

MANAGEMENT REPORT AND DISCUSSION OF THE CONSOLIDATED FINANCIAL STATEMENTS OF FERREYCORP S.A.A. (Former – FERREYROS S.A.A) AND SUBSIDIARIES

Consolidated sales of Ferreycorp S.A.A, the leading importer of capital goods and services in the country, and its subsidiaries in Peru, Guatemala, El Salvador and Belice, reached during the period of 2012 sales of US\$ 1,754.7 million, 26.3% higher compared to the same period of 2011 (US\$ 1,389.4 million).

It is important to mention that, until June 30, 2012, Ferreycorp S.A.A. (former-Ferreyros S.A.A.) had the core business of subsidiary Ferreyros S.A., which is the company with higher volume of operations in the corporation and the main importer of capital goods and services in the country. This core business was transferred to Ferreyros S.A. and became effective in July 1st, 2012, as will be explained below in the Main Highlights section.

Before explaining the quarterly results, it is important to mention the strong relationship between Ferreycorp and Caterpillar (CAT):

- More than 70 years relationship with Caterpillar , a highly respected and world leading heavy machinery and equipment manufacturer
 - Share common values and business practices
 - One of the most successful Caterpillar dealers
- CAT has a positive impact in Ferreycorps activities by contributing with its experience and knowledge
 - Collaboration across different segments and industries having developed strategic training programs to improve specialist technical skills in CAT products
- Alliance strategically important for CAT's business as Ferreycorp represents all of CAT's sales volumes in Peru, Guatemala, El Salvador and Belice.
 - Ferreycorp existing client base and distribution platform is critical for the commercialization of CAT products in Peru.
- In 2009, CAT invited Ferreycorp to participate in the acquisition of Gentrac Corporation (companies in Central America which are Caterpillar dealers). This acquisition became effective on January 1st, 2010.

MAIN HIGHLIGHTS

1. Simple Reorganization

As mentioned in the Management Report for second quarter 2012, the Ferreyros S.A.A. Shareholders Meeting, held on March 28, 2012, approved the simple reorganization of the company with the main purpose of separating the investor role from the main core business of the operating company, distribution of capital goods, and in this way achieves a better organization of the different business of the corporation.

The Shareholders Meeting approved the reorganization of the company through the segregation of two economic blocks from Ferreyros S.A.A. to two subsidiaries: Ferreyros S.A. and Motored S.A. Likewise, approved the change of the corporate name of Ferreyros S.A.A. to Ferreycorp S.A.A, which became the holding company of the corporation subsidiaries.

Setting up of Ferreycorp S.A.A.:

Ferreycorp, as a Holding company, will consolidate local and foreign subsidiaries' financial results and will give the policy guidelines for all the companies of the Corporation.

Therefore, the new organizational structure with all the subsidiaries –including Ferreyros, will allow them to focus on the service provided to clients, to improve operational capabilities and to achieve better market coverage to attend business opportunities.

Setting up of Ferreyros S.A.:

The economic block derived from the sale of Caterpillar and allies machinery, equipment, and post - sale services was assigned to the subsidiary Ferreyros S.A. and went into effect on July 1st, 2012.

It is important to notice that the reorganization did not affect the execution of the company's financial operations as it was supported by the banks, suppliers and investors for the transference of liabilities according to its requirements. The bondholder's assembly of the Second Bond Program approved the transference of the economic block from Ferreycorp S.A.A. to Ferreyros S.A. The registration of Ferreyros S.A. as an issuer is currently in process with the SMV.

Setting up of Motored S.A.:

Meanwhile, the economic block derived from the automotive division business, distributor of prestigious brands such as Kenworth, Iveco and DAF, was assigned to the subsidiary Motored S.A. The transference of the economic block allocated to Motored S.A. became effective on April 1st, 2012.

It is important to point out that the reorganization has not generated impacts in the business of the companies, or in the operations with clients, or in the consolidated financial results of the corporation, because the businesses are the same but operated under different corporate names.

2.- Adoption of IFRS

In order to comply with the Peruvian legislation, the company adopted IFRS at the end of 2011. Therefore, quarterly financial results during 2011 were reported according to Peruvian Accounting Principles and only the yearly financial information at the end of 2011 was reported according to IFRS. In this Management report, financial information for the full year of 2012 is reported according to IFRS.

For comparative purposes, financial information of fourth quarter of 2011 has been estimated retroactively according to IFRS, as reported in the first three quarters of 2012.

It is important to notice that according to IFRS, results from subsidiaries and associated companies are not included in the financial statements of Ferreycorp S.A.A. These financial statements will only record cash dividends agreed by the respective subsidiaries Shareholders' Meetings.

On the other hand, in the consolidated financial statements, results from all the subsidiaries of the organization are included, thus, consolidated statements under Peruvian Accounting Principles and IFRS should be similar in this aspect. Individual financial statements should be read together with the consolidated financial statements.

FINANCIAL RESULTS OF FERREYRCORP AND SUBSIDIARIES - SUMMARY

(In million of soles)

Financial results are shown below:

	4Q 2012	%	3Q 2012	%	Var %	4Q 2011	%	Var %	Accumulated as of 12.31.12	%	Accumulated As of 12.31.11	%	Var %
Net Sales US\$	483		485		-0.5	382		26.2	1,755		1,389		26.3
Net Sales	1,247	100.0	1,270	100.0	-1.8	1,037	100.0	20.3	4,633	100.0	3,828	100.0	21.0
Gross profit	253	20.3	251	19.8	0.8	189	18.2	33.6	959	20.7	806	21.1	18.9
Operating profit	67	5.4	91	7.2	-26.0	32	3.1	110.4	298	6.4	278	7.3	7.3
Financial expenses, net	(19)	(1.5)	(25)	(1.9)	-22.1	(12)	(1.2)	54.6	(67)	(1.4)	(49)	(1.3)	35.9
Gain (loss) to exchange rate	25	2.0	44	3.5	-43.3	36	3.5	-29.8	79	1.7	48	1.2	66.5
Net profit	57	4.6	80	6.3	-28.3	37	3.6	53.5	219	4.7	195	5.1	12.2
EBITDA	116	9.3	136	10.7	-14.8	70	6.8	64.8	464	10.0	427	11.1	8.7

Results from third quarter have been restructured, eliminating a one direct sale of an equipment from the former Bucyrus line. According to information available in that moment, that direct sale was originally registered during the third quarter of 2012. However, by the end of that period, after receiving complete information and documentation from Caterpillar, it was determined, according to "Incoterms", that the sale had to be registered in 2013. That business was originally closed by Caterpillar before June 1st, 2012, date in which Ferreyros started operating that commercial line.

RESULTS FOR THE FULL-YEAR 2012

Sales in dollars showed an important growth of 26.3%, reaching US\$ 1,754.7 million in 2012, compared to US\$ 1,389.4 million in the same period of the previous year. Sales' growth in soles is 21.0%, slightly lower, due to the average exchange rate of S/. 2.640 during the full year of 2012, while average exchange rate during the full year 2011 was S/. 2.755. It is important to mention that the Company makes commercial operations in US dollars, and in the financial results are registered at the exchange rate of the date that sales are invoiced.

