

+ferreycorp

90

+ferreycorp

90

RESPONSIBILITY

STATEMENT

Annual Report 2012

This document contains accurate and sufficient information regarding business development of Ferreycorp S.A.A. during 2012.

Without prejudice to the responsibility that falls upon the issuer, the signatories are responsible for its content according to the applicable legal provisions.

Mariela García Figari de Fabbri
Ferreycorp
General Management

Patricia Gastelumendi Lukis
Attorney-in-fact of Ferreycorp
Administration and Finance

Hugo Sommerkamp Molinari
Attorney-in-fact of Ferreycorp
Management control and Systems

Giovanna Cárdenas Ramírez
Attorney-in-fact of Ferreycorp
Accounts

Lima, 26th March 2013

01	02	03	04	05	06	07	08	09
10	11	12	13	14	15	16	17	18
19	20	21	22	23	24	25	26	27
28	29	30	31	32	33	34	35	36
37	38	39	40	41	42	43	44	45
46	47	48	49	50	51	52	53	54
55	56	57	58	59	60	61	62	63
64	65	66	67	68	69	70	71	72
73	74	75	76	77	78	79	80	81
82	83	84	85	86	87	88	89	90

OUR TRAJECTORY

90

YEARS OF
BUILDING

For many decades now, Ferreycorp companies have contributed to many stories of progress and success in each of the sectors upon which Peru's development is based.

90

YEARS OF
GROWTH

In a country of continual development, in expanding markets and beyond Peru's borders, Ferreycorp seizes opportunities to grow and to create more value.

90

YEARS OF
LEADERSHIP

Year after year, Ferreycorp reaffirms its leadership in Peru with first-class products, services and skills for its clients. It also takes this approach abroad to continue leaving its mark.

90

YEARS OF
TEACHING

In order to strengthen its human resources, Ferreycorp helps to train its own collaborators and those of its clients and, through Asociación Ferreyros and a number of social responsibility programs, young people throughout the country.

90

YEARS OF
UNDERTAKING

From extending its portfolio of products and services to starting new businesses in Peru and abroad, Ferreycorp's strategic initiatives include reinvesting its profits with a view to future success.

90

YEARS OF
DYNAMISM

The Ferreycorp business strategy stimulates its own dynamism, which is reflected in accumulated sales growth. Since 2002, the corporation's income has tripled every five years.

90

YEARS OF
HARD WORK

The corporation seeks to make a positive impact on all its stakeholders, from collaborators, shareholders and suppliers to clients, providing support wherever they are.

90

YEARS OF
INNOVATION

The history of Ferreycorp is marked by innovation and continual improvement, which today can be seen in the high standards of service offered by the corporation in each of the countries in which it operates.

90

YEARS OF
CELEBRATION

After nine decades of history, the Ferreycorp corporation commemorates and celebrates its past achievements and prepares for the challenges of the future, with the values that have sustained it throughout its trajectory.

CONTENTS

P.12

LETTER FROM
THE CHAIRMAN

P.26

GROUP COMPANIES
**AND DEFINITION OF
THE ECONOMIC
GROUP**

P.40

COMMERCIAL
OPERATIONS
MANAGEMENT

P.62

ORGANIZATION
**AND HUMAN
RESOURCES**

P.80

FINANCIAL
MANAGEMENT

P.90

MANAGEMENT
ANALYSIS AND
DISCUSSION
**ABOUT FINANCIAL
STATEMENTS**

P.106

SOCIAL
RESPONSABILITY

P.116

CORPORATE
GOVERNANCE

P.154

ANNEXES

90 YEARS OF

BUILDING

**FOR MANY DECADES NOW, FERREYCORP
COMPANIES HAVE CONTRIBUTED TO
MANY STORIES OF PROGRESS AND
SUCCESS IN EACH OF THE SECTORS UPON
WHICH PERU'S DEVELOPMENT IS BASED.**



LETTER FROM THE CHAIRMAN

— Fiscal year 2012 was a turning point in the history of our business.

After 90 years of trading, Ferreyros became Ferreycorp, a step forward into our vision of the future and evidence of our great commitment to the countries in which we operate. Today the corporate structure is clearer to shareholders, clients, suppliers, our principals and our own collaborators. The corporation's companies are now in a better position from which to continue growing and serving their clients in an environment that is full of opportunities. Equally, it enables each one of our subsidiaries to focus clearly on their businesses and at the same time to take advantage of synergies between them and, with a better understanding of their clients.



The 2012 reorganization also included splitting off the vehicle business into a new subsidiary called Motored. The corporation's businesses are now better able to meet the needs of their clients, offering a complete range of machinery, equipment, services and materials with personnel having considerable knowledge, experience and commitment. The celebration of 90 years in business was the opportunity to recall the corporation's long history, characterized by continual changes and adaptation to its environment, in order to guarantee its sustainability and repeated success. Outstanding leadership and continual expressions of satisfaction by its clients have been the norm since the company was founded by five men as an importer and distributor to the corporation it has now become, owned by more than 3,000 shareholders and a centre of the capital goods business for all sectors of Peru's economy.

This celebration also gained the corporation expressions of appreciation and satisfaction with its achievements from its principals. In particular, the President of Caterpillar, Mr. Doug Oberhelman praised Ferreyros as its representative for 70 years and as one of the world's leading Caterpillar distributors. The other companies represented by us, all of which enjoy worldwide prestige, also acknowledged Ferreyros and expressed their satisfaction with the work of our subsidiaries in distributing their brands.

2012 was a year in which Peru continued to grow at a significant rate, above the regional average and that of the world's developed economies. Peru grew by 6.3% in 2012, with the construction, services and trading sectors well to the fore, growing at 15.2%, 7.4% and 6.7% respectively, as did mining, which continued as a major contributor to GDP. Also during the year, despite some social conflicts arising from certain projects, business confidence in Peru according to the Central Bank's index of economic expectations, remained optimistic rising from 57 points in January 2012 to 64 points at the end of the year. This will have a highly favorable impact on the decisions needed to pursue new investment projects in Peru. During 2012 confirmation was received of an important portfolio of mining projects valued at US\$ 60 billion, while Peru's infrastructure gap was quantified as around US\$ 80 billion. Nevertheless, concern on the part of some mining companies at the social conflicts in certain regions of Peru cannot be ignored, but fortunately it is not affecting other projects, whose future appears to be assured.

The more or less generalized growth in different productive sectors of the economy, as well as the high proportion of private investment, at 24% of GDP, enabled the corporation to continue to grow at a considerable rate, as it has done over the last ten years. The consolidated income of Ferreycorp amounted to S/. 4,670 million, equivalent in United States dollars, including sales recorded in that currency, to around US\$ 1,755 million. Growth, it should be pointed out, was 26% compared with 2011 and 700% over the last ten years. Its principal subsidiary, Ferreyros, generated outstanding sales of US\$ 1,238 million. Earnings by the corporation's other companies was US\$ 517 million.

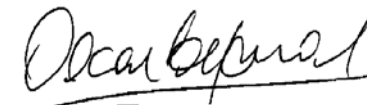
This positive performance was the result not only of a strong market presence by the corporation's companies and the acquisition of new clients, but also the incorporation of new businesses that also guarantees growth in the future. One such was the acquisition from Caterpillar of the distribution and after-sales service business for mining machinery of the former Bucyrus brand, which was itself recently acquired by Caterpillar. This was the most important transaction in the history of Caterpillar and, therefore, in that of its distributors, as it completed a wide-ranging portfolio of products for the mining industry. For us it means an important increase in our offer to our mining clients.

In order to complement this business growth, the corporation increased its capital in January and February 2012 through an issue agreed by the shareholders at the previous year's AGM. This issue was worth S/. 170.5 million, equivalent to US\$ 63 million of fresh capital, almost all of which was provided by the shareholders, who exercised their rights of first refusal in an act of confidence in the future of the corporation. We would point out that this increase in capital is the first since 1997, meaning that the high growth in sales over this 15 year period has created profits for Ferreycorp.

Then in March, the shareholders capitalized 71% of freely available profits from 2011 to be reinvested in the corporation's business, thus S/. 104 million were retained to finance growth. Shares equivalent to 15% of existing shares were released and cash dividends representing 6% of the company's capital were paid out. The consolidated profits of the corporation in fiscal year 2012 were of the order of S/. 220 million, representing a profitability of 27% of capital at the beginning of 2012. The 2012 AGM also agreed to an international corporate bond issue to continue financing the growth of our businesses in a more efficient manner, with longer maturities in accordance with project lives. When preparing the operation during the course of the year, the management proposed a series of modifications, which will be put to this AGM.

As I submit this report on the performance and results of 2012 and at the beginning of a year that once again presents great opportunities, I must reiterate our thanks to the shareholders for their confidence in the board of directors, to our clients for their loyalty and continued preference, to Caterpillar and the others prestigious companies we represent for their continued support, and to those who have provided us with financial support. I would, of course, also like to thank our managers and collaborators in general, without whose loyal and efficient labor we would not have been able to achieve our goals.

