December 31, 2008, the Company's capital sock structure is as follows:

Percentage of individual Interest in capital	Number of stockholders	Total percentage of interest
Up to 1.00	1,242	19.39
From 1.01 to 5.00	13	42.38
From 5.01 to 10	5	38.23
	1,260	100

b) Unrealized results -

The revaluation surplus comprises the difference between the carrying amounts of land with the assigned value from technical appraisals of an independent expert in 1999 and 2005, net of its corresponding deferred income tax. In 2005, the technical appraisal was performed by the independent appraiser Alicar Asociados S.A.C. by applying the direct evaluation method as allowed by the General Regulations for Appraisals.

As of December 31, 2005 the Company has capitalized revaluation surpluses for S/.3.6 million and in March 2006 for S/.4.2 million. Subsequently, the revaluation surplus previously capitalized was restored for a total amounting to S/.7.8 million with debit to the retained earnings. This transaction was approved by the General Stockholders' Meeting carried out on March 28, 2007.

During the course of 2008, the Company transferred to a Retained earnings account a total of S/.5.8 million relating to the revaluation of land which had been transferred to third parties at December 31, 2007.

c) Legal reserve -

In accordance with the General Law of Companies, this reserve must be constituted by the transfer of 10% of net income of the year up to a maximum of 20% of the paid-in capital. In the absence of non-distributed earnings or non-restricted reserves, the legal reserve may be used to compensate losses that should be restored with future earnings. This reserve may be capitalized and its restoration is equally mandatory.

As of December 31, 2008, accumulated results include S/.8.0 million that should be transferred to legal reserve, prior approval of the General Stockholders' Meeting.

d) Retained earnings -

At the General Stockholders' Meeting dated March 26, 2008 the dividend distribution in cash was approved for a total S/.40.3 million as well as the capitalization of retained earnings amounting to S/.79.8 million. Also, the transfer to legal reserve of S/.12.7 million from the 2007's profits was approved.

At the General Stockholders' Meeting dated March 28, 2007 the distribution of dividends in cash was approved for S/.28.4 million as well as the capitalization of retained earnings for S/.51.6 million. Also, the transfer to legal reserve of S/.9.8 million from the 2006's profits was approved.

Dividends on behalf of stockholders, other than domiciled legal entities, are subject to a 4.1% income tax, which should be withheld by the Company.

18 TAX SITUATION

a) The Company's Management considers that the taxable income under the general regime of income tax has been determined in accordance with tax laws currently in force by adding to and deducting from the result, shown in the financial statements, those items considered as taxable and non-taxable, respectively. The income tax rate is 30%. Taxable income has been determined as follows:

	2008	2007
	S/.000	S/.000
Income before workers' profit sharing and income tax		
Plus (less) permanent items:	126,457	182,648
Non-deductible expenses		
Share of results of subsidiaries	16,227	6,312
Plus (less) temporary differences:	(13,430)	(32,790)
Deferred sales of the year		
Prior years' deferred sales- application	(7,724)	(8,464)
Provision for impairment of inventories and fixed assets	7,235	5,099
Difference in depreciation rates	(5,336)	474
Provision for vacations	2,593	1,961
Result for exposure to inflation of inventories, investments and land corresponding to prior years	2,197	3,290
	(421)	5,932
Exchange differences from liabilities relating to		
Inventories and fixed assets	14,803	672
Financial lease transactions	(1,881)	852
Provision for doubtful accounts	2,630	3,899
Provision for estimated expenses	(6,228)	(516)
Other items	161	(1,173)
Taxable income	137,283	168,196
Workers' profit sharing	(10,983)	(13,436)
Base for income tax	126,300	154,760
Income Tax	37,890	46,428

b) The expense (income) from income tax and workers' profit sharing shown in the income statement comprise:

	2008	2007
	S/.000	S/.000
Workers' profit sharing:		
Current	10,983	13,436
Deferred (Note 12)	(643)	(942)
	10,340	12,494
Income tax:		
Current	37,890	46,428
Deferred (Note 12)	(2,217)	(3,325)
	35,673	43,103

The income tax before workers' profit sharing and income tax is different from the theoretical amount that may have been obtained by applying the income tax rate to the results of the Company, as follows:

	2008	2007
	S/.000	S/.000
Profit before taxes	116,118	170,154
Income tax by applying the tax rate of 30%	34,835	51,046
Non-deductible expenses	4,869	1,894
Non-taxable income	(4,031)	(9,837)
Income tax for the year	35,673	43,103

c) Peruvian tax authorities have the right to examine, and, if necessary, amend the income tax determined by the Company in the last four years, as from January 1 of the year after the date when the tax returns are filed (years subject to examination). Years 2003 and 2004 through 2005 have been examined by the tax authorities; years 20056 through 20078, are open to examination. Since differences may arise over the interpretation by the tax authorities of the regulations applied to the Company, it is presently not possible to estimate if any additional tax liabilities will arise as a result of any eventual examinations. Any additional tax, fines and interest, if arising, will be recognized in the results of the period when such differences are resolved. The Company's Management considers that no significant liabilities will arise as a result of these eventual tax examinations.

d) As established under regulations in force, for purposes of determining income tax and the general sales tax, transfer pricing among related and non-related parties should have adequate supporting documentation as well as information supporting the methods and valuation criteria used. Peruvian tax authorities are entitled to request such information from the taxpayer.

e) Temporary tax on Net Assets -

A temporary tax on net assets has come into effect as from January 1, 2005 affecting those corporate income-earners subject to the Peruvian General Regime of Income Tax. Effective 2008, the tax rate is 0.5%, applicable to the amount of the net assets exceeding S/.1 million.

The amount effectively paid may be used as a fiscal credit against payments in advance of the income tax under the General Regime or against the regularization payment of the income tax of the related period

19 CONTINGENCIES AND COMMITMENTS

Contingencies

As of December 31, 2008, the Company has the following contingencies:

a) In April 2003, the Company's 2000 income tax and VAT were assessed for a total amount of S/.7.2 million, including fines and interest, against which the Company has filed a claim with the tax authorities.

b) In December 2005, the Company's 2001 income tax and VAT were assessed by the tax authorities for a total of S/.24.0 million, including fines and interest. A claim has been filed with the tax authorities.

c) In June 2006, the Company's 2002 and 2003 income tax and VAT were assessed by the tax authorities for a total of S/.36.1 million and S/.5.9 million, respectively, including fines and interest. A claim has been filed with the tax authorities.

d) In December 2006, the Company received Resolutions of penalties for the retention from Income taxes on services given by non-domiciled entities for the years 2004 to 2006. Tax Administration considers the claim to be partially justified, the amount has been corrected and the collection of S/.1.2 million, including interests, will proceed. The Company will present an appeal notice to the Fiscal Tribunal.

e) On April 4, 2008, tax assessments were given to the Company's Income Tax and VAT tax returns of fiscal year 2004 totaling S/.12.1 million, including tax penalties and interest. The company has filed a claim with Peruvian Tax Authorities.

f) On July 7, 2008, tax assessments were given to the Company's Income Tax and VAT tax returns of fiscal year 2005 totaling S/.6.6 million, including tax penalties and interest. The company has filed a claim with Peruvian Tax Authorities.

g) At December 31, 2008, the Company claims on court actions are presently in progress against the Company totaling US\$1.1 million relating to indemnifications for damages brought against the Company by third parties.

The Company's Management, based on the opinion, of its legal and tax advisors, considers that such assessments will be considered unfounded and the final outcome would be favorable to the Company; accordingly, no provision has been made for such potential court actions.

With respect to the tax review processes giving raise to the afore-mentioned tax assessments. Peruvian Tax Authorities following the due process agreed and prior release, communicated the result of each tax review process to the Company, giving the Company with certain time period to evaluate and correct the tax violations allegedly committed. In this sense, the Company did correct and settle all tax violations and taxes due, which as per the exhaustive review of tax advisors, were fair and appropriate.

Commitments

At December 31, 2008, the Company maintains the following commitments:

a) Guarantees given totaling US\$22.6 million and US\$15.6 million to secure credit transactions with of subsidiaries and affiliates and purchase transactions with third parties (amounting to US\$6.4 million y US\$20 million, at December 31, 2007, respectively).

b) Bank performance bonds in favor of financial institutions amounting to US\$9.1 million to secure other transactions (US\$2.5 million at December 31, 2007).

FINANCIAL STATEMENTS

20 COST OF SALES

This account for the years ending December 31 comprises:

	2008	2007
	S/.000	S/.000
Opening balance of inventories	413,090	266,086
Purchases of inventories	1,545,250	1,351,847
Labor and workshop expenses	90,996	74,048
Operational expenses of rental fleet	54,591	37,172
Other	(5,451)	676
Final balance of inventories	(613,517)	(413,090)
	1,484,959	1,316,739

21 ADMINISTRATIVE AND SELLING EXPENSES

These accounts for the years ending December 31 comprise:

	Administrative expenses		Selling expenses	
	2008	2007	2008	2007
	S/.000	S/.000	S/.000	S/.000
Personnel costs	43,516	41,116	85,115	70,983
Services rendered by third parties	21,584	19,249	30,537	23,595
Taxes	748	686	93	265
Other management expenses	4,505	3,747	30,556	25,604
Depreciation and amortization	4,084	3,227	7,840	7,473
Provisions of the period	12,021	13,349	3,410	3,201
	86,458	81,374	157,551	131,121

In 2008 and 2007, employee costs include short-term salaries and benefits of the Company's key personnel amounting to S/.30.8 million and S/.29.9 million, respectively.

22 OTHER, NET

This account for the years ending December 31 comprises:

	2008	2007
	S/.000	S/.000
Income from contract resolution	3,732	658
Income from rental of properties	549	628
Income from commissions of placing of loans	405	615
Income from logistics and machine monitoring services	815	2,025
Provision for impairment of investments	(403)	(6,247)
Others	3,247	2,298
	8,345	(23)

23 FINANCIAL INCOME

This account for the years ending December 31 comprises:

	2008	2007
	S/.000	S/.000
Interest from credit sales	14,864	16,382
Discounts for prompt payment	10,334	18,506
Interest on delinquent payments	3,848	4,736
Interest on bank deposits	1,790	1,976
Other financial income	832	687
	31,668	42,287

24 FINANCIAL EXPENSES

This account for the years ending December 31 comprises:

	2008	2007
	S/.000	S/.000
Interest on bank loans	32,752	19,936
Interest on corporate bonds	15,262	10,747
Foreign suppliers' financial interest	2,330	2,371
Tax on financial transactions	4,773	3,935
Other financial expenses	1,229	1,256
	56,346	38,245

25 BASIC EARNINGS PER SHARE

The earnings per share are calculated by dividing the net result for the year by the weighted-average number of the shares outstanding at the date of the balance sheet:

Basic earnings per share have been determined as follows:

	Shares en outstanding	Basis share for calculation	Effective days until the end of the year	Weighted average number of shares
Period 2007				
Balance as of January 1, 2007 and as of December, 31 2007	305,226,504	377,680,445	365	377,680,455
Period 2008				
Balance as of January 1, 2008 and as of December, 31 2008	377,680,455	377,680,455	365	377,680,455

The number of shares issued from the capitalizations of retained earnings and revaluation surplus has been adjusted retrospectively for each period presented.

The calculation of the earnings per share as of December 31, 2008 and 2007 is shown as follows:

	As of December 31, 2008			As of December 31, 2007		
	Earnings numerator	Shares denominator	Earnings per share	Earnings numerator	Shares denominator	Earnings per share
	S/.		S/.	S/.		S/.
Basic earnings per share	80,444,868	377,680,455	0.213	127,050,540	377,680,455	0.336

Taking into consideration that no conditions exist to justify it, the Company has not determined the diluted earnings per share; which is determined when potential shares exist (common or investment), which correspond mainly to financial instruments or contracts that give right to their owners to obtain common shares or investment shares.

26 SEGMENT REPORTING

For management purposes, the Company prepares segment information based on its business units, including as follows:

- Heavy-duty equipment, including purchase-sale of equipment, spare parts and repair/ maintenance services.
- Auto motors, including purchase-sale of motor vehicles, spare parts and repair and maintenance services..
- Lease of equipment.
- Agricultural equipment, including purchase-sale of equipment, spare parts and repair/ maintenance services.

Management does not consider it necessary to include the information for geographical segment, due to that for the Company does not exist a component that is dedicated to sell products and services inside a particular environment and that it is subject to different risks and profitability. All the operations of the Company are carried out in the national territory, they are subject to the same risks, not existing differences of profitability by region or place where the sales are carried out.