Gross profit for the full-year of 2012 reached S/. 958.5 million, 18.9% higher than S/. 806.2 million reported in the previous year.

In percentage terms, gross margin during 2012 was 20.7%, slightly lower than 21.1% reported in the previous year. It is important to notice that revaluation of sol in 2012 (Exchange rate at the beginning of the year was S/. 2.70 and at the end of December was S/. 2.551) had an impact in the gross profit registered in soles, without affecting gross profit in dollars. This situation is caused because sales in soles are registered at a lower exchange rate compared to the exchange rate used to register inventories. Lower gross profit was recovered in previous months through foreign exchange gain as a result of the adjustment of the debt incurred to finance inventories, without adjusting downward the local currency values at which the inventory was registered

On the other hand, lower gross profit is also explained by different participation of commercial lines in total sales, each bringing different margins. In 2012, post-sale lines (spare parts and services) accounted for the 30.7% of total sales, compared to 32.7% registered in 2011. Those

commercial lines have higher margins as a result of higher operating costs due to the effort made to maintain inventories and distribution services nationwide. It is important to notice, that despite their relative weight in total sales decreases, the revenues provided by these commercial lines showed an increase of 13.4% for the full-year 2012, compared to the previous year.

Since June 1st, 2012 the company began to operate the new Bucyrus line which has lower margins than the traditional commercial lines due to its volumes. Additionally, in 2012, one of the subsidiaries showed a lower gross margin, which we consider is not going to repeat during 2013.

Operating profit during 2012 reached S/. 298.0 million compared to S/. 277.7 million reported in the previous year. Operating profit has not shown the growth experienced by the sales or gross profit, due to adjustments included in other income (expenses), net, as will be explained below.

Net profit during 2012 amounted to S/. 218.9 million compared to S/. 195.0 million reported in the previous year, a 12.2% growth. This higher net profit is basically the result of higher operating profit mention before.

EBITDA for the full-year 2012 amounted to S/. 464.5 million (US\$ 175.9 million), compared to S/. 426.8 million (US\$ 154.9 million) reported in 2011, which is equivalent to an increase of 8.8%, due to a decrease in operating profit as the result of higher expenses which will bring future benefits to the company.

QUARTERLY RESULTS

Net sales of Ferreycorp and subsidiaries amounted to US\$ 482.5 million which represents an important growth of 26.2%, compared to 2011 (US\$ 382.4 million). The growth of 20.3% in sales, is lower than 26.2% mentioned before, due to an average exchange rate of S/. 2.585 during fourth quarter of 2012 compared to S/. 2.712 during the same period of the previous year. Most of commercial operations of the company are made in US dollars.

Gross profit during 4Q 2012, amounted to S/. 252.7 million, higher than S/. 189.1 million reported in the previous year, which represents an increase of 33.6%. The increase in gross profit is higher than sales increase, because in percentage terms, gross margin during the fourth quarter was 20.3%, higher than 18.2% reported in the same period of 2011 (see detailed explanation in "Gross Profit").

Operating expenses show an increase of 8.0% (see explanation "Selling and Administrative expenses"), lower than growth in sales.

Operating profit during 4Q 2012 reached S/. 67.3 million compared to S/. 32.0 million during 4Q 2011, an increase of 110.4%. In percentage terms, operating profit in total sales, during 4Q 2012, reached 5.4%, compared to 3.1% reported in the same period of the previous year.

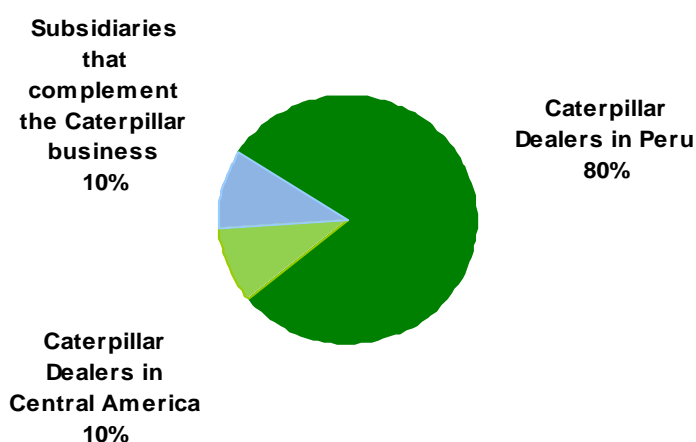
Net profit during 4Q 2012 reached S/. 57.2 million compared to S/. 37.3 million during 4Q 2011, 53.5% higher. In percentage terms, net profit compared to total sales reached 4.3% during 4Q2012, meanwhile in the same period the previous year it was 3.6%.

On the other hand, EBITDA, benefited from the increase in operating profit during 4Q 2012, amounting to S/. 116.2 million (US\$ 45.0 million), 65.8% higher than S/. 70.1 million (US\$ 25.9 millions) compared to the same period of the previous year.

COMMERCIAL MANAGEMENT

Ferreycorp distributes its business in three big divisions: Caterpillar dealers in Peru (Ferreyros, Unimaq and Orvisa), Caterpillar dealers in Central America (Gentrac group) and the ones aimed to offer capital goods and services other than Caterpillar (Motored, Fiansa, Fargoline, Mega Representaciones, Cresko, Ferrenergy, Forbis Logistics, among others).

The graph shows the composition of the corporation sales during 4Q 2012 according to this classification:

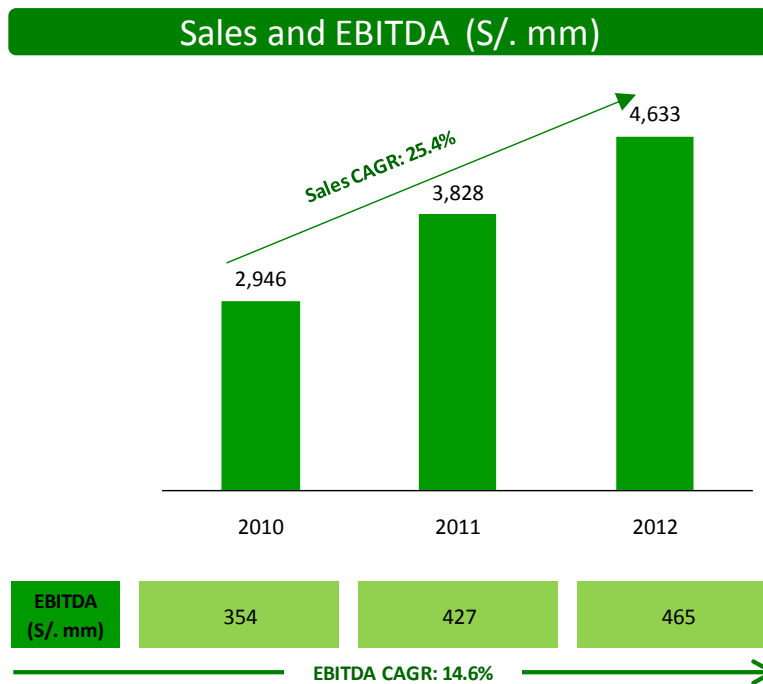
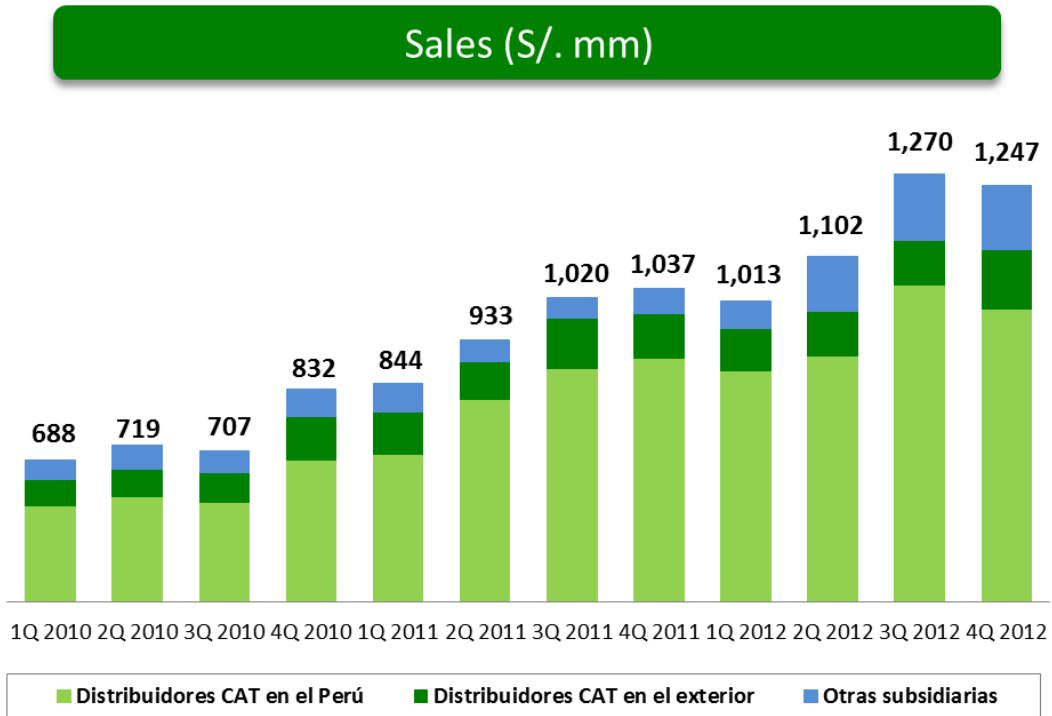


Consolidated Net Sales (S/. In Thousands)

	4Q 2012	%	4Q 2011	%	VAR %	As of 12.31.12	%	As of 12.31.11	%	VAR %
Ferreyros + Ferreycorp	859,465	68.9%	782,178	75.4%	9.9%	3,244,029	70.0%	2,824,782	73.8%	14.8%
Unimaq	95,860	7.7%	79,178	7.6%	21.1%	403,740	8.7%	324,827	8.5%	24.3%
Orvisa	39,980	3.2%	34,235	3.3%	16.8%	164,020	3.5%	133,839	3.5%	22.6%
CAT dealers in Perú	995,305	79.8%	895,591	86.4%	11.1%	3,811,790	82.3%	3,283,448	85.8%	16.1%
CAT dealers abroad	122,282	9.8%	91,131	8.8%	34.2%	390,145	8.4%	355,504	9.3%	9.7%
Motored	55,064	4.4%	-	-	-	172,323	3.7%	-	-	-
Mega Representaciones	33,103	2.7%	28,170	2.7%	17.5%	126,052	2.7%	94,861	2.5%	32.9%
Others (Cresko, Fargoline, Fiansa, Ferrenergy, among others)	41,590	3.3%	22,098	2.1%	88.2%	132,368	2.9%	93,762	2.4%	41.2%
Other subsidiaries	129,758	10.4%	50,267	4.8%	158.1%	430,743	9.3%	188,623	4.9%	128.4%
Total Net Sales	1,247,344	100.0%	1,036,989	100.0%	20.3%	4,632,677	100.0%	3,827,576	100.0%	21.0%

Higher sales showed by some subsidiaries, is basically due to higher market coverage and economic development showed in some economic sectors such as mining, construction, hydrocarbons and marine.

Sales by quarter continue to show a growth trend, as shown in the graph below:



During 4Q 2012, almost all the commercial lines showed an important growth compared to the same period of 2011, noticing an increase of 38.4% in sales of automotive commercial line to economic sectors to which these sales are aimed, such as transport and construction, and the transference of this business exclusively to subsidiary Motored, which was handle until March 31st, 2012 by Ferreyrcorp (former – Ferreyros S.A).

Caterpillar sales also had an increase of 16.8%, explained by higher purchases of the construction sector, which represent 29% of total sales in the 4Q 2012 compared to 19% during the 4Q 2011. In addition, the construction sector has increased the demand for rental and used equipment, which grew 32.6% during this period.

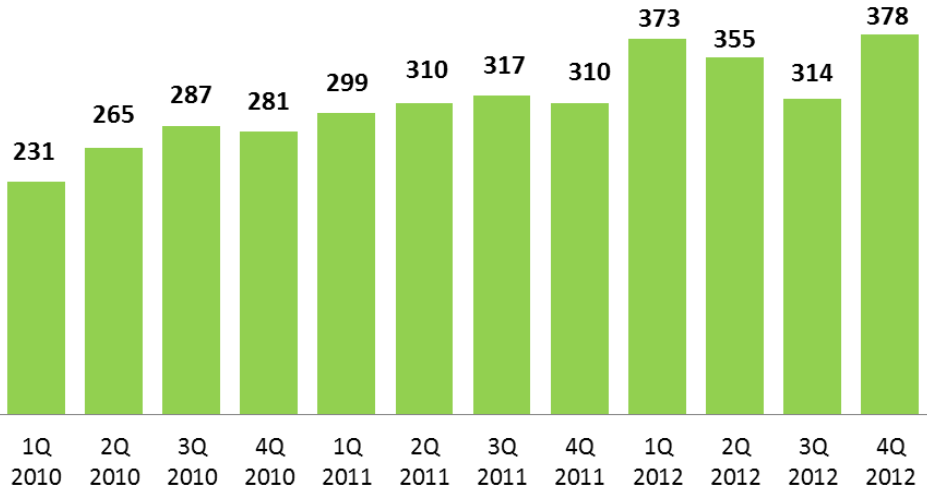
Net Sales by Commercial Line (S/. mm)

	4Q 2012	%	4Q 2011	%	Var
					%
Caterpillar Equipment					
Big Mining (BM)	269	21.6	233	22.5	15.4
Other(NBM)	335	26.9	284	27.4	17.9
	604	48.4	517	49.9	16.8
Agricultural equipment	13	1.1	21	2.1	-37.7
Automotive	50	4.0	36	3.5	38.4
Rental and used	101	8.1	76	7.4	32.6
	769	61.6	651	62.8	18.0
Spare parts and services	378	30.3	310	29.8	22.1
Other sales from local subsidiaries	92	7.4	68	6.6	35.2
Other sales from subsidiaries abroad	9	0.7	8	0.8	9.3
Total	1,247	100.0	1,037	100.0	20.3

Sales of spare parts and services continued their growth trend, showing an increase of 22.1% compared to the same period of 2011, as shown in the graph below. This increase is mainly due to the number of units sold during the last years in the country.