Let me therefore commend to the shareholders the "Annual Report for 2012" drawn up by the management and approved by the board of directors at a meeting on the 27th of February 2013, as well as the financial statements prepared in accordance with Conasev Ruling N° 141.98 EF/94.10, covering the submission of companies' annual reports, including an obligatory declaration of responsibility.



Óscar Espinosa Bedoya

BOARD OF

DIRECTORS



RAÚL ORTIZ DE ZEVALLOS FERRAND
EDUARDO MONTERO ARAMBURÚ

RICARDO BRICEÑO VILLENA
JUAN MANUEL PEÑA ROCA
CARLOS FERREYROS ASPÍLLAGA

ÓSCAR ESPINOSA BEDOYA
CARMEN ROSA GRAHAM AYLLÓN
MANUEL BUSTAMANTE OLIVARES

ALDO DEFILIPPI TRAVERSO
ANDREAS VON WEDEMEYER KNIGGE

90 YEARS OF

GROWTH

**IN A COUNTRY OF CONTINUAL
DEVELOPMENT, IN EXPANDING MARKETS
AND BEYOND PERU'S BORDERS, FERREYCORP
SEIZES OPPORTUNITIES TO GROW AND TO
CREATED MORE VALUE.**



GROUP COMPANIES AND DEFINITION OF THE ECONOMIC GROUP

— In its 90 year history Ferreycorp has experienced a series of transformations aimed at equipping it for changing circumstances and better enabling it to meet the many needs of its clients, to continue to create jobs and to ensure an attractive return on investment for its shareholders.



The corporation was founded and incorporated in 1922. In its early years the company distributed a number of household products, many of which were imported, establishing close links with manufacturers in different parts of the world. In 1942 it began representing Caterpillar in Peru, a relationship that has strengthened over 70 years. The corporation's work has been recognized by its most important principal, a world leading machinery manufacturer.

Throughout this long period, the corporation has acquired other important principals and has built an unbeatable presence throughout Peru, becoming the undisputed leading provider of capital goods and related services. As Ferreyros was consolidating its portfolio of highly prestigious products and brands, it incorporated new businesses through a number of subsidiary companies that were either created or acquired. It is worth emphasizing the recent internationalization of the corporation as it has taken over Caterpillar distribution in Central America, putting its skills and knowledge accumulated over the years at the service of our brands in new territories with a potential for growth.

Since the 1990s, the corporation's companies have concentrated on the provision of capital goods and complementary services, which are used by its clients in extractive industries such as mining, oil and fishing, productive activities such as agriculture and manufacturing, and in tertiary sector activities such as construction, energy, trade and transport.

2012 saw a reorganization of the company that resulted in a structure headed by a holding company, Ferreycorp, and a number of subsidiaries, each one of which concentrates on a particular business and specialization in the field of capital goods and related services.

As part of this reorganization, a subsidiary named Ferreyros S.A. was created in July 2012, to take over the commercial operations of the company formerly known as Ferreyros S.A.A. and concentrate exclusively on the business, rather than the parent company role it played earlier. The size of its business means that Ferreyros S.A. is today the corporation's largest company.

Similarly, a new subsidiary called Motored was created in April 2012, specializing in the vehicle market and taking over a division that previously formed part of Ferreyros S.A.A.

The following illustration provides a better understanding of the change.

Before July 2012	After July 2012
Ferreyros S.A.A. is the parent company and is quoted on the stock exchange	Ferreycorp S.A.A., the new name of Ferreyros S.A.A., takes on the role of parent company and is quoted on the stock exchange
Ferreyros S.A.A. is also the principal operating company.	Ferreyros S.A., subsidiary with a new trading name, takes on the role of principal operating company
Furthermore, its Vehicle Division, Ferreyros S.A.A. serves that sector.	The Motored S.A. subsidiary sells goods and services for the automotive sector

Therefore various parts of this report mention Ferreycorp S.A.A. as the former Ferreyros S.A.A. Similarly, when Ferreyros S.A. is mentioned, this means the new subsidiary responsible for the commercial activities of the former Ferreyros S.A.A..

See the chapter entitled "Financial Management" for more details of the reorganization.

HISTORICAL SUMMARY

Ferreycorp S.A.A. (formerly Ferreyros S.A.A.) was founded in 1922 by Enrique Ferreyros Ayulo and four partners, to distribute consumer products. Over the years the company traded under several names, the first being Enrique Ferreyros y Cía. Sociedad en Comandita. In 1942, it entered the capital goods market when it became the Caterpillar Tractor, which signified an about-tern in the company's activities. From then on it consolidated its operations in two large business units: consumer goods and capital goods. Also, in this decade the company began to decentralize, opening offices in provincial towns.

In 1962, in order to expand the company, the shareholders decided to register its shares on Lima Stock Exchange (LSE) thus laying the foundations for a diversified shareholder base; today the company has more than 3,000 shareholders. During this decade, with a view to achieving greater coverage in order to sell its products, continued its decentralization and created a number of affiliated companies.

At the end of the 90s, Ferreyros left the consumer goods market and decided to concentrate on what is now its main business: capital goods; it took on the representation of other products to complement its Caterpillar line. This enables it to provide better service to its clients in the different sectors of the economy. In the 1990s the company decided to increase its range of products and, in addition to the sale of new units, to rent equipment and sell used machinery. At the same time, it began to sell to open pit mining operations that had recently been offered on concession or been privatized, and imported the first Caterpillar off-highway mining trucks.

In 1994 it entered the capital market with a corporate bond issue and commercial paper. The company soon became an important participant, leading to much success and a high level of demand from investors. From 1995 onwards the company made significant investments to improve its office and workshop infrastructure, as well as to train its service personnel to perform maintenance and repair contracts covering the large fleet of mining trucks that were being imported to operate in large open pit mines developed thanks to the concessions granted during the wave of privatization of state mining companies in the 90s. Furthermore, after a few years decided to start selling machinery for underground mining after the purchase made by Caterpillar.

In response to growth, in 1997 the company had a successful share issue both in Peru and abroad, which enabled it to increase its capital by 22 million dollars.

From 1998 to 2001 a serious contraction in the economy reduced sales. In this context it brought its organization and financing into line with the new market dimensions while remaining loyal to its clients during Peru's period of crisis.

Between 2002 and 2010 Ferreyros expanded rapidly, thanks to the incorporation of new products and services, as well as the acquisition of clients with large investment projects in Peru in the mining, energy and oil sectors and the creation of new infrastructure. In addition, Ferreyros expanded its client base. All of this was possible because of the company's investment in infrastructure, systems and training for its personnel.

As far as corporate matters are concerned, the subsidiaries have seen strong growth since 2002. At present, Ferreycorp's subsidiaries other than Ferreyros S.A. handle 30% of the corporation's business, complementing the products offered by the main subsidiary -which is responsible for the majority of turnover- to its clients.

In 2010, Ferreyros began its international expansion with the acquisition of Gentrac Corporación in Panama, owner of the Caterpillar distributors in Guatemala, El Salvador and Belize.

2012 saw the creation of Ferreycorp, to enable greater future growth of all the subsidiary businesses and, at the same time, to entrench specialization in certain activities.

In the same year, Ferreyros S.A., the principal subsidiary, incorporated a new line of mining machinery, which, together Caterpillar, its major line, provides the most complete range of machinery and equipment for that sector.

OBJECTIVE OF THE CORPORATION

The objective of the Ferreycorp corporation is, through its subsidiaries, to meet the growing needs of its clients in the most dynamic sectors of the economy, providing capital goods from leading manufacturers and a series of services leading to greater efficiency and productivity. Ferreycorp companies seek to increase value for their clients through an ever more comprehensive portfolio of products and services based on the development or acquisition of new and related lines having a high degree of synergy with the main business, which is capital goods.

Corporation subsidiaries generate business by creating new capacities or acquiring existing companies, reducing the learning curve whenever necessary.

It should be pointed out that in addition to contributing sales and earnings to the company, the subsidiaries increase market coverage and complement the solutions that the organization as a whole provides. In virtue of this, many clients of the principal subsidiary, Ferreyros, receive goods and services from other company corporation companies.

Thus, the knowledge that the corporation acquires about its clients and their critical success factors, is made available to other subsidiaries that are able to meet clients' other needs, thus facilitating the work of selling capital goods. In this manner we seek to meet as wide a range of clients' needs as possible through the corporation's different businesses, using the one stop shop philosophy, providing, in other words, a single point of service for their needs. The subsidiary companies complement their coverage and logistics, among others capacities, achieving synergy that favors the corporation's clients.

Ferreycorp's business strategy, in addition to achieving efficiencies for its clients, aims to stimulate and expand its own business, as it has done over the last ten years, during which sales have increased by 700%.