The financial information for segments presented is expressed in thousands of Peruvian new soles:

27 NON-CASH TRANSACTIONS

The following are the main transactions performed in the years ended December 31 that are not incorporated in the statement of cash flows since they do not represent cash flows transactions:

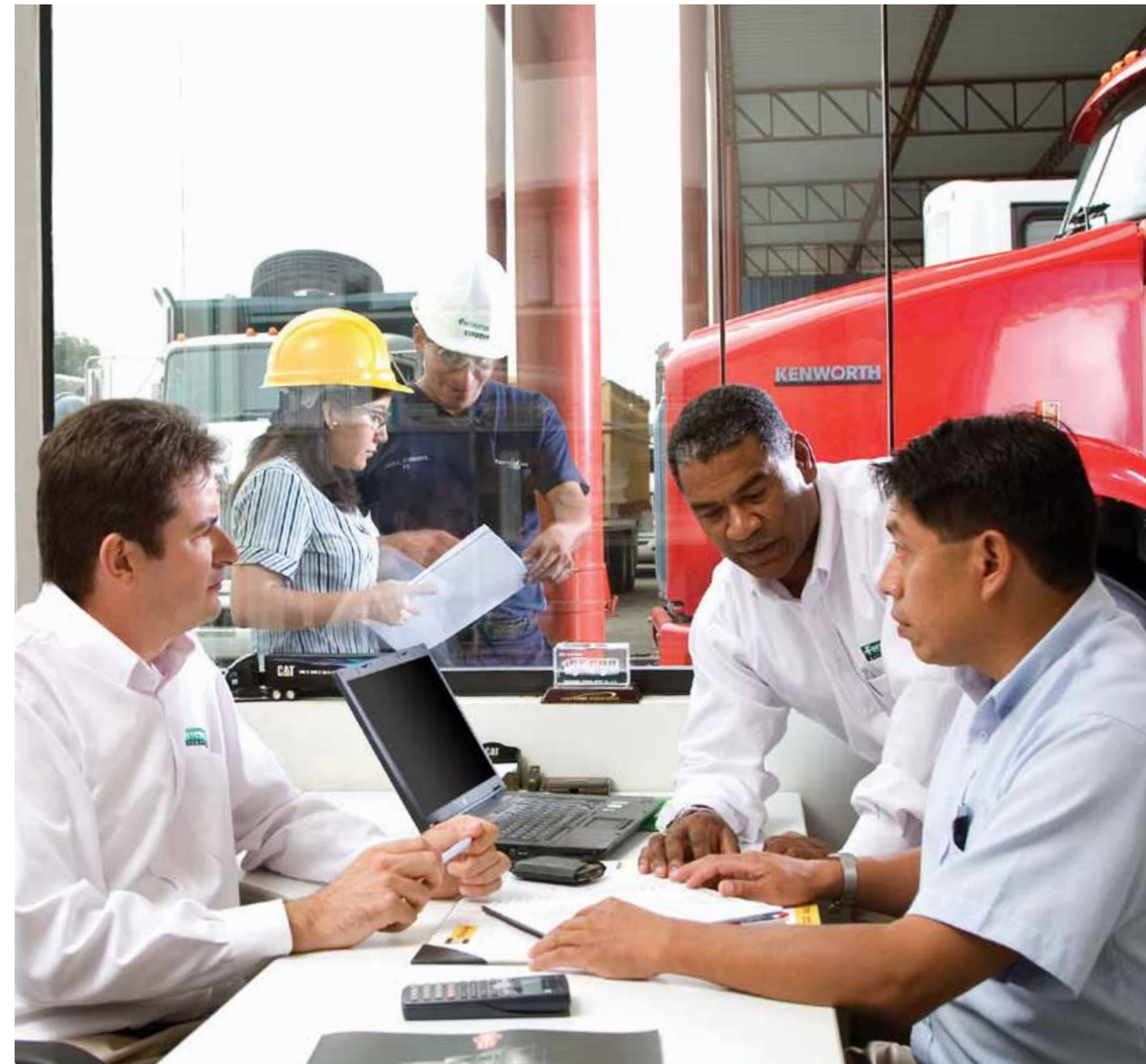
	2008	2007
	S/.000	S/.000
Transfers of inventories to property, plant and equipment	142,440	81,990
Transfers of property, plant and equipment to inventories	94,206	64,582
Capital contribution to subsidiary Unimaq S.A.		
Inventories	-	4,975
Fixed assets	-	14,812

Name of creditor	2007				2008					
	Heavy machinery, spare parts and services S/.000	Auto motors, spare parts and services S/.000	Lease of equipment S/.000	Agricultural equipment, spare parts and services S/.000	Total S/.000	Heavy machinery spare parts, units S/.000	Auto motors, and business S/.000	spare parts and services S/.000	Agricultural equipment, Lease of equipment S/.000	Total S/.000
Total income from services	1,519,062	263,252	66,076	59,822	1,908,212	1,416,469	163,657	29,261	41,509	1,650,896
Results										
Operating profit	133,297	28,354	17,795	9,298	188,744	98,434	10,977	9,234	3,407	122,052
Interest expenses					(56,346)					(38,245)
Interest income					31,668					42,287
Share of income from subsidiaries, associates and joint ventures					13,430					32,790
Exchange difference					(51,038)					23,764
Other (expenses) income										
Workers' profit sharing					(10,340)					(12,494)
Tax income					(35,673)					(43,103)
Net income of the year					80,445					127,051
Other information										
Assets by segment -										
Trade accounts receivable	290,637	58,573	6,259	18,519	373,988	250,864	12,931	8,286	23,594	295,675
Inventories	670,690	112,484	11,295	26,172	820,641	476,322	33,218	6,766	13,199	529,505
Fixed assets	189,349	6,842	182,920	3,723	382,834	148,550	6,852	120,152	4,148	279,702
Investments at equity value					171,426					128,783
Assets not distributed					129,045					68,908
Total assets					1,877,934					1,302,573
Total liabilities not distributed					1,340,422					804,780
Depreciation (*)	14,781	1,470	32,607	333	49,191	13,786	819	17,971	208	32,784
Other provisions (*)	14,225	2,465	619	560	17,869	18,743	2,166	387	549	21,845
Investment in fixed assets	20,529	3,542	80,687	805	105,564	44,895	5,047	56,351	1,280	107,573

(*) Comprises provisions for the year. Other provisions comprise the provision for impairment of inventories and fixed assets and the provisions for Directors' expenses and employee bonuses.



The products offered by **Ferreyros Automotriz** have increasingly been setting the standards in the market, in their different lines: Iveco, comprising both trucks with proven recognized European technology, offering more economy and comfort and bus bodyworks; and Kenworth, of North American origin, with trucks for different applications, offering high engineering details, permanent innovation and aerodynamic design. Yutong completes this prestigious portfolio with a range of world class buses for the urban, tourist and inland transport segments, including natural gas engines.



Offering a firm valued proposal, the staff of the automotive division seeks to meet the needs of freight and passenger transportation of the market, through an efficient commercial management and a dedicated post sales service nation wide. The division represents brands of international prestige, such as Kenworth, Iveco and Yutong, the second world bus producer, recently added to the products portfolio.



SOCIAL RESPONSIBILITY

PROMUEVE PROGRAM



+ 35 machines and 55 working tools for 11 municipalities

+ US\$ 3.5 million investment in two years

+ 120,000 machine hours for works

FERREYROS ASSOCIATION



+ 3400 university students

+ 100 workshops of professional attitudes and values

+ 12 departments of the country enrolled

VOLUNTEERING



+ 90 volunteers

+ 750 men hours to the service of Pachacutec Community

+ 80 school children benefited

YOUNG ENTREPRENEURS PROGRAM



+ 3 year support to the program

+ 1,300 high school students benefited

+ 20 schools in Cajamarca

EMPLOYABILITY INCREASE



+ 500 young people benefited

+ 150 hours per person in training

At Ferreyros, we actively assume the private enterprise's role as an agent of change and a driving force of the country's development. On that basis, during 2008, we have kept developing programs and initiatives, in a variety of fields such as education, good corporate governance, labor inclusion or environmental protection, which for years have distinguished us as a socially responsible company and we have also undertaken new and important initiatives to show our firm commitment with the country's development.

Among these initiatives, it is worth mentioning our launching of the Program "PROMUEVE – Maquinaria para el Desarrollo" (PROMOTING – Machinery for Development), a large project of the Ferreyros Organization and Caterpillar, aimed at increasing the efficiency and productivity of the less favored areas of the country through the building of capacities and free consigning of machinery to different districts.

COLLABORATORS

At Ferreyros we believe that our main competitive advantage, beyond our products and services, is our human capital. It is the collaborators who build its leadership and strength: the company rewards their employees' efforts with optimal labor conditions, a good work environment and the incentive for their integral development, professional as well as personal.

Towards the end of 2007 the company conducted a voluntary organizational climate measurement, which was carried out by 70% of the staff at national level, with the participation of all the hierarchies, the offices and the management. The results showed a climate approval percentage of 80%, in average, in 11 major issues surveyed, such as leadership, communication, professional training and development, infrastructure and work tools, identification with the company, sense and pride of pertaining, among others. Based on the results of this evaluation, during 2008 a support committee constituted by representative employees from the different areas of the company has been working to propose and implement improvements.

During the last quarter of the year, some changes were introduced in the human resources area, seeking to continue providing timely and efficient care to the workers and, at the same time, emphasizing their development, through the performance administration program, structuring training plans and establishing career tracks.

Likewise, together with Caterpillar, we launched the Program "Aumento de la Empleabilidad para Jóvenes de Escasos Recursos" (Employability Increase for Underprivileged Youngsters) sponsored by the Multilateral Investment Fund and the IDB. This program aimed at training 500 youths to increase their employability level and achieve their integration in the labor market with quality employment, is developed within the framework of the "Entra 21" Program, created by the International Youth Foundation.

We strongly believe that the social responsibility scope reaches all stakeholders and not only the community. On that basis, during 2008 we have kept addressing our efforts to generate positive impacts on our collaborators, our shareholders, our clients, the government and the society, our suppliers and the environment. Below, an account of the actions taken by Ferreyros in this field.

Thanks to its good human resources practices, Ferreyros is in the Good Employers Association, sponsored by the American Chamber of Commerce in Peru (Amcham), which affiliates the companies recognized for respecting their employees and creating an appropriate labor climate, applying good human resources practices.

APPRECIATION AND RESPECT FOR DIVERSITY

Ferreyros has a multidisciplinary human team, comprising 2,400 collaborators from different regions of the country. The company is committed to maintaining a work environment free from discrimination, to which end it has a specific policy that favors equal opportunities based on the merits of each worker without discrimination on sex, race, origin, religion or social condition grounds. Approximately 21% of the administrative personnel and 14% of the managerial staff are women. The company's collaborators come from different geographical areas and from several socioeconomic strata.

Furthermore, as part of the Labor Inclusion Program, we have three differently-abled people: two of them hold positions as warehouse assistant and internal messenger boy, while the third works as canteen aide, as part of a joint

project with the concessionaire company. In this manner, we contribute to their social inclusion as useful and productive persons, strengthening their confidence and self-esteem and integrating them into the labor market.

PROFESSIONAL TRAINING AND DEVELOPMENT

Ferreyro encourages, promotes and facilitates the professional development of its workers. For the administrative personnel and sales force the company takes on training plans as a result of the Performance Administration Program (PAD). This program is trimmed to promote a strong organizational culture and motivate employees to increase their commitment level with the company, maximizing their performance and satisfaction at work. Competences like customer approach, leadership, responsibility, team work and technical or professional knowledge are evaluated on a yearly basis in order to define improvement opportunities.

Likewise, the company offers the programs Masters, ProNet and Pro2000 for the sales force and the program Logistics Pro for the logistics personnel, which help them perform their functions and development.

Concerning the technical personnel, our company continued promoting self-development through the Service Pro Program, which combines on-the-job training with scheduled practices at the Technical Development Center, a workshop especially dedicated to the training of this labor force. Service Pro offers a career track for technicians, who can escalate seven levels. During 2008, 830 technicians obtained more than 10,000 certifications and qualifications in this program.

Equally, through the Accelerated Basic Course (ABC), Ferreyros continued training the newly incorporated technicians, with a three months training on heavy machinery maintenance. During the year, eight classes graduated successfully from the program in the Departments of Lima and Arequipa, totaling 167 technicians.

On the other hand, Ferreyros offers their workers the possibility to attend programs organized by Caterpillar in Peru and abroad. During 2008, 17 high level technicians from Ferreyros were certified by Caterpillar, after a process performed by that company in the United States of America.

It is Ferreyros' policy to give priority to our collaborators in filling a vacant or new position through the "Employment Opportunities" system, offering them the option to move to higher positions and to have access to new personal

development opportunities. Of all the positions offered during the year through the employment opportunities system, 59% were covered by collaborators of the company.

Likewise, the organization supports them to pursue master's degrees, courses and varied educational programs.