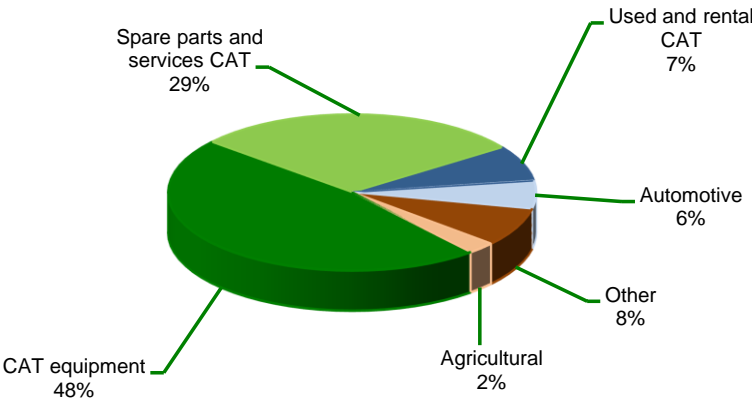
One of the main qualities of the subsidiaries of the corporation is its important post-sale service to its clients, for which it has developed important investments in inventories of spare parts and components as well as modernization of the workshops throughout the country. Additionally, part of this growth is due to the incorporation of the Bucyrus line.

Sales - Spare Parts and Services (S/. mm)



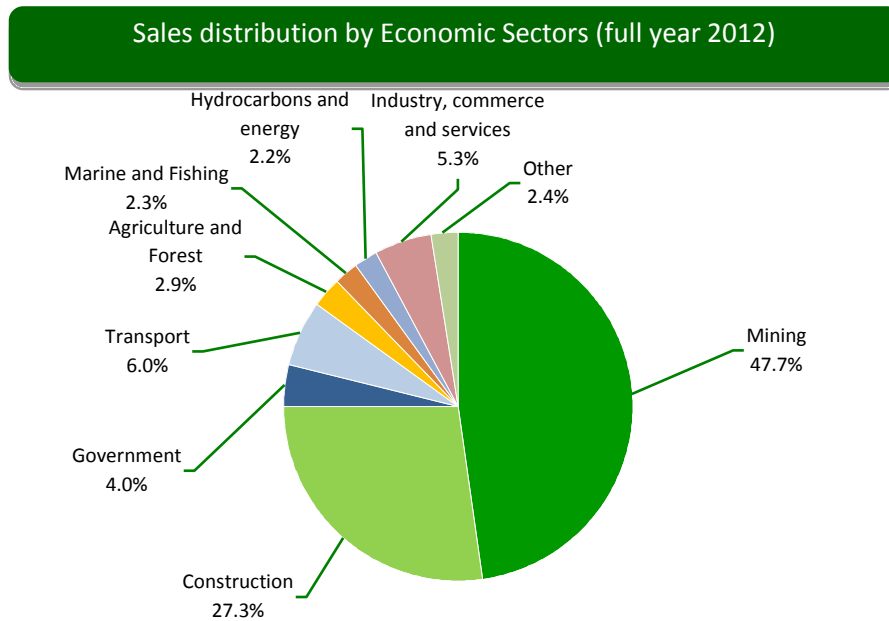
During the full-year 2012, sales from Caterpillar line accounted 84% of the total income of the Company, including machinery and equipment (new, used units and rental) as well as, spare parts and services. It is important to point out that sale of spare parts and services represent 29% of the total sales, is the line of higher profitability to cover infrastructure expenses and higher operating expenses to grant post-sale services with higher quality standards. In addition, is the line of higher growth in the revenue stream, as a result of the large fleet of units sold by Ferreycorp and subsidiaries.

Sales by Commercial Line (full-year 2012)

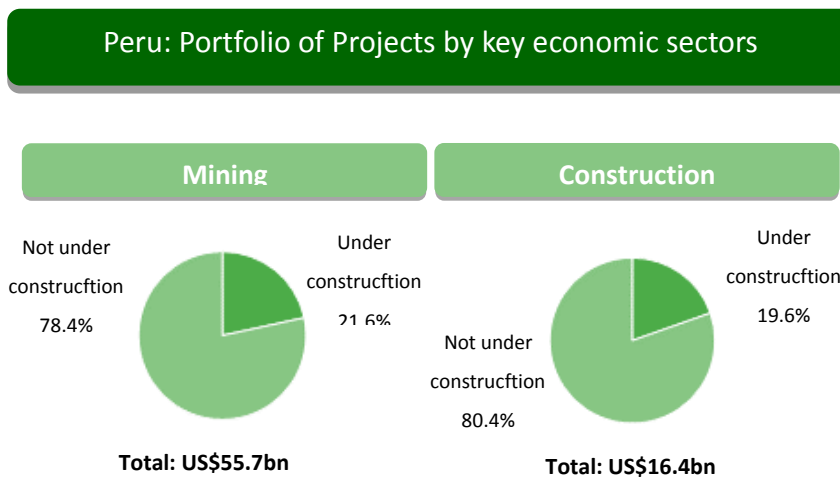


Regarding sales distribution by economic sector, it should be noted that sales to the mining and construction sector have an important share of 48% and 27%, respectively, in total sales of the full-year of 2012.

It is important to mention that the mining sector includes open pit mining companies as well as underground mining companies of long tradition in the country.



Find below future projects of two key economic sectors that the corporation serves: mining and construction, which have been showing a good performance and important growth during the last 10 years.