BUSINESS DIVISIONS AND THE COMPANIES BELONGING TO THEM

The Ferreyros Organization separates its businesses into three large divisions:

- **One division made up of companies representing Caterpillar and allied brands in Peru: Ferreyros, Orvisa and Unimaq.**

- A division consisting of companies representing Caterpillar and allied brands abroad: Corporación General de Tractores (Gentrac), in Guatemala; Compañía General de Equipos (Cogesa), in El Salvador; and General Equipment Company Limited (Gentrac), in Belize, which are all consolidated into Inti, the corporation's holding company for its non-Peruvian companies.

- The third includes companies that offer complementary goods and services for different productive sectors: Motored, Cresko, Mega Representaciones, Fiansa, Ferrenergy, Fargoline and Forbis Logistics.

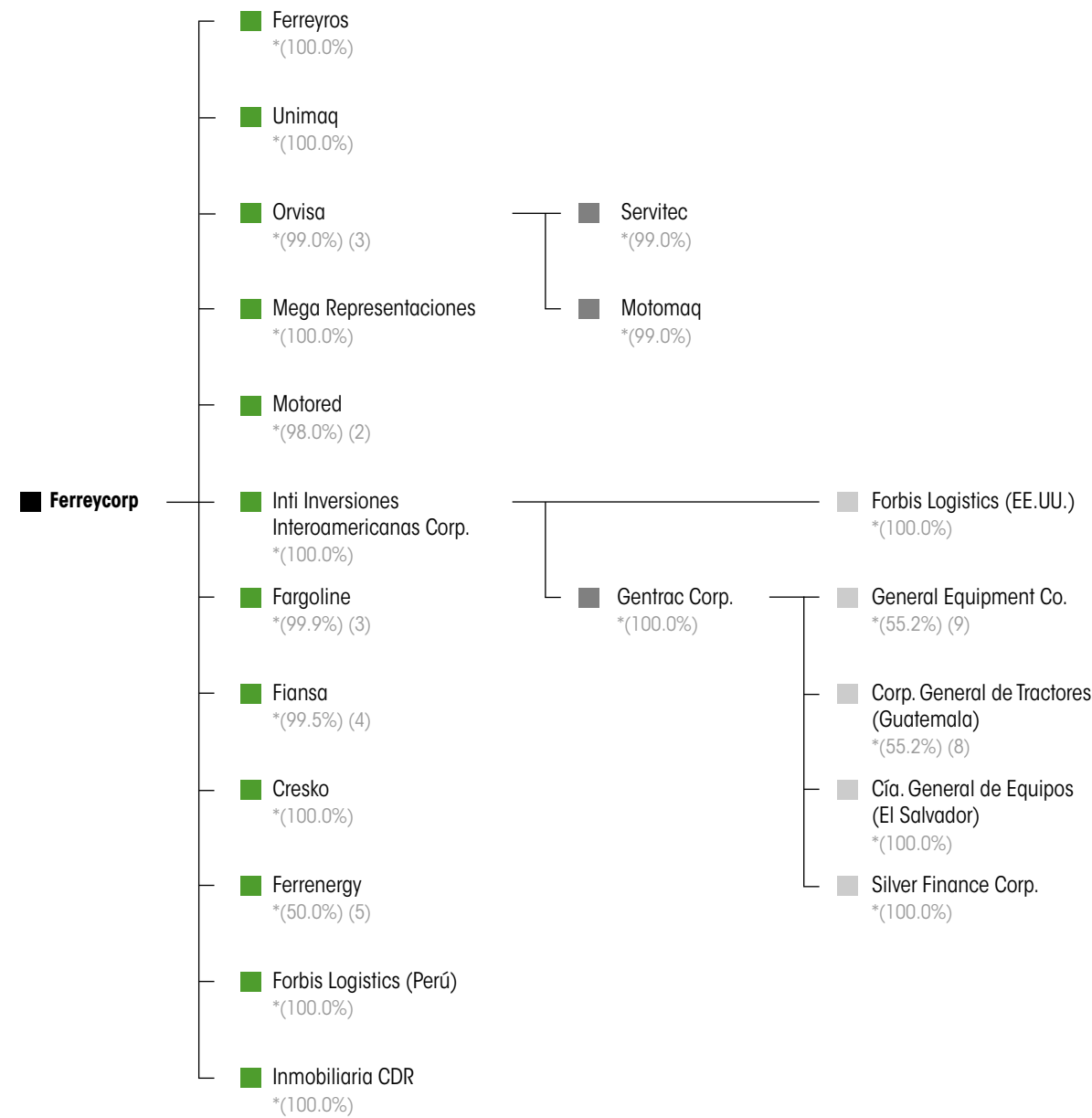
As assets of Ferreyros, its shares in its subsidiaries are recorded in the financial investment account. In accordance with the definition of "economic group" as used by Conasev, Ferreyros forms an economic group with the following subsidiaries:

- **Ferreyros S.A.**
- **Unimaq S.A.**
- **Orvisa S.A., which also owns:**
 - Orvisa Servicios Técnicos
 - Motomaq
- **Ferrenergy S.A.C.**
- **Motored S.A.**
- **Mega Representaciones S.A.**
- **Cresko S.A.**
- **Fiansa S.A.**
- **Fargoline S.A.**
- **Forbis Logistics S.A.**
- **Inmobiliaria CDR S.A.C.**
- **Inti Inversiones Interamericanas Corp., which in turn owns:**

Gentrac Corporation, which in turn owns:

- Cogesa
- Gentrac
- Gentrac Belize
- Silver Finance Corp.
- Forbis Logistics

The corporation's consolidated sales in fiscal year 2012 were US\$ 1,755 million. The companies representing



*Percentage of shares held by direct majority shareholder.

- (1) Ferreyros holds 1.0%
- (2) Unimaq holds 2.0%
- (3) Orvisa holds 0.1%
- (4) Orvisa holds 0.5%
- (5) Energy International Corporation holds 50.0%
- (6) Ferreycorp holds 1.0%
- (7) Servitec holds 1.0%
- (8) Cia. General de Equipos holds 44.8%
- (9) Cia. General de Equipos holds 44.8%

Caterpillar and allied brands in Peru (Ferreyros, Unimaq and Orvisa) generated 82% of consolidated sales, amounting to US\$ 1,444 million, whilst those selling Caterpillar and allied brands abroad (Gentrac in Guatemala, Cogesa in El Salvador and Gentrac in Belize) were responsible for 8% of sales, amounting to the equivalent of US\$ 148 million. Finally, those companies complementing the supply of goods and services for different market sectors (Motored, Cresko, Mega Representaciones, Fiansa, Ferrenergy, Fargoline and Forbis) contributed 10% of sales, amounting to a total of US\$ 163 million.

A brief summary of each of the main subsidiary companies is given below.

COMPANIES REPRESENTING CATERPILLAR AND ALLIED BRANDS IN PERU

In Peru, Ferreycorp has developed three channels through which to sell its portfolio of Caterpillar and other brands to its clients, in response to the wide range of products and the different industries and geographical areas in which its clients operate.

The three channels described above are based on the values of the corporation and all offer the same commercial positioning: based upon the goods and services sold by the corporation, providing integral solutions to the specific needs of each client, optimizing their production in order to give the most efficient total cost in their respective activities.

Ferreyros S.A.

Ferreyros S.A., the principal company of the corporation and leader in sales of capital goods and services in Peru, changed its name in 2012 from Ferreyros S.A.A. became Ferreycorp S.A.A. and was assigned the Caterpillar and allied brands distribution business.

The company, which is the undisputed leader in the local capital goods market, became responsible for sales of Caterpillar machinery and equipment on the 1st of July 2012, as well as those of allied brands, such as Metso crushers, Terex cranes, Paus underground mining equipment and Oldenburg underground drilling machines. It also distributes Massey Ferguson and Landini equipment, among others, to the farm sector.

It has the corporation's highest turnover and more than 3,700 collaborators at the close of 2012. Furthermore, it is the subsidiary with the most extensive infrastructure in Peru, including more than 60 points of contact to guarantee excellent coverage for prompt and high-quality after-sales service to its clients.

Unimaq S.A.

Unimaq was created in 1999 as part of an initiative by Ferreyros to enter new segments of the market with lightweight equipment and new allied brands. Its business revolves around the sale and rental of light equipment for construction, manufacturing and mining; it also offers equipment for other sectors such as fishing and farming. From its inception it has represented quality products such as Mitsubishi - CAT fork-lift trucks, Wacker compacting equipment, Lincoln Electric welding sets, Olympian- CAT generating sets, Amida lighting towers, Enerpac hydraulic tools, Compar compressors and Carmix concrete mixers. It should be noted that Unimaq remains the local market leader in almost all of these lines.