HEALTHCARE, SAFETY AND WORK CONDITIONS

Ferreyros, guided by our corporate culture and aware of the need to protect our workers and the environment, is committed to developing safe and healthy work environments, as well as promoting our personnel welfare. With this in mind, the company applies an Occupational Safety, Health and Environmental Management System that seeks to recognize, assess and control all those actions, omissions and conditions that may impair the health and physical integrity of our workers, cause damages to the facilities and equipment or have an adverse impact on the environment. The system includes activities such as safety organization with committees, hazards identification and risk assessment, occupational health controls and medical examinations. During 2008, the company continued implementing the Continuous Improvement Program of this system, which accomplishes the objective of annually reducing by 30% the incidence of accidents and incidents in the different units of the Ferreyros organization.

In order to be informed about the health condition of its workers and determine the occupational risks to which they are exposed according to their occupation, at the beginning of 2008, the company started a preventive medical examinations program for their workers. A total of 1,038 workers were medically examined. Based on the results of these examinations and aiming at reducing the risk of different illnesses, Ferreyros implemented an action plan including a medical-nutritional evaluation, a "Controlled Weight Loss" self-care campaign, balanced meals at the canteen, agreement with fitness centers, as well as prevention talks by specialists on subjects like obesity, cholesterol, hypertension, triglycerides, among others.

Along the same line, the company guarantees the treatment and rehabilitation, by specialized doctors, for collaborators presenting any illness which could be made worse by his/her activity.

Likewise, in 2008, aiming at reducing the risk of the incidence of labor related illnesses, frequently appearing in our organization, an ergonomic preventive pilot program was implemented. Workers of the Ferreyros Welding Section participated of the program.



This pilot program was developed through five stages comprising the identification of occupational risks, education and training on workers' risk factors; supervisor involvement in the ergonomic preventive program management; design and re-design of the work posts and implementation of tools and equipment; and medical surveillance of exposed workers. It is worth mentioning that in October, the mining company Antamina granted Ferreyros the first place of the Sumaj Prize (Excellence) in the Occupational Hygiene and Health category, for the implementation of the occupational health program, an award recognizing our practices as a first level reference for the performance of other companies.

Furthermore, the company covers a percentage of the cost of the insurance offered by health providers (EPS), to both employees and their direct relatives, in a percentage higher than the required by the legislation in force. Furthermore, from time to time we organize health prevention campaigns along with early detection programs, hepatitis and influenza vaccination programs, as well as medical advice, among others.

SALARY AND BENEFITS POLICY

For Ferreyros, it is of vital importance to count on a motivated and committed team. Therefore, we guarantee our workers strict punctuality in the payment of their salaries, July and December bonuses and profits payable in March pursuant to law. The company has a salary structure, with salaries in line with those prevailing in the market. Career lines and succession plans are established according to the good performance and training of our collaborators.

In addition, we offer facilities such as free transportation for our personnel, snacks, uniforms and an automated teller machine at the workplace, among others.

Likewise, we have a social service division that provides ongoing personalized advice on areas such as health, education, housing, economy, legal situation and family problems. It is worth highlighting that Ferreyros grants housing loans to our workers.

PERSONAL AND FAMILY DEVELOPMENT

The company is characterized by respecting the work schedule of its collaborators so that they may dedicate time to their family life or engage in other activities of their own interest, with a view to enhancing their quality of life. Besides, through the social service section, we carry out different activities intended for the workers and their families such as human development, motivation and self-esteem workshops and training in productive activities to generate additional income for their families, including craft work, jewelry, dressmaking and adult computer skills.

Also, we offer vacation programs for children, with visits to museums and historical sites, as well as family outings and recreational and artistic activities for our workers, such as dance classes and chorus.

COMMUNICATION CHANNELS

Ferreyros maintains an open-door policy to facilitate the communication of the employees with the management. Accordingly, we permanently offer information about the organization through channels such as the internal magazine "Imagen" (Image), addressed to all the personnel; the information showcases for the dissemination of the activities organized by the company; and intranet, with contents of interest to the company. A suggestion box, reviewed periodically, is available for all workers to express their opinions. The company has a Communications department, among whose responsibilities is maintaining the personnel informed.

In turn, since 2008, the General Management organizes monthly breakfasts and invites collaborators from different areas and levels, to generate a space for dialogue and approach that may provide feedback on different aspects of the company course of business.

The rules established by Ferreyros are available for all workers in the System of Standards and Procedures, freely accessible at the internal network. Additionally, upon joining the company, each new collaborator receives a Welcome Manual, containing relevant information for his/her performance at the organization. Likewise, the company publicly shares information through its web page as an expression of its clean and transparent corporate governance policy.



Almost 200 technicians, in 13 workshops outside Lima, confirm the objective of Ferreyros of working throughout the entire country, offering the best decentralized post sales support service close to the operation sites of its customers. Our technicians guarantee maintenance and repair works with the highest quality and efficiency standards in all the workshops located in the different branch offices of the company.



SOCIAL RESPONSIBILITY

In addition, since 2003, the company uses the 6 Sigma methodology for the enhancement of its processes, which at the same time, promotes access to the personnel to propose improvements in the organization. The methodology is based on the leadership of one of its workers, called Black Belt, who leads a group of collaborators (Green Belts) for a two years term to define the processes that need improvement and to subsequently recommend and implement measures, thus building a multidisciplinary team.

RELATIONSHIP WITH THE LABOR UNION

Ferreyros respects our collaborator's union. Since 1946, workers have uninterruptedly been represented by a labor union which maintains an excellent relationship with the

company and assists us in the creation of policies aimed at improving the labor conditions and quality of life of workers and their families.

Apart from the annual meeting held by our executives with the representatives of the labor union for the presentation of the list of demands, we keep a fluid and continuous communication with the labor union: it is provided with all the necessary facilities to hold their meetings at the company's premises. An indicator of the good relationship between the labor union and the company is the fact that for more than 20 years no strike has been reported.

The labor union has evidenced a high sense of responsibility and collaboration in the toughest circumstances faced by the organization, by permanently endorsing the company's challenges and demonstrating its solidarity.

SHAREHOLDERS

Ferreyro's performance is guided by good corporate governance principles which guarantee respect for the shareholders' rights, fair treatment, transparent and timely presentation of the information, as well as an efficient Board of Directors representing all the shareholders. As described in the section referring to Corporate Governance, as well as in the self-assessment chapter, the company considers it has high compliance standards and that it has become a model for many companies that are still starting the continuous improvement process that the commitment to corporate governance represents.

Moreover, our work has been recognized with national and international awards, such as being named a finalist in the Garrigues-Affinitas Prize for Good Corporate Governance in

Latin America, awarded in 2006 in Madrid, Spain, and the incorporation since 2006 to the Companies Circle of the Latin American Corporate Governance Roundtable, an entity made up of 14 Latin American companies leaders in good corporate governance practices sponsored by the OECD and the IFC.

Our good corporate governance practices have won us, for three consecutive years, an award in the Good Corporate Governance Contest, organized in Peru by Procapitales and the Peruvian University of Applied Sciences (UPC): first prize in the category Best Shareholders Treatment (2006), Special Prize for the Best Progress on the Implementation of Good Corporate Governance Practices (2007), and the prizes Best Shareholders Treatment and Board of Directors Best Policies (2008).

The strength of Ferreyros is present throughout the country, through its collaborators in the branch offices. The history of the company, which began in 1940 with the Arequipa office, continues today, more alive than ever, with the presence of the company in the most important cities of Peru, from Piura to Cuzco, going through Lambayeque and Cajamarca and reaching the Amazon region to serve the needs of its customers in the entire national territory.



COMMUNITY

For more than five decades, Ferreyros has worked closely with several sectors of the community, mainly in the field of education. During 2008, the company developed the following programs:

PROMUEVE PROGRAM – “MACHINERY FOR DEVELOPMENT”

By the end of 2008, after an intense planning work, the Ferreyros Organization and Caterpillar launched the “PROMUEVE Program – Machinery for Development”, with the objective of boosting the infrastructure works and basic services in the less favored areas of our country, thanks to the building of capacities and increase of efficiency and productivity generated by mechanization.

The program includes the free consigning of 39 Caterpillar equipment and 59 working tools to 11 district and provincial municipalities of the country, for two years. After a detailed assessment of different areas of the country, using strictly social and operative criteria, the selected beneficiaries were the provincial municipalities of Huamanga and Huanta (Ayacucho), Puno, Juliaca and Ayaviri (Puno) and Chinchalta (Ica), as well as the district municipalities of Nuevo Chimbote (Ancash); La Tinguiña and Parcona (Ica); and Villa María del Triunfo and Independencia (Lima).

Likewise, PROMUEVE offers the beneficiaries a free general management of the project, providing training, specialized consulting, technical assistance and maintenance, in charge of Unimaq S.A., an affiliate company of the Ferreyros Organization.

The launching ceremony of the PROMUEVE Program took place last December, at the House of Government, with the participation of the President of the Republic, Alan García Pérez, Óscar Espinosa Bedoya and Mariela García de Fabbri, Chief Executive Officer and General Manager of Ferreyros, respectively, Tom Gales, Chairman for Latin America of Caterpillar and the Mayors of the benefited municipalities. Delivery to the different district and provincial municipalities began that same month.

The project will last two years. When this period ends and based on the performance, the ownership of the machinery will be transferred to the beneficiary entities for their autonomous operation. This will be determined considering if the municipality has complied with the correct use of the machinery, and with the appropriate compliance and execution of the points agreed under the Cooperation Agreement.

It is worth highlighting the excellent coordination and the team work carried out by personnel coming from different areas of Ferreyros, Caterpillar and Unimaq to implement this important project, that will impact on the improvement of the living conditions of inhabitants in Peru. Through the PROMUEVE Program, Ferreyros Organization and Caterpillar evidence their firm commitment to contribute to the social development of the country.

EDUCATIONAL PROPOSAL OF THE FERREYROS ASSOCIATION

During 2008, the Ferreyros Association has continued with the Program of Workshops for University Students which seeks promoting the students’ education with values and citizen responsibility.

The workshops are offered absolutely free of charge and are addressed to university students, of all the fields, in the last two years of studies. During 2008, 3,479 university students from 13 departments of the country enrolled freely into 100 workshops of the Ferreyros Association. Eighty-nine percent of the workshops took place in the provinces, where this type of training is most needed. The four types of workshops organized during the year were:

- Professional Attitude.
- Employability: My responsibility.
- Positive Attitude and Leadership.
- Teamwork.

This program offers students throughout Peru the opportunity to reflect and form their own opinion on aspects of pivotal importance for the future exercise of their profession, such as employability, solidarity and teamwork. Through interactive workshops, this educational proposal seeks to install valuable principles in the participants for their work performance.

Likewise, the Ferreyros Association has continued sponsoring the Annual Conference for University Students (University CADE), an event organized every year by the Peruvian Institute of Business Administration (IPAE) which brings together young people from all over the country. The Association is in charge of training the 20 young moderators of the work teams of the University CADE, selecting them among the participants of the workshops program and offering them the tools to properly act at a students meeting of such importance. In 2008, a total of 543 young people participated in the University CADE.

“EMPLOYABILITY INCREASE OF UNDERPRIVILEGED YOUNG PEOPLE” PROGRAM – ENTRA 21

In October the “Employability Increase for Underprivileged Young People” project, sponsored by Ferreyros and Caterpillar, was launched. Its objective is to offer free training on varied working fields to 500 young people, female or male, between 18 and 29 years old, ensuring the labor insertion of at least 50% of the graduates. With an investment of US\$ 650,000, this initiative is mainly sponsored by the Multilateral Investment Fund (MIF) of the Inter-American Development Bank, the Caterpillar Foundation and Ferreyros; the International Youth Foundation (IYF) is co-sponsor and manager; and Tecsup is the local affiliate and trainer.

The “Employability Increase for Underprivileged Young People” project offers the participants of different areas of the country, free training towards their good performance in the manufacturing and services fields, in areas such as mechanical and electronic maintenance, industrial production, storage and logistics, handling and welding, following a process of close coordination with companies requiring somewhat skilled manpower.

The project, which will last until October 2009, comprises 150-hours training programs conducted by Tecsup in its campuses of Arequipa, Lima and Trujillo, as well as in the facilities of the companies that adhere to the program to respond to their personnel requirements, in several cities throughout the country.

The procedure to select the young beneficiaries is also organized by Tecsup, in areas around the companies that will summon new personnel through the project. It is worth mentioning that the participants come from urban areas, from low income homes, and with insufficient education to find quality employment, which will be improved by the training they will receive.

THINK BIG PROGRAM

Ferreyros requires qualified technical personnel to carry out the different activities of its business. Aware of that, the company wants to actively contribute with the educational institutions devoted to the specialized technical training. To this end, for the last seven years we have been fostering together with Caterpillar the Think Big Program, to train young people in the technical career of Mechanics.

The Think Big Program has a duration of two years and combines training periods at Tecsup with weeks of practical instruction at Ferreyros. At the end of the program, the first option that graduates have is to join the workforce of Ferreyros to materialize their professional development. This program trains the participants to service the Caterpillar machinery and motors through modern maintenance systems, as well as state-of-the-art technologies and tools. The program enables re-creating the unique Caterpillar conditions of equipment and technology, with the aim of providing the students the abilities of complex diagnosis for their performance in the real world.