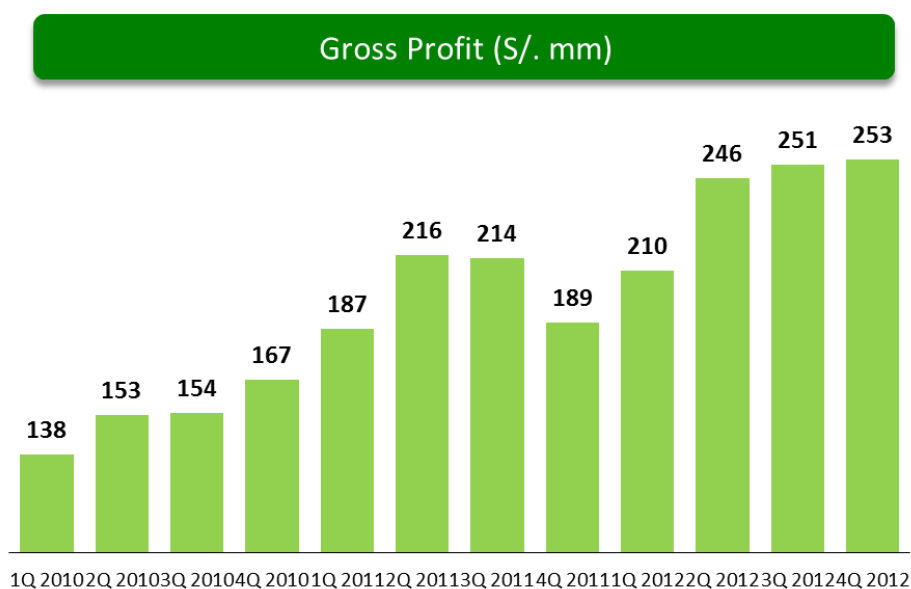


Infrastructure gap of ~ US\$ 90bn

Source: ESAN, Universidad del Pacifico, Apoyo Consultoría October 2012

GROSS PROFIT

Gross profit during 4Q 2012, amounted to S/. 252.7 million, higher than S/. 189.1 million reported in the same period of the previous year, which represents a variation of 33.6%. In percentage terms, gross margin, during 4Q 2012 was 20.3%, higher than 18.2% reported in the same period of 2011.



Gross profit represents sales profit of 17.9%, percentage slightly lower, compared to the previous year. The gross margin is lower than the average for the first three quarters of 2012 (20.9%) due to the following:

- Increase of the share of the big mining equipment in total sales, which due to their volume have a lower margin than the other lines.
- Lower margin in some lines of equipment due to current issues which will not be repeated during 2013.

In addition, other operational income of S/. 29.6 million were recorded due to marketable securities obtained from a subsidiary abroad.

SELLING AND ADMINISTRATIVE EXPENSES

Selling and administrative expenses during 4Q 2012 reached S/. 172.1 million, compared to S/. 159.4 million during the same period of the previous year, which represent an increase of 8.0%, lower than the increase in sales (20.3%).

The increase is mainly explained by:

- An increase in personnel expenses made to support higher sales. However, in the second half of 2012, the rate of recruitment of new staff has significantly.
- Payment granted to personnel made at the end of the year due to the company 90th anniversary.
- An increase IT expenses, mainly:
 - To improve response time nationwide

- Expenses related to Human Resources and CRM (Customer Relationship Management) SAP modules.
- Acquisition of software licenses

Higher expenses in information systems represent a very important qualitative step that will benefit current and future operations of the Corporation.

Selling and administrative expenses during 4Q 2012 represented 14.0% of sales, compared to 15.4% during 4Q 2011.

OTHER INCOME (EXPENSES), NET

During 4Q 2012 this category represents a net expense of S/. 13.4 million compared to a net income of S/. 2.2 million reported in the same period of the previous year. Net expense during 4Q 2012 is mainly due to a provision of S/. 2.3 million made for inventory write-offs, amortization of goodwill of the acquisition of the distribution of the commercial line Bucyrus of S/. 4.7 million and the reversal of a S/. 3.1 million tax credit to a subsidiary as a result of the update of the financial and tax projections of such subsidiary.

FINANCIAL INCOME

Financial income during 4Q 2012, amounted to S/. 5.2 million, lower than S/. 9.6 million reported in the same period of 2011, which is explained by the decrease in sales financed by the company, as a consequence of higher participation of financial institutions in the financing.

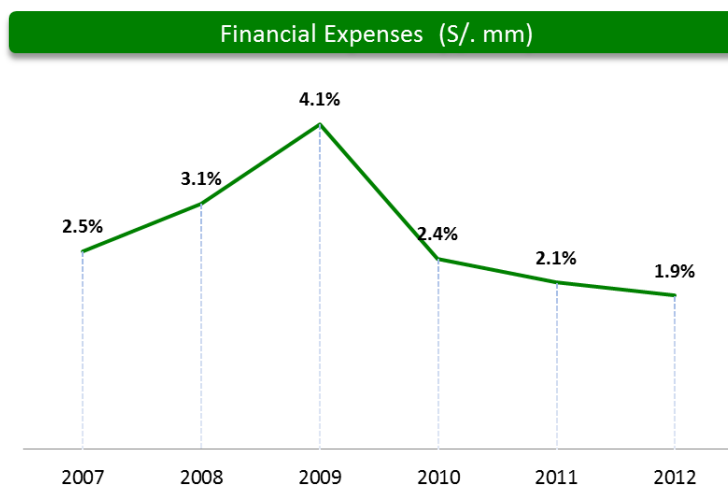
FINANCIAL EXPENSES

Financial expenses during 4Q 2012, amounted to S/. 24.4 million, 10.7% higher compared to S/. 22.1 million in the same period of the previous year, due to an increase of 22.9% in average liabilities subject to interest (S/. 1,930.2 million in 4Q 2012; S/. 1,570.2 million in 4Q 2011), which have been offset by lower interest rates.

The increase in the average financial liabilities is mainly due to higher purchases of inventories to possess the units in the country to assure immediate delivery to clients, higher purchases of rental fleet to satisfy higher demand of this modality of contracting by some clients, and the acquisition of Bucyrus which is part of the brands of Caterpillar products.

However, as shown in the graph below, during the last years, financial expenses decrease as compared to sales.

FOREIGN



EXCHANGE GAIN (LOSS)

Net liabilities in foreign currency during 4Q 2012 represented an exchange gain of S/. 25.2 million, compared to an exchange gain of S/. 35.9 million reported during the same period of the previous year. During 4Q 2012, a 1.82% appreciation of the sol against the US dollar was registered, compared to a higher appreciation of the sol against the dollar of 2.75% during 4Q 2011.

Operations in foreign currency are registered at free market exchange rates. Exchange rates as of December 31, 2012 published by the Superintendencia de Banca, Seguros y AFP registered by the Company in the assets and liabilities accounts are S/. 2.549 per US\$ 1 at exchange rate buy and S/. 2.551 per US\$ 1 at exchange rate sell (S/. 2.695 per US\$ 1 at exchange rate buy and S/. 2.697 per US\$ 1 at exchange rate sell as of December 31st, 2011).

As of December 31st, 2012 and 2011, assets and liabilities in US dollars are as follows:

	12-31-2012 US\$ (000)	12-31-2011 US\$ (000)
Assets		
Cash and equivalent	41,405	17,716
Accounts receivable – trade (Net)	279,340	203,747
Accounts receivable - Other (Net)	54,145	28,040
	<u>374,890</u>	<u>249,503</u>
Liabilities		
Other financial liabilities	(676,511)	(447,987)
Accounts payable - Trade	(105,949)	(100,994)
Salaries, taxes and other accounts payable	(147,109)	(95,944)
	<u>(929,569)</u>	<u>(644,925)</u>
Net	<u>(554,679)</u>	<u>(395,422)</u>

It is important to point out that, although assets and liabilities in foreign currency are recorded according to accounting principles, most sales made by the Corporation are invoice in US dollars; therefore, net liabilities in foreign currency are widely covered by inventories and rental fleet which are in US\$ dollars.