At present Unimaq is the company unit almost exclusively responsible for supplying the urban or light construction market, to which it offers the Caterpillar light equipment line -previously sold by Ferreyros- and includes the "The Cat Rental Store" business unit". Its business model aims to provide integral solutions to clients involving both sales of new and used equipment and leasing, all accompanied by first-class after sales service. Thanks to Unimaq's growth in recent years, it has created its own branches -separate from those of Ferreyros- in the country's main cities, in order to provide more precise service to its clients. Unimaq currently has branches in Piura, Cajamarca, Trujillo, Huancayo, Arequipa and Ilo.

Orvisa S.A.

With 38 years of uninterrupted operation, Orvisa is the biggest importer and distributor of capital goods in the Peruvian Amazon. Since the company was founded in 1973 on the initiative of Ferreyros, it has concentrated on providing unique solutions to the different requirements of its clients operating in that part of the country, which has also enabled it to take advantage of the tax benefits applicable to the zone and to provide a high-quality, on-site service, thus gaining an operational advantage.

Its head office is in the city of Iquitos and it has branches in Pucallpa and Tarapoto. It also has offices in Yurimaguas, Huánuco, Tingo María, Bagua and Madre de Dios, and provides specialized services to oil industry clients in the Andoas and Trompeteros blocks. Finally, it has an active presence in the development of representative projects throughout the Amazon area.

At present, Orvisa gives priority to clients in the hydrocarbons and energy, river transport, construction, forestry and agriculture sectors. In most cases it offers the same products and services as Ferreyros. Occasionally it supplies certain additional prestige products for specific use in the jungle.

COMPANIES REPRESENTING CATERPILLAR AND ALLIED BRANDS OUTSIDE PERU

The corporation took a strategic step in 2010: it expanded its operations outside Peru through the acquisition of distributors of Caterpillar and allied brands in Guatemala, El Salvador and Belize.

Inti Inversiones Interamericanas Corp.

In response to an invitation to take over the representation in Guatemala, El Salvador and Belize, in 2010 Ferreyros extended its operations abroad through the acquisition of three Caterpillar distributors in Central America. These distributors were acquired through Inti Inversiones Interamericanas Corp. de Panama, a company 100% owned by Ferreyrcorp, which is the holding company for businesses in Central America and also consolidates the results of the operations in three countries; it also invests in the acquisition and creation of companies outside Peru.

A brief summary of the companies acquired in Central America is given below:

Corporación General de Tractores, S.A. / Gentrac (Guatemala)

Corporación General de Tractores, S.A., trading as Gentrac, was acquired by the El Salvador distributor on the 1st of March 1998. Formerly it operated under another name and with other partners, and has been the exclusive Caterpillar distributor since 1938.

Gentrac has its registered office and a spare parts store in Guatemala City. It has branches in Quetzaltengango and Teculután, as well as a spare parts store in the city of Morales. Furthermore, the company possesses 17 mobile stores on the installations of the most important clients. The company distributes Sullair, Genie, Wacker, Olympian, Carmix and Cipsa equipment through the Gentrac Rental Store.

Compañía General de Equipos S.A. / Cogesa (El Salvador)

Founded in 1926, Compañía General de Equipos S.A., which trades as Cogesa, has been the Caterpillar distributor in El Salvador since 1930.

It also represents leading equipment manufacturers such as Mitsubishi - CAT fork-lift trucks, Wacker compacting and lighting equipment, Lincoln Electric welding sets, Olympian- CAT generating sets, Sullair compressors, Mack trucks and John Deere farm machinery. In almost all these lines Cogesa occupies the leading position in the local market.

In 2001 it became the main dealer for Exxon Mobil lubricants in its territory.

In addition to its head office in San Salvador, Cogesa has two branches: one in the west of the country, in the town of Sonsonate, and another in the east, in the town of San Miguel.

General Equipment Company Limited / Gentrac (Belize)

General Equipment Company Limited, trading as Gentrac, was established in Belize in March 1998, when it acquired the assets and business of Belize Cemcol Limited, the Caterpillar distributor in Belize at that time.

The company's principal business is the sale and servicing of Caterpillar products. Its registered office is in Ladyville, one of the largest towns in Belize, where the country's international airport is located. The company has 29 employees and is the only nationwide construction equipment distributor that provides a complete heavy plant service. The presence of Caterpillar in Belize as a distributor dates from the nineteen seventies. In addition, the company is distributor of the Wacker, Sullair and Twin Disc brands as well as Mitsubishi fork lift trucks and Olympian generators

COMPANIES THAT COMPLEMENT THE OFFER OF GOODS AND SERVICES TO DIFFERENT INDUSTRY SECTORS.

Ferreyrcorp includes complementary services to its capital goods business that add a portfolio of specialist products and services to different productive sectors of the economy.

The companies providing complementary goods and services share essential values with the Caterpillar representatives, such as integrity, excellence and innovation, fairness and a vocation for service, which are essential to serve their clients.

Motored S.A.

Motored was created as part of this business reorganization, from the former Automotive Division of Ferreyros, to concentrate on meeting the needs of clients with the flexibility and speed that the vehicle market demands.

Motored started trading on the 1st of April 2012 and represents Kenworth, Iveco and DAF trucks. It also sells a wide range of spare parts of different makes.

Motored has two centers in Lima: one, having an area of 30,000 m², on the Southern Pan American Highway at Lurin and the other, of 4,000 m² in Ate adjacent to Via de Evitamiento, where its service workshops and spares store are located. It can also count on support from the branches of Ferreyros when servicing clients throughout Peru, as described below in the Commercial and Operations section.

Cresko S.A.

Cresko started trading in October 2007 serving emerging clients that were not being covered by Ferreyros or Unimaq and that belonged to the building, mining, farming and general manufacturing segments. Cresko is a company specializing in sales of products from Asia, which provides a less comprehensive after sales service than that of the Caterpillar distributors. It also supplies chemicals, capital goods and used equipment.

Mega Representaciones S.A.

Mega Representaciones S.A. arose from a merger between Mega Caucho S.A. (acquired in 2007, which had eight years of operating experience), and Inlusa (Industria y Comercio S.A., acquired in 2009, which had been operating for 13 years). Mega Representaciones concentrates on the sale and support of consumables for the main sectors of the country's economy, such as mining, construction, transport, energy and manufacturing, among others. Its product lines include Goodyear tires, Mobil lubricants and filters.

Mega's priority customers are in the mining, construction and transport sectors, in which its products and services play an important role. This performance has led to important commercial agreements and support and supply contracts with the country's main mining and construction companies.



FARGOLINE, FIANSA AND MEGA REPRESENTACIONES ARE JUST SOME OF THE SUBSIDIARIES THAT COMPLEMENT THE SERVICES PROVIDED BY FERREYCORP.

Fiansa S.A.

With 44 years of experience in engineering and electrical projects for the main economic sectors, Fiansa's main business is heavy and medium fabrication, boiler making and mechanical and electrical installations.

Since April 2011 it has been carrying out steel fabrication at its new plant in Huachipa, which covers an area of 40,000 m2, and is equipped with the latest technology for different fabrication projects; this plant replaces the company's original plant in Trujillo. It has a production capacity of 650 tons of steel a month.

Ferrenergy S.A.C.

Ferrenergy was incorporated in 2006 by its shareholders: Ferreyros S.A.A. and Energy International Corporation, each holding 50%. The principal purpose of the company is the sale and supply of energy to clients for whom generating sets or turnkey power plants are not an option, and must buy energy on a temporary or permanent basis. In its first years of operation, Ferrenergy had a thermal power station with a capacity of 18 MW to supply a power and energy contract with an oil company, which expired in the last quarter of 2012.

It began to sell short-term energy from plants having a cold reserve of 10 and 80 MW to meet occasional energy requirements. These contracts last for up to 24 months and may be renewed. For meet them, Ferrenergy leases generating modules in the international market and has also invested in its own generation. contratos tienen una duración de hasta 24 meses, con la posibilidad de ser renovados. Para su atención, Ferrenergy alquiló módulos de generación del mercado internacional, a lo que se sumó la inversión en algunos módulos.



Fargoline S.A.

Launched in 2009, based on a subsidiary with 15 years of experience, called Depositos Efe. S.A., Fargoline offers ordinary, temporary and bonded warehousing to the export sector, in which market it has become a leading player.

In addition to serving the logistics needs of corporation companies, Fargoline has acquired an important portfolio of clients in only a few years of operation. It has made significant investments in lifting equipment and vehicles. It is important to point out that the company obtained BASC (Business Alliance For Secure Commerce) certification, the new alliance that promotes secure trade in cooperation with governments and international bodies, by establishing and administering global security standards and procedures for the logistics chain, in association with customs authorities and government departments. It also possesses international ISO 9001, OHSAS 18000 and ABE certification from the Peruvian American Chamber of Commerce (Amcham). Fargoline stands out in its business sector for its excellent, high-quality and speedy service, the advice it provides to its clients and the high level of commitment shown by its collaborators.

Forbis Logistics Corp.