The fifth “Think Big” class graduated in September 2008, which means that to date the graduates from the program are 100: 68 of them currently work at Ferreyros. Additionally, other 44 young people are pursuing studies.

During 2008 not only young people from Lima but also from the cities of Arequipa and Cajamarca were recruited. Other innovations to the program were the incorporation of English courses along the two years of training, which strengthens the technicians’ communication skills, as well as the introduction of the “Ferreyros Hour”, a space for the students to learn about the Ferreyros culture through the direct contact with company’s collaborators.

YOUNG ENTREPRENEURS PROGRAM IN CAJAMARCA SCHOOLS

In 2008, Ferreyros renewed its commitment to keep on contributing for a three year period to the second stage of the Young Entrepreneurs Training Program in Cajamarca Schools carried out by the Los Andes Association of Cajamarca, sponsored by the Yanacocha Mining Company.

Ferreyros funds 15% of this program, devoted to third, fourth and fifth year secondary school students of 22 educational institutions of Cajamarca. Its target is to offer business knowledge, competences and abilities that may enable them to successfully enter the adult world and the free market economy. To this end, the program seeks to involve personalities, union institutions and companies of the Cajamarca Province showing entrepreneurial and enterprising spirit.

In an effort to link two programs sponsored by Ferreyros, during 2008 Ferreyros expanded its summons for its Think Big Program to the young Cajamarcan graduates from the Young Entrepreneurs Program. Consequently, since September 2008 the Think Big Program already has a graduate from the Young Entrepreneurs Program.



SENATI'S DUAL LEARNING PROGRAM

Ferreyros is also a sponsor of Senati's Dual System, which enables young students to complement their technical training with an in-house practical learning.

The training comprises two stages. The basic stage, conducted completely at the Senati's Professional Training Centers, with a duration of 552 hours. And the specific stage, which alternates four days of training at Ferreyros and one day at Senati, with a duration of 920 hours.

During the last 11 years, Ferreyros received 373 students of the Senati Dual Program.

PRE-PROFESSIONAL APPRENTICESHIP PROGRAM AND ACADEMIC RESEARCH SUPPORT

Like every year, several students from different universities and higher educational institutes were received at Ferreyros to pursue their apprenticeship. This experience lets them be in contact with the labor world before they finish their studies, in a work environment that is ideal for the development of their abilities.

In accomplishing their daily activities, the young students participating in the Apprenticeship Program of Ferreyros assimilate the values that distinguish the company, such as seriousness, transparency and search for excellence in service, that will be critical for their professional development in any organization.

Meanwhile, towards the end of the year, Ferreyros hosted the visit of 25 students and two professors from the Twente University of Holland. The young university students, mainly from the Industrial Engineering and Business Administration programs, visited to carry out a research work on enterprise participation in a global context and entrepreneurial social responsibility. After welcoming and introducing them to the company, our General Manager responded to their concerns and invited the students to tour the repair shops at Avenida Industrial.

VOCATIONAL GUIDANCE

As in previous years, during 2008 Ferreyros received students from the last year of different secondary schools with vocational guidance programs. Seeking to confirm their vocation, students toured during several days the different areas of Ferreyros and had the opportunity to directly experiment the functions and activities performed by the different professionals of the company. At Ferreyros we assume this important responsibility because we believe that the selection of a professional or technical career is a crucial turning point in the life of every student.

CORPORATE VOLUNTEERING

For the fourth year in a row, during November, more than 89 Ferreyros collaborators joined under the motto "Solidarity: Give More of Yourself", to assist the Pachacútec Emerging Town in Ventanilla, where they carried out a support day at the Annex December 12 Primary Education Center.

The main activity was the implementation of a dining room where children between three and five years old will have their daily breakfast. Furthermore, it was an opportunity to perform the maintenance of the classrooms. It is worth highlighting that the dining room will also be used as a place for mothers' workshops, where during the afternoons they will receive different classes to help them obtain an additional income for their families' well-being.

With the support of the social services area, the activity included a children's show, a medical checkup and a fluoridation session for the little ones, teaching them brushing techniques and giving them tooth brushes and toothpaste.

Additionally, during December, a small group of volunteers had the opportunity of going back to the educational center to offer the 100 children a morning of amusement and entertainment. The volunteers offered the performance of a Christmas show during which they shared with the children a tasty cocoa, fruitcake and personnel of Ferreyros distributed presents among them.

Likewise, as every year and with their characteristic enthusiasm, our personnel from different branches throughout the country went to underprivileged areas to collaborate with children shelters, rural schools, health posts, assistance centers, among others. Apart from the characteristic Christmas celebrations, we added the execution of several works like building refurbishment, equipping and implementation of classrooms and sanitary services, recreational playground games, among others.

ENVIRONMENT

At Ferreyros we assume the responsibility of adopting a preventive approach to protect the environment. That is why we are developing a wide series of initiatives on this field, a commitment reflected in our Integrated Health, Safety and Environmental Policy.

One of our main concerns is to prevent adverse environmental impacts through a recycling culture and the rational use of resources, expressed by activities such as the following:

- Carefully gathering the waste oil from machines and components, recovering it through the use of a state-of-the-art equipment. For the adequate transportation to a plant for oily waste treatment we hire the services of a company authorized by the Ministry of Health (EPS – RS).
- At our several repair shops we have recirculating spare part washers that allow reusing the solvent used reducing the frequency and generation of hazardous wastes.
- Collecting used batteries to deliver them to the supplier for recycling.
- Hiring the services of a foundry to recycle the scrap.
- Classification of waste in hazardous and non hazardous, and reusable and non reusable, so that they may afterwards be delivered for recycling.
- Increasing the service life of machines and their components through timely maintenance, appropriate repair and recovery of spares and components, which reduces the use of natural resources and the generation of scrap.
- At the administrative offices we have established the reuse of paper for photocopies and print outs and at the repair shops, the mechanics are encouraged to use only the necessary material to clean the components.
- It is worth highlighting that our company has a Solid Waste Management Plan, that seeks to diminish energy consumption and waste generation along every stage of the production process.

To care for and reuse water resources, we apply procedures as the following:

- Ferreyros has implemented at the repair shops a treatment system for wastewater which are diverted from the areas where they are generated to a treatment unit, comprising a settling chamber and a retention chamber for suspended solids.
- In the internal washing area of the Components Repairing Center (CRC), certified by Caterpillar as a world class repair shop, the components washers enable reusing water, consuming less quantities of this resource and diminishing

the volume of effluents.

- In the external washing area waters from the treatment well are reused for the first rinsing of machines and components entering with excessive mud to the facilities.
- To save water at the commercial offices, we have fluxometric valves installed on water closets, urinals and the faucets of the sanitary services, equipped with infrared sensors which activate the water flow or stop-flow.

With the same aim, our company is committed to pursue preventive practices against air and noise pollution:

- Ferreyros conducts annual environment monitoring on noise, air quality and effluents at the repair shops.
- Likewise, concerning the control of excessive noise generating activities, the engine testing equipment (dynamometer) is inside an acoustic cabin to be handled from an external control cabin, thus preventing the noise from propagating outside.
- The mentioned Components Repair Center (CRC) has spare part cleaning equipment that uses abrasive means (sandblaster and shotblaster) whose system ensures a minimum particle emission into the environment as they act within an enclosed cabin.

These practices are based on the optimal implementation of the environmental management system of our organization, together with employee awareness raising work about the importance of proper environmental management.

To this end, the company has a specialized environmental team responsible for the elaboration of an Environmental Management Guide, in which Ferreyros outlines how it plans and controls the activities, products and services that could cause environmental impact and establishes management plans and actions to prevent and minimize that impact. The environmental management specialists at Ferreyros develop practices such as the following:

- Training and awareness raising courses for workers of the organization on subjects like proper solid waste management, spillage handling, water and energy saving, and the importance of environmental protection.
- Periodical visits to subsidiaries, affiliates and customer companies where Ferreyros personnel is working, to identify environmental management improvement opportunities and offer the technical support for their implementation.
- Environmental Management Guide for each subsidiary, affiliate company and mining operation.

“MY TEAM AND I WORK CONSTANTLY SO THAT OUR CUSTOMERS HAVE THEIR EQUIPMENT ALWAYS IN GOOD OPERATING CONDITIONS. EVEN DURING OFF-HOURS OR HOLYDAYS, WE ARE ALWAYS READY TO RESPOND TO THEIR NEEDS OF SPARE PARTS” . ALDO TOVAR

“I WORK AT THE SALES COUNTER AND I AM IN CONSTANT CONTACT WITH THE CLIENTS THAT ENTER OUR STORE. IT IS REWARDING TO BE THERE AND BE ABLE TO OFFER A SOLUTION TO THEIR NEEDS, GIVE THEM THE RIGHT ANSWER TO THEIR DOUBTS AND, ABOVE ALL, TO BE ABLE TO OFFER A SERVICE BEYOND THEIR EXPECTATIONS” . JURANDI PEREA

“WORKING AT FERREYROS IS A GREAT MOTIVATION; IT IS A SOLID COMPANY, HUMANE ...
A COMPANY THAT LOOKS AFTER ITS CUSTOMERS; THIS TEACHES US TO GET INVOLVED IN THEIR PROBLEMS AS IF THEY WERE OUR OWN, MAKING US SERVE THEM IN THE MOST EFFICIENT MANNER” .

KARINA URIBE

“IN THE 50 YEARS THAT I HAVE BEEN WORKING AT FERREYROS, MY GREATEST MOTIVATION HAS BEEN TO REALIZE THAT MANY OF OUR CUSTOMERS HAVE ACCOMPANIED US AND GROWN HAND IN HAND WITH US OVER THESE YEARS. IT IS THE UTMOST RECOGNITION TO OUR COMMITMENT OF PUTTING OURSELVES IN OUR CUSTOMERS’ SHOES AND SERVING THEM IN THE BEST WAY POSSIBLE” . MANUEL AZAÑERO



The workers involved in the spare part provision chain of Ferreyros have an important misión: display their experience to ensure the availability of these resources and the delivery in the shortest lead times. With an inventory of spare parts and components of more than US\$ 50 million, the company reaches the highest levels of immediate attention, developing significant improvements such as the permanent creation of points of spare part services in the operations of some of its customers.



SUPPLIERS

Our supplier contracting policy builds upon clearly defined principles, such as transparency and fair treatment. It seeks to develop reliable and fair relations for both, the supplier and the company, based on a perspective of mutual growth.

We base our choice of suppliers on the quality of the product or service, as well as the price and delivery terms. These criteria are complemented by management elements such as personnel treatment and implementation of safety programs.

It is worth mentioning that our main suppliers, such as customs agents, ground transportation companies, safety services companies and construction contractors, have been selected through public bidding processes.

For Ferreyros it is of paramount importance that our suppliers apply good human resources practices and share our conviction that workers are more motivated as a result of applying these practices, the level of productivity increases, clients and consumers prosper and Peruvians' well-being

improves. In this respect, and assuming our commitment as members of the Good Employer Association, sponsored by the American Chamber of Commerce of Peru (Amcham) towards the end of last year we summoned 40 suppliers for an informative talk where we shared our Human Resources practices and our workers development and, furthermore, we explained the requirements to be part of ABE (Employment Search Agency), the necessary steps to apply the management processes comprising its assessment and the commitments that must be assumed to become a member of this organization.

Our Code of Conduct expressly includes a principle concerning the relationship with suppliers:

"We will not hire suppliers who fail to respect the ethical principles and to comply with the laws".
 "We will not accept gifts, favors, invitations or money from any supplier beyond the courtesy concept".

CUSTOMERS

At Ferreyros, we promote mutually beneficial and long-lasting business relationships with our customers, based on the availability of the best comprehensive solutions, the support of a leading organization with nationwide presence and a tradition of integrity, with solid values strengthened during 85 years of work. A vast part of this Annual Report provides information about the value we offer our customers. Below is a summary of this information.

HIGH QUALITY PRODUCTS AND SERVICES

With 65 years of experience in the trading of heavy machinery, Ferreyros offers products and services of the highest added value to its customers, as well as solid and effective solutions to their multiple business needs. We hold a varied portfolio of products comprising a wide variety of internationally renowned brands of excellent performance, starting with Caterpillar since 1942 and later joined by Atlas Copco, Kenworth, Iveco, Massey Ferguson and Zaccaria.

As mentioned in the introduction of this annual report, we have a wide coverage throughout Peru, with presence in Lima, Arequipa, Ayacucho, Cajamarca, Lambayeque, Chimbote, Cusco, Huaraz, Huancayo, Ica, Piura, Trujillo, Cerro de Pasco and Tumbes. We are also present in Iquitos, Pucallpa, Tarapoto, Bagua, Huaypetuhe, Puerto Maldonado, Satipo and Andoas, through our Orvisa subsidiary.

The company is settled in more than 20 mining sites and construction projects throughout the country, where we provide our customers with technical personnel and engineers who render specialized services, including spare parts and components as required.