NET SALES

Due to variations previously mentioned, net profit during 4Q 2012 amounted to S/. 57.2 million compared to S/. 37.3 million reported during the same period of the previous year, which represents an increase of 53.5%.

FINANCIAL INFORMATION - ANALYSIS

As shown in appendix 2, total assets as of December 31st, 2012, totaled S/. 4,080.9 million compared to S/. 3,358.9 million reported in the same period of 2011, a net increase of S/. 756 million (21.5%).

The main variations in the asset accounts which explained the increase are: i) an increase of S/. 311.3 million in inventories, due to higher purchases made of machinery, as a consequence of the significant increase in sales to maintain in the country the machinery, equipment and spare parts to assure prompt delivery to clients who demand those products and considering, in some cases, the increase in leading time of some commercial lines, due to higher worldwide demand, as well as the increase in inventories due to the acquisition of the commercial line known before as Bucyrus; ii) an important increase in other non current assets of S/. 144.2 million, basically caused by the goodwill recorded as a result of the acquisition of the distribution and post sale service of the brand Bucyrus in the amount of S/. 141.1 million; and iii) an increase of S/. 73.1 million in account receivables – trade, due to an increase in total sales, mainly during the fourth quarter 2012.

Composition of Ferreycorp and subsidiaries liabilities as of December 31st, 2012, is reported in Appendix 4 and shows the strategy of the Company to diversify financing sources, through local and foreign financial institutions, (including Caterpillar Financial) and issuances in the capital market which have great demand from investors.

LIQUIDITY AND DEBT RATIOS

Current ratio for full year 2012 is 1.39, slightly higher than current ratio of 1.30 registered in 2011.

Likewise, due to the composition of liabilities, which include for full year 2012 higher non financing liabilities compared to 2011.

Financial debt ratio for the full year 2012 registered a decrease from 1.57 in 2011 to 1.18.

Total debt ratio for the full year of 2012 is 1.86 compared to 2.15 during 2011.

Total debt ratio for the full year of 2012 is the result from changes in the Stockholders' Equity, which has shown some significant variations. First of all, it includes the increase in capital made in February of US\$ 62 million. Secondly, it was affected by the distribution of dividends of the previous year according to the dividend policy of Ferreycorp, but then, it was affected by profits during 2012.

Finally, equity of Ferreycorp and subsidiaries for the full year of 2012 includes profit from all subsidiaries of the Corporation.

DIVIDEND POLICY

The dividend policy is the following: to distribute cash dividends equivalent to 5% of nominal value of shares issued at the time the annual shareholders' meeting is call, and up to 50% of net distributable income.

If that 5% of nominal value of shares issued at the time the annual shareholders' meeting is call, is lower than 50% of net distributable income of each year, the shareholders' meeting will approve to distribute higher cash dividends up to 50% of net distributable income."

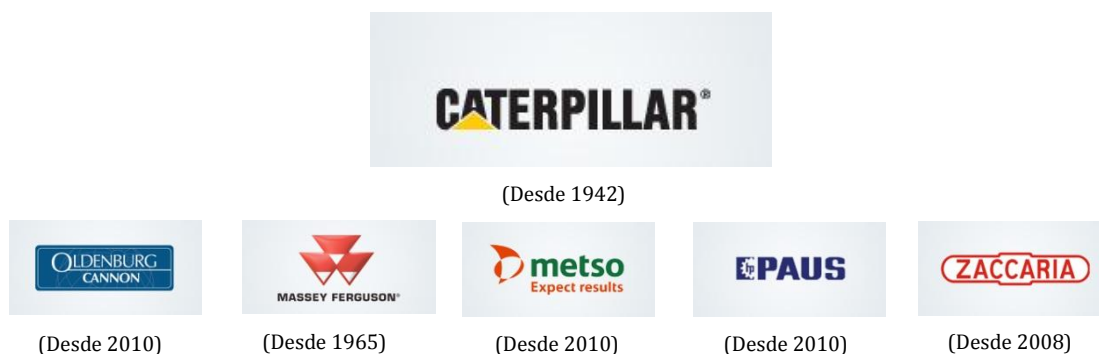
As a consequence, The Annual Shareholder's Meeting held on March 28, 2012, approved to distribute dividends from the net distributable income in the amount of S/. 41,194,156, paid out in June 2012. This amount is higher than the one approved by The Annual Shareholder's Meeting held on March 2011, which approved to distribute dividends from the net distributable income in the amount of S/. 31,857,670, paid out in May 2011.

COMPANY DESCRIPTION - FERREYCORP AND SUBSIDIARIES

As of June 30, 2012 Ferreycorp S.A.A., (former Ferreyros S.A.A.) had two missions. On one hand, had investments in some subsidiaries and on the other hand, had its own business. The last one has been transferred on July 1st, 2012, to the new subsidiary Ferreyros S.A.,

Ferreyros S.A is the subsidiary with higher operation volume of Ferreycorp which mission is to provide its clients with solutions they require by offering them the capital goods and services they need to create value in the markets where they serve. For this purpose, it imports and sells machinery, engines, vehicles and spare parts; leases machinery and equipment, and provides post-sale services including maintenance and repair services. One of the main qualities of the company is its value proposal, having important post-sale service to its clients, for which it has developed large workshops and warehouses as well as personnel throughout the country. Ferreyros S.A permanently executes important investments in training to its technician, as well as in infrastructure for its branches and workshops. Additionally, adapts investments in working capital according to the market conditions.