FIncorporated in 2010 as the corporation's arm providing international freight forwarding services. Its Peruvian agent, Forbis Logistics Peru S.A. began operating in 2012, In order to simplify its cargo operations between Peru and the United States and to better position itself in its target market and the Peruvian logistics market, it is concentrating on companies in the sectors served by Ferreycorp. Today, its principal clients are the corporation's subsidiaries.

Forbis Logistics has installations in Florida, USA, details of which are given in the following chapter.

90 YEARS OF

LEADERSHIP

**YEAR AFTER YEAR, FERREYCORP REAFFIRMS
ITS LEADERSHIP IN PERU WITH FIRST-CLASS
PRODUCTS, SERVICES AND SKILLS FOR ITS
CLIENTS. IT ALSO TAKES THIS APPROACH
ABROAD TO CONTINUE LEAVING ITS MARK.**



COMMERCIAL AND OPERATIONS MANAGEMENT

— Ferreycorp concentrates its activities on those sectors that drive the development of the countries in which it operates, through the provision of capital goods and related products, and a portfolio of first-class services.



From the commercial perspective, Ferreycorp's operations take place in areas characterized by an infrastructure gap that needs to be closed and where GDP growth is based on the use of natural resources. Thus, the corporation has developed a wide-ranging portfolio of products and services for different sectors such as mining, construction, energy, farming, transport, fishing and manufacturing.

In general terms, the corporation's strategy aims to create sustainable world-class skills for the activities and processes it carries out in the course of its businesses to differentiate itself from others and enhance its leadership. Although the corporation's origin and the majority of its activities lie in the sale and distribution of capital goods, Ferreycorp is not averse to carrying out certain production or fabrication activities.

With this in mind and as mentioned in the chapter entitled "Companies of the Corporation and Definition of Economic Group", Ferreycorp's operations are based on three large divisions:

Companies representing Caterpillar and allied brands in Peru:

- Ferreyros
- Unimaq
- Orvisa

Companies representing Caterpillar and allied brands outside Peru:

- Gentrac, in Guatemala
- Cogesa, in El Salvador
- Gentrac, in Belize

Companies that complement the provision of goods and services to different industry sectors:

- Fiansa
- Fargoline
- Forbis Logistics
- Ferreenergy
- Mega Representaciones
- Motored
- Cresko

COMPANIES REPRESENTING CATERPILLAR AND ALLIED BRANDS IN PERU

FERREYROS, UNIMAQ AND ORVISA

2012 provided various business opportunities for Caterpillar representatives in Peru, arising from the growth of the country's economy and, particularly, those sectors served by Ferreycorp. Given this scenario and thanks to successful corporate management, these companies have gained the confidence of their clients, enabling them to provide the capital goods needed by most of the large infrastructure projects in Peru.

This division has been strategically managed to consolidate the leadership of Ferreycorp, attain high market share and to achieve good results, once again a record in the company's history:

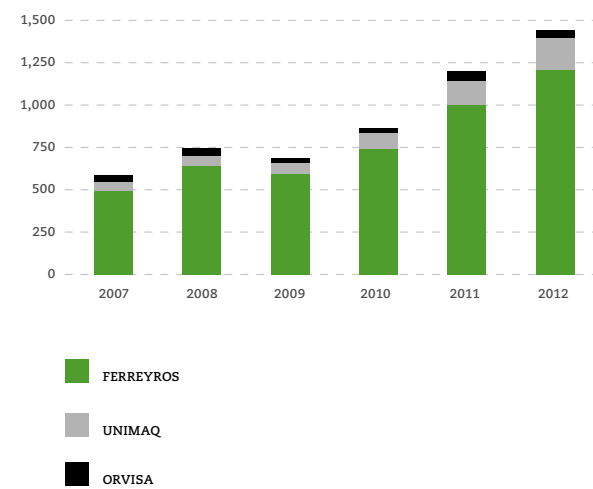
Ferreyros, Caterpillar representative and supplier to the construction, extractive and services industries in Peru, providing an integral after-sales service, achieved sales of more than US\$ 1,238 million in 2012, a figure 21% higher than in the previous year.

Unimaq, specialist in light equipment from Caterpillar and concentrating basically on the sale and leasing of machinery for urban or general construction work, had a turnover of US\$ 170 million in 2012, 29% more than in 2011.

Orvisa, the company identical to Ferreyros and Unimaq that operates only in the regions benefiting from the Amazon-area tax regime, offering specific solutions to clients in that region, generated consolidated sales of US\$ 64 million in 2012, some 18% higher than the previous year.

These three channels (Ferreyros, Unimaq and Orvisa) once again worked hard to cover the demand from the different market segments served (mining, construction, energy, fishing and farming, among others), throughout Peru. It should be pointed out that because of the nature of the businesses and of each subsidiary, the members of this division have specialized over time in specific markets or regions and this is reflected in their commercial performance. The skills of these three companies enable them to diversify into different industries and geographical areas, thus covering demand throughout the country.

Sales (US\$ Thousands)



SECTORS

The following is a brief description of the performance of each economic sector and market segment, how they were served by the company during the year and their impact on its results and operations during 2012:

Mining

Peru's mineral wealth takes the form of a great variety of base and precious metals, mined using different techniques, in many regions of the country. Peru is one of the world's top producers of copper, zinc, silver and gold.

During the year the average prices of copper and other base metals fell, though the fall was not precipitous and is explained by experts as a product of a cooling of the world economy. As far as precious metals are concerned, gold and silver prices showed little volatility, but fell below the historical maximum prices seen in previous years.

2012 opened in Peru with the indefinite postponement of the Conga project, which represents a multi-million dollar investment for Cajamarca Region. Later in the year other, more positive news took prominence: for example, the start of the expansion of operations at Antamina, in Ancash; Xstrata's new plant at Antapaccay, in Cusco; and an announcement of progress with mines at Toromocho, in Junín and Las Bambas in Apurímac. Ferreycorp takes an active part in all of these mentioned, providing part or all of the large machinery requirements or supplying auxiliary equipment and construction machinery for the infrastructure projects required by mining projects, together with first class after-sales service.

In 2011 Caterpillar announced that it had acquired Bucyrus' worldwide operations for around US\$ 8,800 million; Ferreycorp was chosen from major distributors from all over the world to acquire the distribution business for this brand in its respective territories. Thus in June 2012, Ferreyros invested US\$ 75 million to acquire the distribution of mining equipment formerly sold under the Bucyrus brand from Caterpillar. This new line, which includes huge electric face shovels capable of loading 120 tons of mineral in one go, tracked hydraulic face shovels that provide versatility to an operation and electric drilling machines for use in large-scale open pit mines, poses a challenge to Ferreyros and positions the company as an ever closer strategic partner for major mining companies. The company can now offer 100% of the equipment required by its clients for drilling, loading and hauling mineral, under the Caterpillar brand. No

other industry supplier possesses such a complete line of equipment, with such a global presence, which is also a leader in its field.

Once again open pit mining broke records in 2012. Ferreyros officially delivered 51 large haul trucks for use at Antamina, Shougang, Toquepala and Cuajone mines, as well as 94 auxiliary items for other large mines. Towards the end of the year, the company commissioned its first Caterpillar hydraulic face shovel at Cerro Verde and the second at Xstrata's Antapaccay mine, while at the Toromocho project saw the delivery of two 72 cubic yard electric face shovels. .

Furthermore, in mid-year Ferreyros began to offer support for all the drilling machines and giant electric shovels that had been sold in the past by Caterpillar (and formerly by Bucyrus), increasing the company's presence in Peruvian mines considerably.

Special mention should be made of the orders received from Canada's Hudbay Minerals for more than US\$ 100 million worth of haul trucks and Caterpillar auxiliary machinery for its new Constancia copper project, which, with an investment of US\$ 1,500 million, is being implemented in the Province of Espinar, in Cusco.

In the underground mining sector, we achieved another record for sales of underground machinery. During 2012, Ferreyros delivered more than 100 underground LHD loaders, most of them Caterpillar, with a capacity of more than 4 cubic yards, as well as a number of smaller-capacity German Paus underground mining loaders. We also delivered a series of other underground equipment from the same manufacturer.

Once again, Ferreyros was the leading supplier of mining machinery, including large off-highway trucks. The continual demand for such equipment means that six or seven out of every ten off-highway trucks operating in Peru were built by Caterpillar.

Similarly, in underground mining Caterpillar remained the leading builder of 4 yard³ plus underground LHD loaders, having imported eight out of ten such machines in 2012. Thanks to the above-mentioned adjudications and orders to renew and expand the fleets operated by Ferreyros's traditional clients, we expect to continue to lead in the mining sector in future years.

Unimaq continued to supply the mining industry with equipment such as air compressors, fork-lifts and above-ground working platforms. As an illustration of this, in

2012 the company sold Caterpillar fork-lifts worth a total of US\$ 1.9 million to Southern Peru Copper Corporation and Chinalco Peru, for use in their operations. Similarly, Bechtel took delivery of a significant batch of 38 Olympian-CAT generating sets with a capacity of 65 KVA, for the Las Bambas project.