Finally, another key differential factor at Ferreyros is the excellence of our post-sale service, which ensures the best technical support in the market for our customers' capital assets.

To that effect, the company has specialized repair shops and a spare parts distribution center with immediate availability.

SOCIAL RESPONSIBILITY

The mentioned infrastructure is operated by first level technical personnel, trained according to international standards and with the support of the brands we represent. The post-sale service is often rendered through the field service unit at the operation site.

With our focus on a service of excellence, Ferreyros constantly seeks technological solutions to enable our clients to achieve the best business productivity level through optimal performance of the equipment we sell them.

In addition, we have the Fluid Analysis Laboratory (SOS) that within only 24 hours can detect possible abnormalities, which otherwise would reduce the service life of a component, as well as any premature or unexpected flaw of any part of the equipment, to take the corrective and preventive actions.

CUSTOMIZED AND SPECIALIZED CUSTOMER SERVICE BY SECTORS

In order to provide a specialized service to the customers of each market segment, Ferreyros has been segmented according to the markets we serve.

Along this same line, each frequent customer has an account manager assigned to the follow up of our business relationship, which facilitates permanent and effective contact.

FINANCIAL SERVICES

The Area of Financial Services at Ferreyros, integrated by a team of credit officers, offers specialized advice to our customers concerning the availability of financing sources (loans from local institutions, foreign loans, export credit insurance from international agencies, financial leasing) and the most convenient financial channel. Likewise, it offers the possibility to assist the customer with direct financing at terms according to their requirements. It also provides short term commercial credit to acquire spare parts, maintenance and repair services and rental.

EXCELLENCE IN CUSTOMER SERVICE

Ferreyros makes available to its customers several communication channels, such as website email, call center, letters, brochures and manuals.

Furthermore, the company has a tool to manage customer relations, known as Customer Relationship Management (CRM).

Ferreyros is well aware that an essential component of our competitiveness is customer satisfaction and loyalty building. To this end, we permanently work to identify their needs and expectations, through a human team exclusively devoted to their service: the customer service area.

The core responsibility of this unit is to ensure customer satisfaction and the effective claim management, as well as the adequate interaction of the company's personnel with the customers. To this end, the customer service area at Ferreyros, created in 2007, pursued during this year the objective of identifying customers' needs and expectations, by monitoring their satisfaction and the effective management of claims.

To benefit from any feedback that may enable taking actions for a continuous improvement of our services, the customer service area continued performing two types of procedures during 2008:

Management of Claims and Proactive Situations

Addressed at registering and monitoring claims filed by customers, as well as at identifying procedures that can be optimized to ensure continuous improvement of the company's services. To simplify communication, we offer our customers a web system where they submit their claims, which are immediately re-directed to the responsible party for forthwith solution.

Customer Satisfaction Measurement

It includes performing of surveys at Ferreyros as well as at our represented Caterpillar.

The claims and the survey information can be consulted by any company worker and is available, together with other relevant customer information, as part of its profile along the processes where it is involved.

MARKETING AND COMMUNICATION POLICIES

Our marketing and communication policies are designed to achieve a proper business management. In this respect, one of our principles is not to rely on demonstrating the defects of products or services of our competitors to promote our products or services, or engage in any advertising about them that may be misleading or that may highlight fictitious or exaggerated features.

In addition, we believe that the provision of clear, updated and truthful information about the products and services we offer is an expression of business ethics. That is why we permanently train our sales force, locally as well as abroad, making available to them the knowledge about the company's products and services so that they may retransmit it to the customers in due course.

Our Code of Conduct embraces the following principle referred to Sales, Marketing and Proper Business Management:

"It shall not be acceptable to deliberately transmit misleading messages, omit significant facts, or make false statements about offers of our competitors. We shall not magnify features of our products and shall provide complete, clear and truthful information about them".

One of Ferreyros' principles is ethical sales, in harmony with the values that have distinguished our organization for 85 years. Our Code of Conduct includes three statements concerning this aspect:

- "We shall act in accordance with the highest integrity standards in all aspects of our commercial activities".
- "The interests of the Ferreyros Organization shall never be favored by the fraudulent or illegal conduct of its employees. We shall treat every person the organization has dealings with in a fair and honest manner, thus preserving our reputation of integrity and all our business relationships".
- "We do not expect any type of special compensation from our customers and, hence, we shall not accept any gifts, favors, invitations or money from any of them beyond the courtesy concept".

RESPECT FOR CUSTOMER'S PRIVACY

Finally, our Code of Conduct includes a specific principle regarding our customer's confidential information: "We must protect the confidentiality of the information we receive from third parties, particularly customers and suppliers, and make use of it only with the respective authorization".

GOVERNMENT AND SOCIETY

At Ferreyros we maintain a strict honesty policy in our operations. Accordingly, our Code of Conduct establishes that the organization's interests will never be favored by the fraudulent or illegal behavior of its employees, expressly prohibiting the use of unethical practices in the trade relations with government entities. Likewise, we require from our employees that they comply with all the laws and regulations applicable to their tasks at the organization.

The organization encourages responsible citizenship and values in young people through the "Ferreyros Association", the activities of which target the future professionals of Peru, and of the Annual Conference for University Students (University CADE) of which the company is main sponsor.

Along the same line of thought, Ferreyros promotes opinion formation about issues of public interest, such as social responsibility, foreign trade and capital market, through our participation in forums of organizations such as Chambers of Commerce (American Chamber of Commerce of Peru (Amcham) Peruvian-Chinese Chamber, Canadian Chamber of Commerce, German Chamber of Commerce, Mexican Chamber of Commerce and the Peru-Brazil Bi-national Chamber of Commerce and Integration), the Association of Companies Promoting the Capital Market (Procapitales), the Foreign Commerce Association - Comex and Peru 2021, among many others, through the inclusion of some of the company's officers in the boards and committees of these institutions.

Meanwhile, in June, Ferreyros took part in the 5th Expo-fair of Social Responsibility Company Projects, co-organized by Peru 2021 and the Catholic University (PUCP). The company participated with the intention to disseminate and share its experiences on how to integrate social responsibility with the company management, implementing programs and initiatives that generate positive impacts on stakeholders and contribute to the progress of the country.

With support to education being one of the primary interests of our organization, we exhibited a video of the Workshops Program of the Ferreyros Association devoted to promoting citizenship values and responsibility in the future professionals of Peru. One of the subjects that generated most interest was the practices adopted by the company to protect the environment.

Ferreyros, also characterized by its encouragement and fostering of cultural activities among our collaborators, presented within the artistic program of the Expo-fair the finalist group of folk music at the Ferreyros Idol.

GLOBAL PACT

A demonstration of our commitment to assuming an active role in social responsibility issues is our adhesion to the Global Pact, an initiative led by the United Nations Organization (UNO) for entities from all the countries to integrate into their operations ten principles of conduct and action in matters of human rights, labor, environment and fight against corruption.

The ten principles of the Global Pact, to which we are signatory party since 2004, are:

1. Business should support and respect the protection of internationally proclaimed human rights (right to life, integrity, freedom, equality, non-discrimination, etc.).
2. Business should make sure that they are not complicit in human rights abuses.
3. Business should uphold the freedom of association and the recognition of the right to collective bargaining.
4. Business should uphold the elimination of all forms of forced and compulsory work.
5. Business should uphold the abolition of child labor.
6. Business should uphold the elimination of discrimination in respect of employment and occupation.
7. Business should support a precautionary approach to environmental challenges.
8. Business should undertake initiatives to promote greater environmental responsibility.
9. Business should encourage the development and diffusion of environmentally friendly technologies.
10. Business should work against corruption in all its forms, including extortion and bribery.

In line with this commitment and the decision to incorporate and promote social responsibility in all the company's activities, Ferreyros continues implementing and boosting programs and practices that may enable us to responsibly interact with the different stakeholders.

Assuming our commitment to comply and respect the Global Pact principles, during the first half-year we sent our 2007 Progress Report to the UNO. Furthermore, we expressed our interest on maintaining our support to the initiatives of the Global Pact, by incorporating the best practices related with the respect for human rights, responsible work, environmental protection and fight against corruption.



The off-highway Caterpillar trucks have found their place in the heart of mining. Their attributes are confirmed in the day-to-day operations: highest productivity in hauling, high efficiency in the production cycle and fuel control, speed and high load capacity, availability and reliability, supported by information and control systems for optimal maintenance administration; and safety, as from the essence of its design itself, it protects the operator and the equipment.



Offering the large-scale mining projects a comprehensive service on the site where their operations take place, with a highly specialized labor force, is a permanent commitment of Ferreyros. Around 400 workers have been assigned to the most important mining operations in the country, to keep 254 mining trucks in optimal conditions, as well as secondary equipment. The personnel of Ferreyros works intensely around the clock, 365 days a year, and has built a close collaboration relationship with its customers.



CORPORATE GOVERNANCE

Company name: Ferreyros S.A.A. (hereinafter the company)
 RUC: 20100027292
 Address: Cristóbal de Peralta Norte 820, Surco
 Telephone: 626-4000 – 626-4254
 Customer dedicated line: 0800-13372
 Fax: 626-4504
 Web site: www.ferreyros.com.pe
 Stock exchange representative: Mariela García de Fabbri, Patricia Gastelumendi Lukis, Víctor Astete Palma

Section 1 of this report contains an evaluation of 26 Good Governance Principles recommendations for Peruvian Companies

Each recommendation will assess the adequate level of compliance considered between 0 and 4, 0 being the non compliance level and 4 the full compliance level.

In order to make an objective assessment, the information requested must be completed in detail.

Section 2 of this report will assess a series of aspects referred to the shareholders' rights, the Board of Directors, the responsibilities of the COMPANY and the shareholders and shareholdings.

¹ The text on *Good Governance Principles for Peruvian Corporations* can be found in www.conasev.gob.pe

² For said purpose, you can either add cells to the tables included in this report or copy the table templates as many times as necessary.

SECTION 1: ASSESSMENT OF 26 PRINCIPLES

SHAREHOLDERS' RIGHTS

PRINCIPLE (I.C.1. second paragraph).

The Agenda must not include general issues. Items to be dealt with must be specified so that each subject may be discussed separately, simplifying its analysis and preventing combined resolutions with respect to matters over which there could be different opinions

Compliance: 4

The COMPANY does not include generic issues in the agenda, they rather specify the subjects to be dealt with, so that each subject is discussed separately, simplifying the analysis and preventing combined decisions with respect to matters over which there could be different opinions.

PRINCIPLE (I.C.1. third paragraph)

The place where general shareholders' meetings are to be held must be set so as to favor attendance of shareholders to such meetings.

Compliance: 4

The place where general shareholders' meetings are held is fixed so as to favor attendance of the shareholders, and is even published in real time through the COMPANY'S website.

a. During 2008, the COMPANY called for one Shareholders' Meeting and no Special Shareholders' Meetings.

b.

Calling date:	March 1, 2008
Date of meeting:	March 26, 2008
Meeting place:	Cristóbal de Peralta norte 820 Santiago de Surco
Quorum:	92.13%
Attending shareholders:	164
Starting time:	11:00
Adjourning time:	13:00

c. The COMPANY called for the meeting through COMPANY notice-boards, telephone, website, postage and electronic mails taken from the shareholders' database.

d. The disclosure procedure for calling to meeting is ruled by:

- The COMPANY Bylaws.
- Internal regulations for the shareholders' meeting, Board of Directors and Board committees.
- Good Corporate Governance Guide.

e. Agreements adopted in the Meeting are released to the market as Relevant Events and published in the Ferreyros website on the following day.

CORPORATE GOVERNANCE

Shareholders may request information through different means as provided by the Business Corporations Act and, particularly, through the website's "Investor Service" section.

They may furthermore, request the minutes to the Securities Department through the shareholders' dedicated line. The minutes for the 2008 Meeting were published in the website on the fifth business day after the meeting was held.

PRINCIPLE (I.C.2)

Within reasonable limits, shareholders must be afforded the opportunity to introduce issues for discussion into the agenda of Shareholders' Meetings.

The issues included in the agenda must be of corporate interest and suitable to the legal or statutory competence of the Meeting. The Board of directors must not reject such requests without informing the shareholder of a reasonable cause for rejection.

Compliance: 4

a. The Bylaws do not impose limits to the shareholder's right to participate in the Shareholders' Meetings and to be represented by the person he/she appoints.

b. The COMPANY'S shareholders may include issues to be dealt with in the agenda by means of an additional mechanism to that provided by the Business Corporations Act. The Ferreyros Bylaws set forth that the shareholders may request through the Board of Directors the inclusion of issues for discussion by the Shareholders' Meeting held in the same period each year, which therefore, can be anticipated and shareholders may send a communication to the Board of Directors indicating any subject of interest. The procedure is established by the Internal Regulations of the Shareholders' Meeting, Board of Directors and Board Committees. Furthermore, the shareholders, according to Article 19 of the Bylaws, have the right to request the Board of Directors to carry out a Shareholders' Meeting to deal with a particular issue. This request requires a 5% of represented shares.

c. The disclosure procedure for calling to meeting is ruled by:

- The COMPANY Bylaws.
- Internal regulations for the shareholders' meeting, Board of Directors and Board committees.
- Good Corporate Governance Guide.

d. The COMPANY has not received any request from the shareholders during 2008.