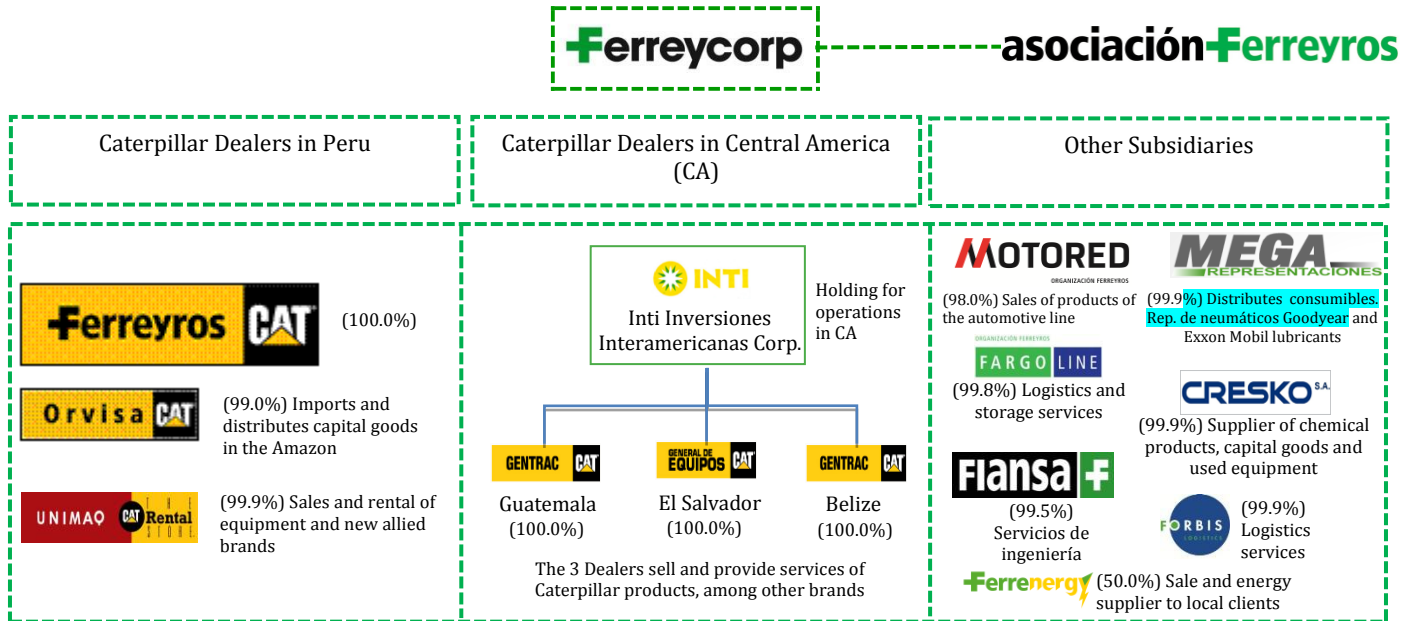
This subsidiary represents leading brands in the market, such as: Caterpillar, Massey Ferguson, Oldenburg, Paus, Metso and Zaccaria, among others, which are addressed to different economic sectors.



Ferreycorp, as the Holding, consolidates the financial results of all the subsidiaries, local and abroad, and gives the policy guidelines for all the companies in the Corporation. Ferreycorp is composed by the subsidiaries, which are listed below, which contribute with higher sales and profits, extend the coverage of market and provide a portfolio of products and services aimed to have broader market coverage and satisfy the clients.

The corporation distributes its business in three big divisions: Caterpillar dealers in Peru, Caterpillar dealers abroad and the ones aimed to offer capital goods and services other than Caterpillar.

According to the Superintendencia del Mercado de Valores nomenclature, Ferreycorp forms economic group with the following companies:



- Inmobiliaria CDR
- Forbis Logistics (USA)

Find below a brief description of the subsidiaries' core business:

Ferreyros S.A., leading importer of capital goods in Peru, handles import and selling of machinery, engines, vehicles and spare parts; leases machinery and equipment, and post-sale services including maintenance and repair services. Until June 30, 2012, this company was in the same parent company which corporate name change from Ferreyros S.A.A. to Ferreycorp S.A.A.

The economic sectors which serve are mining (open pit and underground mining), construction, agriculture, commerce, fishing, industry and energy.

Is has 12 branches, 6 offices and 24 workshops and presence in mining and construction sites with approximately 220,000 m², representing 53% of the total sale area.

Unimaq S.A. started to operate in 1999, company that sells machines, equipment and spare parts, leasing of light equipment and post sale services. Since September 2012, rental fleet amounted to US\$49 million which represent 1238 units. In 2012, income of the rental business amounted to US\$20.3 million. Represents Caterpillar products aimed to serve the general construction. It owns 7 branches.



Orvisa S.A. started to operate in 1973, is the leading importer of capital goods and distributor in the Amazon and one of the companies with greater trading volume in the area. It sells

machinery and earthmoving equipment and forestry use, river engines, agricultural tractors, spare parts and workshop services. It serves to different economic sector such as hydrocarbons, construction, fluvial, forestry and agriculture. It owns 9 branches.



Inti- Inversiones Interamericanas Corp. is a holding company set up in late 2009.

In January 2010, Inti acquired 100% of Gentrac Corporation shares, which also owns Caterpillar's distributors in Guatemala, El Salvador and Belice. The latter, are leaders in their respective countries, in the trading of machinery and equipment. They represent prestigious brands such as Caterpillar, Exxon-Mobil lubricants, Sullair compressors, among others. The core business of the three companies is similar to Ferreyros. Inti serves different economic sectors including mining, construction, energy, agricultural and marine. It owns 7 branches.



Mega Representaciones S.A. started to operate in 2009, is a distributor of Good Year tires and Mobil lubricants in Peru. Develops its activities of sale and service, especially in the mining, construction, transportation, agricultural and industrial economic sectors. It owns 1 branch.



Motored S.A. started to operate in April 2012 to serve clients from the automotive sector. It represents brands such as Iveco, Kenworth and DAF. It has a broader portfolio of spare parts' brands and post sale services. It owns 2 branches with approximately 37,000 m², representing 9% of the total sale area.



Cresko S.A. started to operate in October 2007 offering specialized products to some segments of the construction, mining and agricultural markets that are not covered by Ferreyros or Unimaq. It is the first company of the Corporation to venture into the trading of Chinese products.



Fargoline S.A. is a subsidiary that provides storage services as a temporary warehouse, point of arrival as well as customs warehouse's services, in its new complex located in Gambetta, Callao. It owns 1 branch.

Fiansa S.A. set up in 1967, is a subsidiary of the metal mechanic sector and serves costumers from mining, energy and construction sectors. Sales include income generated by the

construction of metallic bridges, execution of metal works, electrical connections and the manufacturing and assembly of metal structures.

Ferrenergy S.A.C. its shareholders are Ferreyros S.A.A. and Energy International Corporation, with a 50% share each. Energy International is headquartered in the United States. The project undertaken by the company was the steam power plant of Guayabal, which generates electrical power of 18 MVV to be sold to a major oil company under a 5-year contract.