Building

At the close of fiscal year 2012, the construction sector had grown by around 15.2% compared with the previous year. AN important part of this dynamism is explained by greater private sector spending on infrastructure such as mining and energy projects, expansion of existing plants and the construction of shopping centers, houses and offices. Private investment grew by 14% in 2012, a higher rate than in 2011. Public investment in infrastructure has restarted on projects such as section 2 of the Electric Train project, the Via Parque Rimac project and an important number of road projects.

Our clients have therefore continued to work on construction contracts and road maintenance for the Ministry of Transport and Communications, as well as for some regional governments. Road building in Áncash, La Libertad, Ayacucho, Cajamarca, Cusco, Junín, Lambayeque and Huanavelica, among others is now significant.

The use of Caterpillar machinery sold or leased by Ferreyros was significant in all of these projects. The company's commitment to its clients' success means that it has had to assign personnel to them on a permanent basis while they are working on these projects, giving advice and recommendations, supplying spare parts and maintaining all of the machinery supplied by Ferreyros.

It is equally important to point out that during 2012 hydroelectric power station construction continued apace. Work continued on the hydro stations at Chaglla (400 MW), in Huánuco; Quitarasca (112 MW), in Áncash; and Cheves (168 MW) and Huanza (90 MW), in Lima. Work also continued on the Cerro del Águila (400 MW) hydroelectric power station in Huanavelica Region.

Bearing in mind that several of these projects are just beginning and are long-term, there are opportunities for Ferreyros to provide its clients with further products and services.

Furthermore, international mineral prices remained firm, mining companies' investment channeled to construction contractors continued to rise. Thus, construction clients continued to build access roads and maintain existing



LA CALIDAD DEL PORTAFOLIO DE PRODUCTOS Y DEL SOPORTE DESCENTRALIZADO IMPULSA LA MÁXIMA PRODUCTIVIDAD EN LAS OPERACIONES.

roads, dams, leaching ponds and platforms and, in general, build more mining infrastructure. The following projects are particularly worthy of mention; Las Bambas in Apurimac Region; Antapaccay, in Cusco; La Arena, in La Libertad; and La Zanja and Tantahuatay, in Cajamarca.

As a consequence of these investments and thanks the confidence placed in it by its clients, in 2012 Ferreyros supplied Caterpillar machinery, allied equipment, tipper trucks, spare parts and services to the construction sector valued at more than US\$ 278 million, an increase of 15% compared to the previous year. Furthermore, it should be pointed out that during the year sales of Caterpillar construction machinery to all the markets served by Ferreyros grew by 12% compared with 2011, while allied lines grew by 56%.

The continual and successful activities of Unimaq, selling smaller and lighter machinery to local building firms in different Peruvian cities should also be highlighted. During 2012 Unimaq sold 800 Caterpillar machines, from skid-steer loaders to, backhoes and excavators of less of 20 tons in the Peruvian market.

Among these successes were sales of Caterpillar equipment worth approximately US\$ 2 million to Messrs A y J Inversiones, Consorcio Río Mantaro and Coansa del Perú. 75% of Caterpillar's light and general construction machinery is aimed at small and medium companies.

In the Amazon region, Orvisa sold basically backhoes, motor graders, loading shovels and crawler tractors to local contractors, mainly engaged on public works contracts.

Ferreycorp's good results in this sector in 2012 were once again the result of high esteem for Caterpillar equipment and the support capacity of Ferreyros, Unimaq and Orvisa, who offered a product / service combination that increased clients' productivity.

Energy and oil

During 2012 the average growth in demand for energy in Peru was around 6% and was met by hydroelectric and thermal power stations and, to a lesser extent, by renewable energy. The estimated energy demand and supply in 2012 was 3,400 GWh.

November 2012 saw the highest power demand of the year, at 5,212 MW (7% higher than the same month of the previous year) to which the different generators contributed as follows: 55% from hydroelectric stations, 44.6% from thermal stations and 0.4% from renewable energy (biomass).

In spite of government planning and because clients need to ensure that their production is not affected by energy shortages, there are opportunities for Ferreyros to provide electricity generating equipment (in stand-by or continual mode), as well as complete energy solutions in the form of turnkey plants (in remote and not so remote areas) that guarantee the production and supply of electricity in the event of an emergency and outages in the main grid system.

In virtue of its product portfolio and ability to generate integral energy solutions, the company has been able to serve clients in different markets, such as mining operators, clinics, office buildings, hotel chains, factories, agribusinesses, electricity generators, etc., supplying generating sets from 200 kW per unit to 2,000 kW per unit, which can be connected to the grid system or to other client equipment.

Thanks to adequate coverage and clients' preference for equipment that has been proven suitable for Peru's extreme conditions and world-class after-sales service, Ferreyros has achieved a 74% share in the market for electricity generating sets, measured in dollars FOB imported.

In the hydrocarbons sector, the oil price trended downwards throughout the year, reaching an average of US\$ 94 for WTI; this modest downward trend is expected to continue in 2013. As in previous years, the principal requirement of the hydrocarbons sector was model 3512B and C32 electricity generating sets for drilling rigs, which require autonomous generating capacity in excess of 3 MW for each rig, as well as sale and leasing of machinery for exploratory wells in the Peruvian jungle where after-sales service on site is extremely important for oil contractors.

Marine and fishing

This sector includes both industrial and artisanal fishing as well as sea and river transport.

As far as the industrial fishing sector was concerned, 2012 was the fourth year of application of the Fishing Quota Act. Nevertheless, catches were not as good as in previous years, as a result of abnormal oceanographic conditions; Peruvian anchovy catches were down 48% from 6.9 million metric tons to just 3.6 million MT.

As Peru is the principal producer of fish meal (30% of the total) this fall in catches caused a significant increase in prices, which rose to over US\$ 2,000 / MT by the end of the year, an average annual increase of more than 6% compared with 2011. It should be noted that prices ranged from US\$ 1,295 / MT to US\$ 2,195 / MT.

Despite the fall in catches, some companies with higher quotas continued to invest in order to improve fuel consumption, acquiring model 3516B HD marine engines that run at 1,200 RPM and develop over 1,500 HP each. These companies have also continued with the modernization of their processing plants, buying electricity generating sets and smaller marine engines, such as the 545 kW model C18.

As far as artisanal fishing is concerned, Ferreyros has an active presence in the northern region of Peru where it continues to introduce the CAT C18 and C12 electronically controlled engines producing between 300 and 700 HP; these engines are proving very popular with fishermen and are associated with an after sales service program to guarantee optimal results.

In the marine sector, during 2012 construction began on four tugs for handling larger vessels, equipped with eight Caterpillar 3516C HD marine engines, developing 2,575 HP at 1600 RPM, and C series electricity generating sets. These tugs should be delivered to their owners in Colombia at the beginning of 2013. This important operation consolidated Ferreyros' position as a strategic partner of SIMA.

Similarly, Ferreyros renewed, for the third consecutive year, its contract with the Harbor Masters Bureau for maintenance of coastal patrol boats equipped with CAT engines, and has also been awarded a contract to supply 16 CAT C7 marine engines developing 370 HP for eight new patrol boats to be built in 2013.

Through its subsidiary Orvisa, Ferreyros continues to be the leading supplier of engines for river craft, having sold more than 50 electronic engines, model C18, C12 and C7 with power outputs between 250 HP and 600 HP, and more than 33 Olympian-CAT electricity generating sets with outputs of 14 kW to 65 kW. The majority of these engines will be fitted to new boats for carrying fuel or cargo for oil companies, and for passenger transport companies.

Thanks to its active and permanent coverage of the market, Ferreyros was able to maintain its leadership with a 73% share of the marine engine market measured in the dollar FoB value of imports.

Government

During 2012 state procurement increased 12.5% compared to the volume purchased in 2011. Nevertheless, this year the tendency continued to prioritize public spending on infrastructure and reduce the acquisition of assets by the central government, regional governments and municipalities. Once again: Ferreyros and Orvisa maintained their leading position in capital goods sales to government.

In 2012 both companies took part in a total of 550 tender processes within Peru, of which they won 268. The main product lines involved were construction machinery, electricity generating sets and Caterpillar spares, and Massey Ferguson farm machinery; we obtained a market share of around 40%.

As a result, during 2012 we invoiced and delivered 194 Caterpillar machines and engines and 67 Massey Ferguson tractors, among other goods and services, worth US\$ 49.5 million, an increase of 35% for Ferreyros and 300% for Orvisa compared with the previous year. The latter figure was due greatly to the start of a series of public works in the Amazon region, among other factors.