PRINCIPLE (I.C.4.i.)

The Bylaws must not impose limits to the entitlement that a shareholder with right to participate in the shareholders' meetings has to be represented by the person he may designate.

Compliance: 4

a. The Bylaws do not impose limits to the entitlement of a shareholder to the right to participate in general shareholder's meetings, to be represented by the person he/she may designate. The COMPANY Bylaws do not limit the right to be represented.

b. During the Shareholders' Meeting held on March 26, 2008, the participation over the total voting shares was 92.13%. Such participation was executed in 25.03% by powers of attorney, and 67.10% by direct exercise.

c. The COMPANY demands a simple letter from the shareholder, at least 24 hours in advance in order to formalize his representation in the meeting.

d. The procedure to formalize the representation in the meeting is ruled by:

- The COMPANY Bylaws.
- Internal regulations for the shareholders' meeting, Board of Directors and Board committees.
- Good Corporate Governance Guide.

FAIR TREATMENT TO SHAREHOLDERS

PRINCIPLE (II.A.1 third paragraph)

It is advisable that the company issuing investment shares or other corporate securities without voting rights, offers its holders the opportunity to exchange them for regular voting shares, or for this possibility to be taken into consideration at the time they are issued.

Compliance: **4**

a. The COMPANY has not processed any investment share exchange during the last five years and it has only one type of voting share.

PRINCIPLE (II.B)

A sufficient number of directors, capable of issuing an independent opinion over matters with potential conflicts of interests must be appointed, being it possible to consider, to this effect, the participation of shareholders who do not exercise control. Independent directors are those who have been designated because of their professional standing, who are not related to the company's management or to the group controlling the company.

Compliance: **4**

a. The COMPANY has enough number of directors capable of exercising independent judgment in matters where there is a potential for conflict of interest, being able - to this effect - to take into consideration the participation of shareholders who are not related to the group controlling the company. Independent directors are those elected for their professional prestige and who are not related to the company's management, or to the control group of the same.

The COMPANY has 4 dependent directors and 4 independent directors.

b. There are no special requirements further to those contained in the regulations in force.

c. A description of independent director is detailed in Chapter 4 of the Good Governance Guide. ("Characteristics: They must not be COMPANY employees. They must not have a degree of kinship with any executives and majority shareholders. They must have express mandate to look over all the shareholders' interests equally. They must not receive economic benefit from the corporation").

d. There is no kinship between shareholders, directors and managers of the COMPANY.

e. Óscar Espinoza Bedoya has held the position of Managing Director as of August 1983 to March 2008, date in which he was elected Chairman of the Board of directors of the COMPANY.

f. List of Board members who are members of the Board of Directors of other companies:

Director's name and surname	Stock participation	Date	
		From	To
Óscar Espinosa Bedoya	La Positiva Seguros y Reaseguros La Positiva Vida Seguros y Reaseguros Profuturo AFP	1996 2005 1999	
Juan Manuel Peña Roca	Profuturo AFP La Positiva Seguros y Reaseguros La Positiva Vida Seguros y Reaseguros S.A.	1992 1985 2005	
Carlos Ferreyros Aspíllaga	La Positiva Seguros y Reaseguros S.A.	1983	
Andreas von Wedemeyer Knigge	Corp. Cervetur SAA La Positiva Seguros y Reaseguros S.A. Profuturo AFP Cia. Industrial Textil Credisa Trutex SAA Corporación Financiera de Inversiones S.A.A. La Positiva Vida Seguros y Reaseguros S.A.A.	1979 1991 1991 1993 1995 1999 2005	
Juan Prado Bustamante	Transacciones Especiales S.A.	2007	–
Aldo Defilippi Traverso	Pennynvest Sociedad Administradora de Fondos	2006	

PRINCIPLE (IV.C, second, third and fourth paragraphs)

Although, in general, external auditors are focused on expressing opinions on financial information, they may also refer to opinions or specialized reports on the following aspects: expert accounting reports, operational audits, systems audits, project evaluation, cost systems evaluation or implementation, tax audits, appraisals for asset adjustment purposes, portfolio evaluation, inventories, or other special services.

It is recommended that such services be performed by different auditors, or if conducted by the same auditors, this should not affect the independence of their opinion. The company should reveal all specialized audits and reports conducted or presented by the auditor.

Information must be provided regarding all services rendered by the auditing firm or auditor to the company, specifying the percentage represented by each one and its participation in the income of the auditing firm or auditor.

Compliance: **4**

a. External audits are focused on expressing financial opinion, they may also refer to specialized opinions or reports. These audits are conducted by different auditors, or if conducted by the same auditors, they do not affect the independence of their opinion.

The audit companies that provided services to the COMPANY in the last 5 years are:

Name of the audit corporation	Service	Period	Free US\$
Dongo-Soria Gaveglio y Asociados Sociedad Civil, firma miembro de Price Waterhouse Coopers	Audit of financial statements	2008	94.00%
	Enquiry about	2008	
Dongo-Soria Gaveglio y Asociados Sociedad Civil, firma miembro de Price Waterhouse Coopers	Audit of financial statements	2007	77.30%
	Asset laundering prevention audit	2007	
Dongo-Soria Gaveglio y Asociados Sociedad Civil, firma miembro de Price Waterhouse Coopers	Audit of financial statements	2006	63.9%
	Asset laundering prevention audit	2006	
Dongo-Soria Gaveglio y Asociados Sociedad Civil, firma miembro de Price Waterhouse Coopers	Audit of financial statements	2005	63.90%
	Audit of net worth in trust	2005	
	Asset laundering prevention audit	2005	
Dongo-Soria Gaveglio y Asociados Sociedad Civil, firma miembro de Price Waterhouse Coopers	Auditoría de EEFF	2004	68.30%
	Auditoría Patrimonio en Fideicomiso	2004	
Price Waterhouse Coopers Sociedad Civil de Responsabilidad Ltda.(*)	Audit of financial statements Audit of net worth in trust Assistance in the implementation of a management model for the area of Human Resources and category system.	2005-2006	0%
Deloitte & Touche SRL (*)	Tax assistance	2004-2008	0%

b. (*) Although these are not auditing companies, they are related to an auditing firm.

c. According to Article 21d of the Bylaws, the appointment or assignment of the external auditors to the Board corresponds to the Annual Shareholders' Meeting. It is a usual practice of the Annual Shareholders' Meeting to delegate this appointment to the Board of Directors. Likewise, the Audit Committee recommends such designation to be made by the Board of Directors.

d. The mechanisms above described are contained in the Bylaws and Internal Regulations of the Board of Directors and its Committees.

During the meeting held on March 26, 2008, it was approved under point 6 to delegate the appointment of the external auditors and the amount of their fees to the Board of Directors as in previous years.

e. The auditing company engaged to express an opinion on the Financial Statements of the COMPANY corresponding to the 2008 period, also expressed an opinion on the Financial Statements of other COMPANIES of the same economic group for the same fiscal period:

Orvisa S.A.
Unimaq S.A.
Motorindustria S.A.
Fiansa S.A.
Depósitos EFE S.A.
Domingo Rodas S.A.
Ferenergy S.A.C.
Mega Caucho & Representaciones S.A.C.
Cresko S.A.

f. The Internal Auditor held a meeting with the engaged auditing company during the 2008 period.

PRINCIPLE (IV.D.2)

Specific requests for information by shareholders, investors in general or stakeholders related to the company, must be made through a responsible body and/or personnel designated to that effect.

Compliance: 4

a. Specific requests for information by shareholders, investors in general or stakeholders related to the company, are made through responsible personnel appointed to that effect.

During the 2008 period, shareholders and COMPANY stakeholders requested information through the following means:

	Shareholders	Stakeholders
Electronic mail	X	X
Directly in the COMPANY	X	X
By telephone	X	X
Website	X	X
Postage	X	X

b. Without detriment to the information responsibilities of the General Manager as set forth in Article 190 of the Business Corporations Act, the persons responsible for receiving and processing shareholders' information requests are:

Augusta Ponce Zimmermann	Securities Department	Finance Division
Fiorella Amorrortu Montenegro	Investor Relations	Finance Division

The Securities Executive Officer is the person responsible for responding to shareholders' requests, particularly regarding their shareholdings, paid up shares, payment of cash dividends, participation in meetings, etc.

The Executive Officer in charge of Investor Relations is responsible for responding to information requests from shareholders, investors, analysts, risk rating companies and public in general, as well as to oversee the compliance with the Good Corporate Governance principles, particularly regarding issues of information transparency.

c. The COMPANY's procedure to process shareholders' and/or COMPANY stakeholders' information requests is ruled by the Good Corporate Governance Guide. All requests are centralized by the Finance Management, including those coming from the

Marketing or General Management areas. There are information databases in order to respond to specific information requests. Attendance to meetings is coordinated with investors and the General Management participates in several of them.

A record is kept of the meetings held with investors during the year.

d. The COMPANY has a corporate website and another one specially designed for Good Corporate Governance-related issues, which includes a special section on the relationship with shareholders and investors.

e. During the 2008 period, no complaints have been received regarding limitations to the shareholders' access to information.

PRINCIPLE (IV.D.3)

Cases of doubt regarding the confidential nature of information requested by Shareholders or stakeholders related to the company, must be solved. The criteria must be adopted by the Board of Directors and ratified by the Shareholders' Meeting, and they must be included in the company Bylaws or internal regulations. In any case, the disclosure of information must not jeopardize the competitive position of the company or be likely to affect the normal development of its business.

Compliance: 4

a. The criteria to proceed in the event of doubt about the confidential nature of information requested by shareholders or stakeholders related to the company are settled by the Board of Directors and included in the company Bylaws or Internal Regulations. In any case, the disclosure of information must not jeopardize the competitive position of the company or affect the normal development of its business.

The confidential nature of specific information is established by the Board of Directors, the General Manager, the Stock Exchange Representatives, and the Committee for Regulations Compliance in accordance with Internal Rules of Conduct for Compliance of Obligations derived from the registration of securities in the Public Register of the Securities Market.

b. The criterion is not to reveal privileged information unless it is released to the market as a Relevant Event.

c. The duties of the Committee for Regulations Compliance are described in the document called Internal Rules of Conduct for the protection of the confidentiality, transparency and disclosure of information to the capitals market.

This Committee is responsible for classifying Privileged or Reserved Information and for keeping a record of the same through their secretary. It will settle any doubt that may arise regarding the confidential nature of information requested by shareholders and stakeholders, based on the criteria and guidelines established by the Board of Directors of Ferreyros. The Committee shall inform the Persons Involved, through the execution of confidentiality agreements, of the existence of Privileged and Reserved Information in order that they may act as provided by law and maintain the confidentiality of information and documents.

The management of confidential information is also mentioned in the Corporate Governance Guide and in the glossary of terms of the Good Corporate Governance guide.

Likewise, the Code of Conduct is published in the personnel's Induction Guide, and has a section on communication of relevant events, privileged and reserved information that defines the processes to safeguard the information both within the COMPANY and that passed on to the market.

PRINCIPLE (IV.F, first paragraph)

The company must conduct internal audits. In the exercise of his/her duties, the internal auditor must keep a professional independent relationship with respect to the company that hires him/her. He/she must follow the same principles of diligence, loyalty and secrecy demanded from the Board of Directors and Management.

Compliance: 4

a. The company performs internal audits. In the exercise of his/her duties, the internal auditor keeps a professional independent relationship with respect to the company that hires him/her and observes the same principles of diligence, loyalty and secrecy demanded from the Board of Directors and the Management.

b. The Internal Auditor reports to the Chairman of the Board.

c. The main responsibilities of the internal auditor are:

- Manage and conduct internal and electronic data processing audits in the head office, branch offices, mining projects and subsidiaries.
- Evaluates the internal control system regarding money and asset laundering according to the regulations in force of the financial intelligence unit of the Superintendence of Banking and Insurance companies (SBS) and submits a final report to the Compliance Officer.
- Periodically report the results of the internal audit, including successful practices, fulfillment of goals and significant results, to the senior management and management committee.
- Take into account the revisions made by external auditors to develop the working program avoiding duplicity of efforts.
- Issue a report per each audit carried out containing control observations detected and suggestions to correct deficiencies agreed with the audited area.

On the basis of a risk assessment, the internal auditor prepares the Annual Plan establishing priorities to carry out the revisions in Ferreyros and subsidiary companies. During the year any urgent requests made by the Managements are included in the Program.