Income Statement (NOTE)

(In thousands of nuevos soles)

	4Q 2012	%	4Q 2011	%	Var	Accumulated as of	%	Accumulated as of	%	Var
					%	12.31.12		12.31.12		%
Net Sales	1,247,344	100.0	1,036,990	100.0	20.3	4,632,677	100.0	3,827,576	100.0	21.0
Cost of sales	-1,024,222	-82.1	-847,852	-81.8	20.8	-3,703,662	-79.9	-3,021,361	-78.9	22.6
Sales profit	223,122	17.9	189,138	18.2	18.0	929,015	20.1	806,215	21.1	15.2
Other operating income	29,616	2.4	-	-	-	29,616	0.6	-	-	-
Gross profit	252,738	20.3	189,138	18.2	33.6	958,631	20.7	806,215	21.1	18.9
Selling and administrative expenses	-172,090	-13.8	-159,390	-15.4	8.0	-648,338	-14.0	-537,045	-14.0	20.7
Other income (expenses), net	-13,363	(1.1)	2,235	0.2	-697.9	-12,339	-0.3	8,578	0.2	-243.8
Operating profit	67,285	5.4	31,982	3.1	110.4	297,953	6.4	277,749	7.3	7.3
Financial income	5,194	0.4	9,637	0.9	-46.1	22,856	0.5	30,505	0.8	-25.1
Gain (loss) to exchange rate	25,187	2.0	35,884	3.5	-29.8	79,199	1.7	47,560	1.2	66.5
Financial expenses	-24,432	-2.0	-22,078	-2.1	10.7	-89,674	-1.9	-79,686	-2.1	12.5
Share in the net result of associated through the equity method	1,722	0.1	1,918	0.2	-10.2	3,124	0.1	8,260	0.2	-62.2
Profit before income tax	74,956	6.0	57,344	5.5	30.7	313,458	6.8	284,388	7.4	10.2
Income tax	-17,740	-1.4	-20,063	-1.9	-11.6	-94,572	-2.0	-89,357	-2.3	5.8
Net profit	57,216	4.6	37,281	3.6	53.5	218,886	4.7	195,031	5.1	12.2
Earning per share	0.075		0.049			0.285		0.258		
EBITDA	116,203	9.3	70,102	6.8	65.8	464,529	10.0	426,771	11.1	8.8

NOTE: Some figures have been reclassified in this document to show direct.order sales in sales and cost of sales. In the income statement presented to SMV, only the gross profit obtained from such operations is included in Other Operating profit.

State of Financial Position

(In thousand of nuevos soles)

	As of 12.31.2012	AS of 12.31.2011	Variation %
Cash and banks	173,337	68,228	154.1
Account receivables - Trade	770,236	647,619	18.9
Inventories	1,534,475	1,223,181	25.4
Accoun receivables - Other	121,204	88,407	37.1
Prepaid Expenses	23,122	17,870	29.4
Current Assets	2,622,373	2,045,305	28.2
Long-term account receivables - Trade	28,229	77,718	-63.7
Long-term account receivables - Other	6,811	8,138	-16.3
Rental Fleet	533,538	503,887	5.9
Other fixed assets	1,066,125	994,425	7.2
	1,599,663	1,498,312	6.8
Accrued depreciation	-436,212	-394,429	10.6
Property, plant and equipment, net	1,163,451	1,103,883	5.4
Investments	70,276	78,294	-10.2
Other non current assets	189,748	45,586	316.2
Non current Assets	1,458,515	1,313,619	11.0
Total Assets	4,080,888	3,358,924	21.5
Short-term debt	361,834	314,717	15.0
Other current liabilities	1,522,739	1,261,113	20.7
Current Liabilities	1,884,573	1,575,830	19.6
Long-term debt	718,579	676,632	6.2
Liabilities due to taxes to deferred earnings	36,875	33,551	9.9
Total Liabilities	2,640,027	2,286,013	15.5
Deferred Income	17,688	7,525	135.1
Equity	1,423,173	1,065,386	33.6
Total Liabilities and Equity	4,080,888	3,358,924	21.5
Other financial information			
Depreciation and amortization (figures accumulated at the end of the period)	140,596	110,257	
Financial Ratios			
Current ratio	1.39	1.30	
Financial debt ratio	1.18	1.57	
Indebtedness ratio	1.86	2.15	
Book value per share	1.77	1.71	

NET SALES

(In thousand of nuevos soles)

	4Q 2012	%	4Q 2011	%	Variation %	Accumulated as of 12.31.2012	%	Accumulated as of 12.31.2011	%	Variation %
Caterpillar Equipment										
Big Mining (BM)	269,002	21.6	233,062	22.5	15.4	733,247	15.8	490,374	12.8	49.5
Other(NBM)	334,987	26.9	284,247	27.4	17.9	1,457,521	31.5	1,301,609	34.0	12.0
	603,989	48.4	517,310	49.9	16.8	2,190,769	47.3	1,791,983	46.8	22.3
Agricultural equipment	13,351	1.1	21,444	2.1	-37.7	80,556	1.7	71,910	1.9	12.0
Automotive	50,085	4.0	36,199	3.5	38.4	225,823	4.9	139,043	3.6	62.4
Rental and used	101,351	8.1	76,444	7.4	32.6	344,367	7.4	280,835	7.3	22.6
	768,777	61.6	651,396	62.8	18.0	2,841,514	61.3	2,283,771	59.7	24.4
Spare parts and services	377,789	30.3	309,533	29.8	22.1	1,420,046	30.7	1,252,249	32.7	13.4
Other sales from local subsidiaries	92,200	7.4	68,215	6.6	35.2	336,129	7.3	255,743	6.7	31.4
Other sales from subsidiaries abroad	8,578	0.7	7,845	0.8	9.3	34,988	0.8	35,813	0.9	-2.3
Total	1,247,344	100.0	1,036,989	100.0	20.3	4,632,677	100.0	3,827,576	100.0	21.0

SALES BY ECONOMIC SECTOR (In percentage)

	4Q 2012	4Q 2011	Accumulated as of 12.31.12s	Accumulated as of 12.31.11s
Mining	48.8%	58.7%	47.7%	49.7%
Construction	28.8%	18.8%	27.3%	27.3%
Government	4.1%	6.4%	4.0%	2.4%
Transport	5.3%	5.8%	6.0%	5.3%
Industry, commerce and services	4.7%	2.4%	5.3%	5.0%
Agricultural and forestry	2.1%	2.3%	2.9%	2.7%
Fishing and marine	1.9%	1.7%	2.3%	2.3%
Hydrocarbons and energy	1.5%	2.1%	2.2%	2.4%
Other	2.8%	1.8%	2.4%	2.9%
Total	100.0%	100.0%	100.0%	100.0%

Total Liabilities as of December 31,2012

(In thousand of US Dollars)

	Total Liabilities	Current Liabilities	Long-term liabilities		(A)
			Current part	Long term	Financial Liabilities
Local banks (short term)	159,602	159,602	-	-	159,602
Foreign banks (short term)	77,228	77,228	-	-	77,228
Local banks (long term)	120,089	-	41,277	78,812	120,089
Foreign banks (long term)	6,383	-	1,446	4,936	6,383
Local banks (long term) (Leasing)	23,763	-	12,593	11,170	23,763
Suppliers:					
Accounts payable to Caterpillar (Invoice)	21,863	21,863	-	-	-
Accounts payable to Caterpillar	66,003	66,003	-	-	66,003
Other	86,274	86,274	-	-	1,672
Corporate bonds	74,666	-	49,256	25,410	74,666
Caterpillar Financial	198,625	-	37,269	161,356	198,625
Other liabilities	200,403	200,403	-	-	-
Total (US\$)	1,034,899	611,373	141,841	281,685	728,031
Total (S/.)	2,640,027	1,559,615	361,834	718,578	1,857,208

(A) Generate interest payment