Trade, services and manufacturing

During 2012 Ferreyrcorp once again offered its products and services to the trade, services and manufacturing sectors. Ferreyros closed important sales, including Caterpillar loading shovels of various capacities, to the El Diamante and Ladrillos Lark brickworks and Tableros Peruanos -the latter making particle board work surfaces- in the manufacturing sector; and Dinnet, a logistics and warehousing company, as well as selling scrap metal handling equipment to companies within the steel industry.

We also sold a significant number of electricity generating sets of varying capacities, to companies in different fields, such as Orient Express in Cusco and the new Hilton Hotel in Lima; San Felipe Clinic and the Brescia group, for use on a large office building project; to firms like Interbank and Americatel, for their new data centers; and to Cerámica Lima, to provide electricity for their kilns.

Two years ago, Ferreyrcorp equipped the first power station burning methane gas produced by solid waste, for its client Petramas. In 2012, this client entered the aggregates market, for which Ferreyrcorp supplied a complete Metso crushing plant.

In the manufacturing sector, Unimaq supplied electricity generating sets, welding equipment and lighting towers. Sales to this sector were higher in 2012 than in 2011. Notable sales included an important number of Caterpillar fork-lift trucks to Kimberly Clark, worth US\$ 1.9 million, and to Celima, worth US\$ 1.2 million.

Farming

2012 was a year of significant growth for the farm sector: according to the 4th National Farm Census carried out by INEI, there are 2,3 million farmers in Peru, a 30% increase compared with 1994. Progress in the farm sector was due to higher production of onions (32%), coffee (20%), sugar cane (8%) and hard yellow maize (10%), even though the production of cotton fell by -74%, whole rice by -41% and potatoes by -2%.

As far as farm exports are concerned, Peru is currently the largest exporter of asparagus, paprika and organic bananas; the third largest producer of specialist coffees; and one of the largest exporters of bottled artichokes, fresh mangoes, Hass avocados and fresh grapes. Two areas which have seen the greatest progress in recent years are fruit and vegetables, which together account for more than 50% of non-traditional farm exports. To this can be added continual growth in traditional crops such as sugar cane, root vegetables and maize, which have led to more and more land being brought under cultivation. In this context, Ferreyros is expanding its presence in Peru's principal farming zones, offering products and services to small, medium and large farms.

During 2012 Ferreyros and Orvisa sold 428 Landini and Massey Ferguson farm tractors; eight Claas and Massey Ferguson harvesters; 177 farm implements and 21 sets of milling equipment. During the year our tractors gained

44% of the market, Massey Ferguson being the leader with 33% followed by Landini with 11%.

Following the international trend and, as with other large dealers throughout the world introduce Massey Ferguson's MF5450 and MF5465 series tractors, made in France and equipped with the latest technology, into Peru where they were enthusiastically received by exporters and contributed to the successful results of this sector in 2012, while opening opportunities for 2013. Similarly, top of the range Massey Ferguson was complemented by the MF2600 model, made in India and having a basic specification but good quality and an affordable price - an attractive alternative for medium-sized farms. Ferreyros and Orvisa remain committed to high quality standards and added value.

In response to our clients' needs, we imported Claas harvesters into Peru from Germany; the firm's Crop Tiger and Dominator models, of 76 HP and 148 HP respectively, are quality machines using high technology and were sold into the rice-producing areas. They thus complement the Massey Ferguson 175 HP and 200 HP harvesters already working in Peru's rice growing regions. In addition to selling grain driers, Orvisa began to work intensively -and will continue to do so this year- on selling timber seasoning equipment as well as Caterpillar forestry tractors for this segment of the market.

In the agribusiness sector, our Brazilian principals Kepler Weber and Zaccaria continued to support the growth of sales to the rice and other cereal sector. It is also important to point out that Ferreyros now represents a Korean Ideal System line of grain color sorters, enabling it to participate further in the rice sector and to obtain a foothold in the important coffee and quinoa segments, among others.

Finally, the government has signed trade agreements with the five main Asian economies: China, Japan, South Korea, Singapore and Thailand, and has signed a similar agreement with the European Union, which should result in an increase of around 4% in farm GDP in 2013. This scenario has generated high expectations and demand for farm machinery, given that farm exports will benefit from these agreements and farmers have invested in more land and higher technology.

SKILLS

Apart from the benefits of the first-class products distributed by the corporation through the above-mentioned three channels (Ferreyros, Unimaq and Orvisa) it has spent many years building skills that enable it to honor the promises inherent in its commercial position. These skills can be grouped in four categories: i) The creation of technical knowledge; ii) The establishment of a network of support infrastructure; (iii) A logistics capacity for prompt attention and iv) Equipment for leasing.

Creation of technical knowledge

Ferreycorp is well aware of the importance of providing specialist training to its clients, to contribute to the success of their projects and enable them to use the equipment to its maximum potential and get optimum performance for their investment.

For that reason, Ferreyros, Unimaq and Orvisa make every effort to offer technical training and operating programs for its clients' technical personnel and operators, with a specialist focus.

In 2012 more than 9,000 people working for more than 850 clients received specialist training by the corporation in Peru. In particular, a total of 6,011 operators of clients' machinery and equipment, working in sectors such as mining and construction, took advantage of more than 820 courses offered by Ferreycorp. As far as technical training was concerned, 2,998 people attended 117 courses and seminars –the majority of them in house- as well as 266 technical talks.

Ferreyros has put a lot of effort into increasing the value of the work done by heavy plant operators and emphasizing the importance of their professionalization. As part of its social responsibility programs, the company launched its first course entitled "Peru's Best Heavy Plant Operator", which attracted 1,200 entrants from 27 sites throughout the country. It complemented this initiative with the creation of the Ferreyros Heavy Plant Operators Club, in which operators can exchange experiences, knowledge and activities that are fundamental for leaders in their field.

Furthermore, the Ferreyros and Tecsup Heavy Plant Operators School, located at the Raúl mine in Mala and open to the general public, enjoyed its fourth consecutive year thanks to the strategic alliance

between the two companies. Created to train new generations of operators in Peru, the school trained 636 new operators in 2012, in 89 specialist courses. The participants opted individually to train in the operation of excavators, loading shovels, tractors and Caterpillar haul trucks and developed valuable skills that will benefit them in the labor market.

Ferreyros, Unimaq and Orvisa also gave priority to internal training of their technical staff in order to provide the highest level of service to their clients. As part of their training program both in Peru and abroad, more than 1,900 technicians from Ferreyros, Unimaq and Orvisa attended specialized courses and seminars during 2012, and obtained 21,595 certificates in key skills required to service clients' equipment. It should be pointed out that Tecsup also contributed actively to the development of Ferreyros' internal training programs. For more information see the chapter entitled "Organization and Human Resources".

Support infrastructure

The three channels described above provide Ferreycorp with an extensive and reliable network of offices, workshops and branches all over Peru. At the close of 2012, Ferreyros, Unimaq and Orvisa had more than 90 service points throughout the country, including 32 branches and offices in the interior, seven branches in Lima and a permanent presence on more than 50 sites belonging to their clients, where resident personnel are deployed. In addition, in 2012 it provided periodic maintenance to around 1,900 machines belonging to more than 400 clients on-site, through support agreements, and carried out field maintenance at the request of their clients throughout Peru.

Workshops

The workshops set up by Ferreycorp at strategic locations throughout Peru are worth a special mention. At present Ferreyros, Unimaq and Orvisa have 31 workshops in Peru, having a working area of more than 63,000 m². These workshops are audited regularly by Caterpillar to ensure that contamination is adequately controlled and many of them hold the maximum level of certification -5 stars- awarded by Caterpillar.

The corporation's busiest workshop is still the Component Repair Center (CRC), which possesses Caterpillar World Class Certification and which, as its name indicates, repairs major components, restoring them to as-new condition. In 2012, 2,499 major components were repaired at the CRCs in Lima and Arequipa, including engines,

torque converters, transmissions, final drive differentials and wheels, representing growth of 19% compared with the previous year. The Recovery Workshop (TR) complements the CRC and during 2012 further investment was made in infrastructure improvements and the innovation and renovation program. This workshop, the principal activity of which is the restoration of large metal components -using metalization, welding and rectification techniques- continues to provide specialist services to the CRC and to repair very large components, particularly for mining industry clients.

US\$ 3 million was invested in improvements, expansion and modernization of the CRC and TR in 2012 in readiness for increased demand.

Another important service center is Lima Machinery Workshop, which receives clients' machines or components for different types of repairs, that may be partial or total, as required by the equipment. This workshop has 32 repair bays and covers a total area of 4,000 m². Also in 2012, the Machinery Workshop processed 450 work orders and employed 62,700 man-hours on overhauls and partial repairs. It should be mentioned that the overhauls included 13 Cat Certified Rebuilds (CCR).