Internal audit revisions cover financial as well as operating audits. Among the most important are the following revisions: Evaluation of accounts receivable; observation of physical inventories of spare parts and machinery and equipment; revision of cash and banks transactions (balancing, confirmation and conciliation of bank accounts with our accounting records); evaluation of accounts payable to providers and bank institutions; revision of other asset and liability accounts; revision of the main machine and spare parts sale operations, as well as of the corresponding costs; revision of the main expense accounts of the income statement.

d. The above described responsibilities are ruled by the Job Description Guide of the Human Resources Management.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS

PRINCIPLE (V.D.1.)

The Board of Directors must carry out certain key functions, including: Evaluate, approve and conduct corporate strategy; set forth objectives and goals as well as major action plans, the risk follow up, control and management policy, annual budgets and business plans; monitor their implementation; and supervise major capital expenditures, investments, acquisitions and disposals.

Compliance: 4

a. The Board of Directors carries out certain key functions, namely:

Evaluates, approves and guides corporate strategy; sets forth the objectives and goals as well as major action plans, the risk follow-up, control and management policy, annual budgets and business plans; supervises their implementation; and supervises major capital expenditures, investments, acquisitions and disposals.

The functions and responsibilities of the Board are regulated by:

- The COMPANY Bylaws.
- Internal Regulations of the Board of Directors and its committees.

PRINCIPLE (V.D.2.)

The Board of Directors must select, control and when necessary, replace the top executives, and set their remunerations.

Compliance: 3

The duties of the Board of Directors are:

To select, control and if necessary, replace the General Manager and delegate on him/her the selection of the senior executives.

a. The above-described duties are set forth in the Bylaws and Internal Regulations of the Board of Directors and its committees.

PRINCIPLE (V.D.3.)

Evaluate the compensation of senior executives and members of the Board of Directors, ensuring a formal and transparent nomination process.

Compliance: 4

Evaluate the compensation of the senior executives and members of the Board of Directors, ensuring a formal and transparent board nomination process.

b. The body responsible for:

Function	Board of Directors	General Manager	Other (specify)
Hire and replace the general manager	X		
Hire and replace the management staff		X	
Set the compensation of senior executives	X	X	
Evaluate the compensation of senior executives	X	X	
Evaluate the compensation of the directors	X		Meeting

c. The functions of the Chief Executive Officer are defined in the minutes of the Board of Directors Meeting held on March 26,

2008, which include: To propose the Board of Directors the appointment of the general manager approving the organization chart of the COMPANY and the appointment of managers proposed by the general management as well as their compensation level and annual traveling program.

d. The functions of the Chief Executive Officer are defined in the minutes of the Board of Directors Meeting held on March 26, 2008, which include: To propose the Board of Directors the appointment of the general manager approving the organization chart of the COMPANY and the appointment of managers proposed by the general management as well as their compensation level and annual traveling program.

PRINCIPLE (V.D.4.)

The Board of Directors must perform the risk follow-up and control of any possible conflicts of interest between the Management, the Board members and the shareholders, including the fraudulent use of corporate assets and abuse in transactions between interested parties.

Compliance: 4

a. Among the key functions carried out by the Board of Directors are: Perform the follow up and control of any possible conflicts of interest between the Management, the Board members and the shareholders, including the fraudulent use of corporate assets and abuse in transactions between interested parties.

The conflict of interests issue is mentioned in the Code of Ethics and in the Internal Regulations of the Shareholders' Meetings, Board of Directors and Board Committees.

b. We have had no cases of conflict of interests in Ferreyros that may have been subject matter of discussion in the Board of Directors during the 2008 period.

c. The COMPANY has a Code of Ethics that regulates any conflict of interests that may arise. Moreover, it has a Code of Conduct and Internal Rules of Conduct for the compliance of obligations derived from the registration of securities in the Public Securities Market Registry.

d. Among the procedures pre-established for the approval of transactions between related parties is to supervise they are made in accordance with market terms.

PRINCIPLE (V.D.5.)

Oversee the integrity of the corporation's accounting and financial reporting systems, including the hiring of an independent audit firm, and the existence of appropriate control systems, particularly the control of financial and non-financial risks and compliance with the law.

Compliance: 4

a. The COMPANY's Board of Directors oversees the integrity of the corporation's accounting and financial reporting systems, including the hiring of an independent audit firm, and the existence of appropriate control systems.

The Board's Audit Committee reviews every year the work program of the Internal Auditor and the recommendations chart of the External Auditors and monitors the implementation of enhancements to the accounting systems described therein.

b. The Internal Audit Division determines the main risks and organizes the work program, according to their impact and probability. The Central Management of Administration Control is responsible for the follow up and control of the main COMPANY risks, to which effect a Risks Committee has been constituted.

c. Control systems are regulated by the Job Description Guide (Human Resources Management).

PRINCIPLE (V.D.6.)

The Board of Directors must supervise the effectiveness of the governance practices under which it operates, making changes as needed.

Compliance: 4

a. The Board of Directors supervises the effectiveness of the governance practices under which it operates, making changes as needed.

b. As of 2005 the Board of Directors carries out an annual self assessment. While completing this document it identifies the enhancements to be implemented and procedures to be documented.

PRINCIPLE (V.D.7.)

The Board of Directors supervises the disclosure policy.

Compliance: 4

a. The Board of Directors supervises the disclosure policy, which is regulated by the COMPANY Bylaws and the Internal Regulations of the Board of Directors and Board Committees.

b. The COMPANY has the "Internal Rules of Conduct for the compliance of obligations derived from the registration of securities in the Public Securities Market Registry", the Committee for Compliance of Regulations and the Stock Exchange Representatives, to ensure that all Relevant Events are duly informed within the terms provided by the regulations in force. Financial information is delivered periodically (quarterly and annually) to the market and we have a specialized area to respond to enquiries. Finally, we participate in meetings with investors.

c. The foregoing procedure is regulated by the internal Rules of Conduct for compliance with obligations derived from the registration of securities in the Public Securities Market Registry.

PRINCIPLE (V.E.1)

The Board of Directors may constitute special bodies according to the needs and dimension of the company, particularly that assuming the auditing function. In addition, these special bodies may refer, among other things, to the functions of appointment, retribution, control and planning.

Such special bodies will be formed within the Board of Directors as support mechanisms and must preferably consist of independent directors, in order to take unbiased decisions on matters that may cause a conflict of interests.

Compliance: 4

a. The board of Directors constituted three committees, which are special bodies in accordance to the COMPANY's needs that serve as support mechanisms and are constituted by dependent and independent directors, in order to take unbiased decisions over matters where conflicts of interest may arise.

The functions to be performed by each committee and their chairs are described below:

General Management and Corporate Governance Committee

I) Date created: January 2005

II) Functions:

- a) Review strategic plans and annual business plans.
- b) Detailed assessment of the operations of subsidiary COMPANIES.
- c) Formulate recommendations to the Board of Directors on investment policies, as well as on acquisition and disposal of fixed assets.
- d) Supervise the disclosure policy regarding Relevant Events and privileged and reserved information.
- e) Assess and issue guidelines on indebtedness levels of the COMPANY and liability structure, following up the guaranties granted.
- f) Assess from time to time the status of the credits granted by the COMPANY.
- g) Act as assistant and consulting body to the Management in matters submitted to its consideration.
- h) Carry out follow up and control of possible conflicts of interest between the management, board members and shareholders, including misuse of corporate assets and abuse in transactions between interested parties.
- i) Supervise the effectiveness of governance practices under which it operates, making changes as needed.

III) Main organization and operation rules:

Constituted by three directors minimum, at least one of them being an independent director. The Chairman, Vice President and General Manager will partipate in all committees.

To the extent possible they must meet at least on a quarterly basis.

The General Management will propose the Board of Directors an annual program for Committee meetings, which may be modified as the circumstances merit.

IV) Committee Members

Name and surname	Date		Position within the committee
	From	To	
Carlos Ferreyros Aspillaga	January 2005		
Eduardo Montero Aramburú	January 2005		
Óscar Espinosa Bedoya	January 2005		Chairman
Juan Manuel Peña Roca	January 2005		
Hernán Barreto Boggio	January 2005		

V) Number of meetings held during the period: 3 (January 15, 2008; April 8, 2008; July 15, 2008)

VI) Has powers conferred in accordance with Article 174 of the Business Corporations Law: Yes

Auditing Committee

I) Date created: January 2005

II) Functions:

Supervise the integrity of the accounting systems and analyze the external auditors' report on the Financial Statements.

Specific functions:

- a) Supervise the accounting Systems integrity through proper external auditing.
- b) Review and analyze the COMPANY's Financial Statements periodically.
- c) Review the external auditing reports on Financial Statements.
- d) Supervise the annual work program prepared by the internal auditor and receive the relevant reports.
- e) Nominat external auditing companies.

III) Main organization and operation rules:

Constituted by a minimum of three directors, at least one of them being an independent director. The Chairman, Vice President and General Manager will partipate in all committees.

To the extent possible committees must meet at least every six months.

The General Management will propose the Board of Diectors an annual program for Committee meetings, which may be modified according to the circumstances.

They must revise the recommendations made by the external auditors and the internal auditor's program as well as progress of the same.

IV) Committee Members:

Name and surname	Date		Position within the committee
	From	To	
Carlos Ferreyros Aspillaga	January 2005		
Eduardo Montero Aramburú	January 2005		Chairman
Óscar Espinosa Bedoya	January 2005		
Andreas von Wedemeyer K.	January 2005		
Juan Prado Bustamante	January 2005		

V) Number of meetings held during the period: 3 (March 25, 2008; June 18, 2008; September 09,2008)

VI) Has powers conferred in accordance with Article 174 of the Business Corporations Law: Yes

Organizational Development and Human Resources Committee

I) Date created: January 2005

II) Functions:

Advise the Management on the adoption of general human resources policies, the specific functions being as follows:

- a) Supervise the organizational development programs through reports issued on the administrative structure and human resources programs.
- b) Supervise the performance administration programs, salary policy and training and development programs, among others.
- c) Provide advice to the Chairman of the Board in order to determine the remuneration scalee for the senior executives.
- d) Approve the hiring of senior executives and supervise their performance.

III) Main organization and operation rules:

Formed by a minimum of three directors, at least one of them being an independent director. The Chairman, Vice President and General Manager will partipate in all committees.

To the extent possible they must meet at least every six months.

The General Management will propose the Board an annual program for Committee meetings, which may be modified if required by the circumstances.

IV) Committee Members:

Name and surname	Date		Position within the committee
	From	To	
Carlos Ferreyros Aspillaga	January 2005		Chairman
Eduardo Montero Aramburú	January 2005		
Óscar Espinosa Bedoya	January 2005		
Aldo Defilippi Traverso	January 2005		

V) Number of meetings held during the period: 3 (February 12, 2008; August 12, 2008; November 26, 2008)

VI) It has delegated powers in accordance with Article 174 of the Business Corporations Act: Yes

PRINCIPLE (V.E.3.)

The number of members of the board of directors of a company must ensure the plurality of opinions within it, so that any decision made is the result of appropriate discussions, always looking after the best interests of the company and its shareholders.

Compliance: 4

a. The members of the Board of Directors of Ferreyros contribute with plurality of opinions, given their diverse professional formation and business activities. In this way it is attained that the decisions adopted are the result of proper deliberation, looking after the best interests of the COMPANY and its shareholders.

Below is the information concerning the COMPANY’s directors during the period subject matter of this report.

Name and surname	Creation ²	Date		Shareholding ³	
		From ^{1/}	To	Number of shares	Part. (%)
Dependant directors					
Óscar Espinosa Bedoya	Civil Engineer, Universidad Nacional de Ingeniería Postgraduate course in Engineering, North Carolina State University, USA Graduated in Economic Development Studies, ISVE, Italy Postgraduate course in Economy, Inst. Economy, University of Colorado Master, Harvard University PAD Certificate University of Piura	1987		Not applicable	
Juan Manuel Peña Roca	National University of Engineering, Civil Engineering Engineer Experience in other boards	1984		Not applicable	
Carlos Ferreyros Aspillaga	Princeton University, New Jersey USA (Economy)	1971		Not applicable	
Andreas von Wedemeyer Knigge	Master in Business Administration (Diplomkaufmann – University of Hamburg, Germany Master Brewer –Ulmer Fachschule für Bierbrauerei und Malzer, Ulm, Germany	2003		Not applicable	

Name and surname	Creation	Date		Shareholding	
		From ^{1/}	To	Number of shares	Part. (%)
Independent directors					
Eduardo Montero Aramburú	Bachelor Degree in Economics Lehigh University PA. USA Master in Business Administration Wharton School of finance and Commerce, University of Pennsylvania	1980		Not applicable	
Hernán Barreto Boggio	Engineering Program UNA, Lima M.S. Food Science and M.S. Chemical Engineering, MIT Cambridge, Massachusetts, USA Ph.D Systems Engineering, Michigan State University, East Lansing, Michigan, USA Member of Sigma Xi, American Institute of Chemical Engineering, American Chemical Fulbright Scholar and Rockefeller Foundation Scholar	2005		Not applicable	
Juan Prado Bustamante	University of Lima – Law School and Political Science. New York University Law School –Master Degree in Comparative Law. Boston University Master in International Banking Law	2005		Not applicable	
Aldo Defilippi Traverso	Bachelor Degree in Economics University of the Pacific Master in Economic Politics and Economic Development, Boston University PhD Candidate in Economics, Boston University Chief Executive Officer Program, North Western University	2005		Not applicable	

(1) Mandatorily applicable if holder of 5% or more of the COMPANY’s shares.

PRINCIPLE (V.F, second paragraph)

The information concerning the issues to be discussed at each meeting must be made available to the directors with sufficient time in advance to enable them to review it, unless they refer to strategic matters of a confidential nature, in which case, mechanisms must be established that will allow directors to evaluate such issues properly.

Compliance: 4

a. The information concerning the issues to be discussed at each meeting is made available to the directors with sufficient time in advance to allow for revision, unless they refer to strategic matters of confidential nature, in which case, mechanisms are in place that allow due revision of such issues.

b. The issues that will be addressed are submitted by e-mail to the directors 5 days prior to the Board of Directors' meeting.

The confidential information is reviewed first at the committees of the Board of Directors and subsequently in more detail in the Board of Director's meeting.

c. The COMPANY has a procedure in place, which is regulated by the Internal Regulations of the Board of Directors and the Board's Committee.

PRINCIPLE (V.F, third paragraph)

Based on clearly established and defined policies, the board of Directors decides on the hiring of the specialized advisory services required by the company for decision-making purposes.

Compliance: 4

a. The established practice is for the management to hire advisory services, as it is the party that best identifies the need for them. While not many advisory services are required, when they are significant in nature, the approval of the Board of Directors is needed or the Board of Directors is reported accordingly. The management informs the Board on the conclusions of the advisory services that may be relevant.

b. These policies are regulated by the rules and procedures guide. General Manager

c. The following are the specialized advisors of the Board of Directors who have rendered services to the COMPANY for decision-making purposes during the fiscal period subject matter of this report.

Muñiz, Ramírez, Pérez Taiman, Luna Victoria Abogados
 Hay Group
 Deloitte & Touche SRL
 Price Waterhouse Coopers
 Axxion
 ESAN
 Maximixe

PRINCIPLE (V.H.1)

The new directors must be informed regarding their powers and responsibilities as well as regarding the company's characteristics and organizational structure.

Compliance: 4

a. The new directors are duly informed about their powers and responsibilities, as well as about the COMPANY's characteristics and organizational structure through induction meetings, during which detailed presentations are carried out.

The regulations of the Board of Directors and Board's Committees establish this mechanism.

During 2005 new Directors were included in the Board and an induction meeting was held for them with a detailed presentation of the COMPANY's operations and corporate and financial structure.

PRINCIPLE (V.H.3)

Procedures must be established for the Board of Directors to follow when appointing one or more substitutes, in the event that there are no alternate directors or when a vacancy occurs for one or more directors, in order to complete the number of directors for the remainder of the period, when the bylaws do not stipulate otherwise.

Compliance: 4

a. No director vacancies were produced during 2008.

b. The procedure followed by the Board of Directors for the election of one or more substitutes is described in the COMPANY's Bylaws. Should there be no alternate directors and the vacancy of one or more directors has been produced, to cover the remaining period vacancy may be covered with the appointment of an acting director, provided Corporate Bylaws do not stipulate otherwise.

c. Section 33 of the Bylaws. "The position of director becomes vacant due to death, resignation, permanent inability, removal by the Shareholders' Meeting, absence not authorized by the Board of Directors for more than six (6) months or any other impediment considered as such by the unanimous vote of the other directors.

Except in the case of removal by the Shareholders' Meeting, where the vacancy will be filled by the Shareholders' Meeting itself, the Board of Directors will resolve on all other grounds for vacancy and may fill the vacancy designating an acting director, who will hold the position until completing the term of the vacated director.

d. The foregoing procedures are set forth in the COMPANY's Bylaws.

PRINCIPLE (V.I.first paragraph)

The duties of the Chairman of the Board of Directors, Executive President –if applicable-, and General Manager must be clearly defined in the Bylaws or in the internal regulations of the company, in order to prevent duplication of duties and possible conflicts.

Compliance: 4

The duties of the Chairman of the Board of Directors, Executive President –when applicable-, and General Manager are clearly defined in the Bylaws or in the internal regulations of the company, in order to prevent duplication of duties and possible conflicts.

The duties of the Executive President of the Board of Directors and the General Management were specified in further detail in the minutes of the Board of Directors dated March 26, 2008.

PRINCIPLE (V.I.second paragraph)

The company's organizational structure must avoid the concentration of duties, attributions and responsibilities on the Chairman of the Board of Directors, Executive President –if applicable-, General Manager and other officers holding management positions.

Compliance: 4

The management structure of Ferreyros avoids the concentration of duties, attributions and responsibilities on the Chairman of the Board of Directors, Executive President, General Manager and other officers holding management positions.

a. The responsibilities of the Chairman of the Board of Directors; of the Executive President, if applicable; of the General Manager, and of any other officers at a management level are regulated by:

Responsibilities of	Bylaws	Internal Regulations	Guide	Other	Name of the document	They are not regulated	Not applicable
Chairman of the Board of Directors	X						
Executive President			X	X			
General Manager	X		X	X			
Management Staff			X		Job Description Guide –Human Resosurces Management		

PRINCIPLE (V.I.5)

It is advisable that the Management be given at least part of its compensation based on the COMPANY’s results, so as to ensure compliance with its purpose of maximizing the value of the COMPANY in favor of the shareholders.

Compliance: 4

a. The Management receives at least part of its compensation based on the COMPANY’s results, so as to ensure compliance with its purpose of maximizing the value of the COMPANY in favor of the shareholders.

b. Please indicate whether compensation (excluding bonuses) received by the general manager and the management staff is:

	Fixed compensation	Variable compensation	Retribution (%)*
General Manager	X	X	0.63
Management Staff	X	X	

* Percentage representing the total amount of annual compensation of the management staff members and the general manager in respect of the gross income level, according to the Financial Statements of the COMPANY.

SECTION TWO: ADDITIONAL INFORMATION

SHAREHOLDERS’ RIGHTS

a. Only through the Bylaws and the Internal Regulations of the Shareholders’ Meetings, Board of Directors and Board’s Committees published through the website. Additionally, the COMPANY has in place a Good Corporate Governance website, which is available to the public in general in order to be informed of their rights.

New shareholders are not specifically advised of their rights or how they may exercise them.

b. Prior to the meeting, shareholders have access to the points that will be addressed in the agenda and to the documents to be approved, such as the Annual Report and the Financial Statements which are addressed as Relevant Events. During the meeting, shareholders are given a copy of the Annual Report to be approved as well as the audited Financial Statements.

c. The Financial Division Management has two areas especially created to assist its shareholders and investors. Particularly regarding everything related to the Shareholders’ Meeting and its agreements, from the calling date to the delivery of their rights.

The persons who had these activities under their responsibility during the 2008 period are:

- | | |
|-------------------------------|---|
| Patricia Gastelumendi Lukis | Administration and Finance Division Manager |
| Augusta Ponce Zimmermann | Chief of the Securities Department |
| Fiorella Amorrortu Montenegro | Investor Relations Executive Officer |

d. The information referring to the shareholdings is kept in the COMPANY and the updating of the shareholding percentage, as well as the publication as relevant event of the purchase and sale movements demanded by law is the responsibility of the Securities Department Executive Officer.

e. The shareholders information referring to stock transfers, including the number of shares, is modified daily. This information is verified with CAVALI on a monthly basis.

All data regarding address and telephone numbers are modified as soon as CAVALI delivers such information. It is worth noting that there are problems regarding addresses provided by CAVALI, as they are incomplete or not updated; thus, the information sent to our shareholders is sometimes returned to us. Therefore, the Securities Department tries to locate the shareholders in order to update their data, however, it is a complex task, as most of the times the shareholders have no relationship with the COMPANY.

The database for addresses, e-mails and other shareholders’ information is updated from time to time.

f. Since 1997 the COMPANY has in place a dividend policy, which was amended by the shareholders’ meeting held on March 28, 2007.

Date of approval	March 28, 2007
Body which approved it	Shareholders' Meeting
Dividend policy (profit distribution criteria)	<p>Cash dividends to be distributed will be equivalent to 5% of the par value of the shares issued at the moment the Meeting is called; the distributable amount may be up to 50% of the profit.</p> <p>In case that the 5% of the par value of issued shares issued at the moment the Meeting is called, is less than 50% of the distributable profit obtained as at the closing of the fiscal period, the Meeting may distribute a greater dividend in cash, the maximum of which will be equivalent to 50% of the distributable profit.</p>
Date of approval	March 18, 1997
Body which approved it	Shareholders' Meeting
Dividend policy (profit distribution criteria)	<p>Distribute in cash or in own-issued shares, the total distributable profit of each year.</p> <p>The cash dividend will be equivalent to 5% of the par value of outstanding shares at the moment the agreements are adopted in the Shareholders' Meeting, provided they do not exceed 50% of the distributable profit of each year. In case they exceed, 50% of the distributable profit will be distributed.</p>

g. Details of the dividends distributed in cash and in shares by Ferreyros in the recent years:

Date of fiscal period	Dividend per share		Policy in force
	In cash	In shares	
Type of share: Ordinary			
2003 fiscal period	S/. 0.04455801	6.34146300000%	1997
2004 fiscal period	S/. 0.05500000	11.0000000000%	1997
2005 fiscal period	S/. 0.05500000	6.76915447558%	1997
2006 fiscal period	S/. 0.11000000	18.1400000000%	2007
2007 fiscal period	S/. 0.13204256	23.7776647000%	2007

Board of Directors

h. During 2008 no director was represented by replacing or acting directors.

i. The COMPANY does not have in place bonus programs for directors. According to Section 36° of the Bylaws, the Board's compensation will be equivalent to six per cent of the fiscal year's liquid profit before taxes and after covering the legal reserve.

j. The Board may reduce the compensation whenever it may deem necessary or convenient. Furthermore, it will agree the distribution of the global compensation among its members.

k. Percentage represented by the total amount of the annual compensations paid to directors with respect to the gross income rate, according to the COMPANY's financial statements:

CORPORATE GOVERNANCE

	Total compensation (%)
Independent directors	0.27
Dependent directors	0.27

l. No discussions were held at the Board of Directors without the presence of the General Manager.

SHAREHOLDERS AND STOCK HOLDINGS

m. Ferreyros has only one type of shares, the ORDINARY share and its 120 shareholders have voting rights.

n. Information referred to the shareholders and stock holders with more than 5% participation as at the closing of the fiscal period subject matter hereof is as follows:

Name and surname	Number of shares	Participation (%)	Nationality
La Positiva Vida Seg. y Reaseguros	35'770,183	9.47%	Peruvian
AFP Prima Fondo 3	30'785,053	8.15%	Peruvian
AFP Horizonte Fondo 2	28'889,857	7.65%	Peruvian
AFP Integra Fondo 3	24'560,774	6.50%	Peruvian
Horseshoe Bay Limited	24'421,280	6.46%	Foreign

OTHER

o. The COMPANY has in place the Code of Conduct referred to ethical criteria and social responsibility.

p. The COMPANY keeps a record of the cases of non-compliance with the Code of Conduct.

q. The register is in the charge of the Human Resources Division and there is an Ethics Officer.

r. The documents referred to in this report are detailed below:

Name of the document	Approving Body	Date of approval	Date of last amendment
Bylaws	Meeting	24.3.1998	22.3.2005
Job Description Guide	Management	Permanent	Permanent
Agreement by the Shareholders' Meeting – Dividend Policy	Meeting	March 1997	March 2007
Internal Rules of Conduct for compliance of obligations derived from the registration of securities in the Public Securities Market Registry	Board of Directors and Meeting	January 2005	March 2005
Internal Regulations of the Shareholders' Meeting	Board of Directors	February 2006	
Internal Regulations of the Board of Directors and its Committees.	Board of Directors	February 2006	
Good Corporate Governance Guide.	General Manager	2006	2008
Code of Conduct	Management	n.a.	August 2005



Few attributes are as appreciated by owners of a front loader as an improved administration of the available power. It is a key feature of the **Caterpillar front loaders**: They display their power according to the work demand, generating greater fuel saving and increasing productivity. Furthermore, they are designed for greater durability of the machine structure, and offer areas of strategic service to enable maintenance and a wide range of accessories.



To achieve that the machinery, spare parts and components sold by Ferreyros reach the remotest areas in Peru with the promptness required by the operations represents a challenge that the workers of the **logistics area** stand up to meet every day. Their skilled work, which includes from the optimal distribution of the inventory to the transportation throughout the country, facing complex conditions, is fundamental in the successful fulfillment of the commitments undertaken with the customers.





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