The pre-delivery workshop is where equipment is prepared for dispatch to the clients, after a careful examination of its principal systems. This workshop is in Callao, adjacent to the machinery warehouse, to ensure shorter delivery times and reduced transport costs for stored machinery after it is cleared through customs. This workshop has 20 bays. In 2012 the pre-delivery workshop prepared 713 machines and 120 electricity generating sets for clients, employing 29,800 man-hours.

During 2012, equipment maintenance and repair in eastern Peru was carried out, as usual, in Orvisa's workshops in Iquitos, Pucallpa and Tarapoto, strategically placed to provide efficient coverage of the Amazon region. Maintenance and repair of light machinery sold by Unimaq, such as backhoes, skid-steer loaders and forklift trucks, among others, continued to take place at its workshops throughout Peru, in all the cities in which the company has a presence. Other workshops are located at the company's branches in Peru's different regions: coast, highlands and jungle. The investment required to keep the equipment and tools in these workshops up to date and in good order is reviewed annually. During 2012 investment in improvement, expansion and modernization of the three companies' workshops amounted to US\$ 5.5 million.

Branches

From more than 70 years, Ferreycorp has been innovative in understanding the importance of decentralized operations. Thus, in 1940 the first Ferreyros branch was opened in Arequipa. From then until the present day, it has invested in the construction of premises in different regions of the country where activities are carried on that merit the presence of Ferreycorp. This decentralization and country-wide coverage is one of the elements that helps us to retain the loyalty of clients outside the capital.

Even in Lima, given the city's large-scale expansion, we have invested in seven sites dedicated to distributing Caterpillar equipment (Ferreyros has six and Unimaq one) in order to improve coverage, and particularly showrooms, spares storage and specialized workshops required by growth, larger components and an ever more comprehensive line of products.

The branches make a significant and continual contribution to the market positioning of the brands that Ferreycorp represents, guaranteeing coverage that consolidates the company as the leading provider of capital goods, ensuring its growth and expansion and allowing it to take a proactive role in regional economic development.

Ferreyros' coverage in the interior of the country is based on 12 branches in the cities of Piura, Lambayeque, Cajamarca, Trujillo, Chimbote, Huaraz, Huancayo, Cusco, Ica, Arequipa, Cerro de Pasco and Puno, as well as 6 offices in Ayacucho, La Merced, Talara, Tumbes, Tacna and Abancay.

It is present in the Amazon region through Orvisa, which has three branches in Iquitos (head office) Tarapoto and Pucallpa; offices in Huánuco, Tingo María, Bagua, Madre de Dios and Yurimaguas; and a presence on oil company sites on blocks in Andoas and Trompeteros, where it provides specialist services.

Given the important increase in opportunities for local and urban construction in different regions of Peru, Unimaq has opened branches in the most dynamic cities. At the close of 2012, in addition to its Lima branch, Unimaq has premises in Arequipa, Cajamarca, Huancayo, Ilo, Trujillo and Piura.

This regional approach has improved the operational efficiency of the organization, breaking the country up into convenient territories to ensure better coverage everywhere no matter how remote.

THE NETWORK OF WORKSHOPS IN PERU, IN WHICH WE INVEST ON A PERMANENT BASIS IS A STRATEGIC COMPONENT IN OUR AFTER-SALES SERVICE.



As part of their social responsibility work, the branches maintain a close relationship with their agents in their areas of influence; that is, with business organizations, public bodies and others, proposing social responsibility projects with certain clients and carrying out volunteer activities, all of this in an environment of respect and enthusiastic participation in the traditions and customs of the zones in which these operations are conducted. Wherever they operate, Ferreycorp companies set an example for acting in accordance with corporate values towards clients and communities.

During 2012, Ferreyros, Unimaq and Orvisa have invested a total of US\$ 5 million in expanding and modernizing their branches. This work included the start of a new Ferreyros branch in Cusco, bigger than its existing premises in that city, which involved a partial investment during 2012 of US\$ 1.6 million. Meanwhile, Unimaq opened new branches in Arequipa and Cajamarca, and began construction of new premises in Piura and Ilo, all of which involved an approximate investment of US\$ 1 million during the year.

Logistics

The business model of the Caterpillar products distribution channels assumes that all equipment and spare parts sold are imported and have to be shipped from the company's plants all over the world. Given that availability and prompt delivery are also commercial advantages of Ferreycorp companies, they are committed to delivering to their clients within the period given in the original quote. Consequently, they have developed a supply logistics system that –except for force majeure or events beyond their control– minimize the impact on clients and enable them to offer optimum delivery times.

Logistics also implies efficient management of inventories of machinery, engines and equipment, and spares and components. We seek efficiency throughout the supply chain, from the factory to delivery to the end user. To achieve this, Ferreyros, Unimaq and Orvisa have a solid internal logistics organization employing best practices in integrated supply chain management.

Logistics activity in 2012 was based on an important increase in sales, with the consequent impact on inventory volumes, purchase orders received, haulage



contracts, customs clearance and processing of more than 13,000 import document, among others.

Imports increased by 21% compared with 2011 to a total CIF value of US\$ 1,050 million for the three subsidiaries (Ferreyros, Unimaq and Orvisa), of which US\$ 922 million were capital goods and the remainder intermediate goods.

In order to handle this volume of imports, 150,000 m3 of loose cargo space was booked on vessels required to carry units from ports in different countries, particularly the United States and Brazil. Similarly, more than 7,500 road journeys were made, covering 5 million kilometers, in 2012. Furthermore Ferreycorp received 1,600 20' containers of spare parts and smaller pieces of equipment on behalf of Ferreyros, Unimaq and Orvisa in 2012; it used air freight for speedy importing of 6,000 tons of spares and accessories, equivalent to an average of 17 tons daily, on cargo and passenger flights, thus confirming it as one of Peru's principal importers by this means of transport.

Inventories were managed to maintain an adequate balance between good stock rotation and a high level

of service and availability, enabling the corporation to retain its leadership in market share and client service based on a consistent strategy of placing orders in advance, according to forecast demand from clients and information on machinery and use available from companies. We thus managed to meet an increasing demand with a policy of maintaining stock levels sufficient to meet at least three months' future demand and, in addition, keeping a base inventory of spare parts for new models recently introduced. The inventory of spare parts and components kept by Ferreyros, Unimaq and Orvisa was valued at US\$ 155 million at the end of fiscal year 2012, of which US\$ 116 million corresponded to spare parts, an increase of 56% compared with the close of 2011, with stock rotating three times a year on average. The increase was due mainly to the incorporation of US\$ 30 million in inventories for the former Bucyrus business, now part of the Caterpillar portfolio.

The prime product inventory, consisting of machinery, engines and equipment, ended the year at a value of US\$ 295 million for Ferreyros, Unimaq and Orvisa, an increase of 30% compared with December 2011, whilst stock rotation remained at 2.9.

Ferreyros, Unimaq and Orvisa have a network of warehouses for the machinery and spares they distribute. A total area of more than 76,000 m² is set aside for storage, appropriately distributed throughout Peru. Our Spare Parts Distribution Center (CDR) opened in 2012 and with 17,000 m² of storage space, is worthy of special mention. Thanks to all of this infrastructure, we can hold in Peru a total of 150,000 spare parts, consisting of 3.3 million items.

Plan hire

In response to market demand, especially from the construction and mining sectors, in 2007 Ferreyros decided to re-launch its Rentafer unit, which is dedicated exclusively to renting heavy plant and to sales of nearly-new and used equipment. At the same time, Unimaq entered the market under the umbrella brand “The CAT Rental Store”, which also rents light machinery. Thus, over the last five years, a significant number of units have been incorporated into both Rentafer and Unimaq, in order to bring Ferreyrcorp's hire fleet into line with increasing demand from the market.

With this in mind, a review of the hire business began in 2009. One year later, Rentafer opened an independent branch covering 14,000 m² in Lima; it is easy for clients to get to and exhibits both machinery available for hire and nearly-new and used equipment for sale. Furthermore, these premises include service workshops for the hire fleet and used equipment.

As a result of the series of measures described above, the plant hire business has expanded, growing a significant 22.6% during 2011. There has also been an increase in the total business of Rentafer, which includes not only plant hire, but also the sale of used machinery from the rental fleet and machinery acquired for the purpose; annual turnover is US\$ 84 million driven by demand for its products from certain market segments. Similarly, Unimaq's total rental business generated US\$ 20 million during the year, as well as US\$ 9 million from sales of used light plant.

At the close of fiscal year 2012, Ferreyrcorp's hire fleet totaled 1,700 units, approximately 500 units of heavy construction plant including tractors, excavators, motor graders, loading shovels and road rollers, having a replacement value of US\$ 120 million, and 1,200 units of light construction machinery, including backhoes, skid-steer loaders, compressors, lighting towers and road rollers, among others, having a replacement value of US\$ 50 million. It also has a fleet of electricity generating sets and truck-mounted mobile cranes to meet the demand from clients.

COMPANIES REPRESENTING CATERPILLAR OUTSIDE PERU

GENTRAC, IN GUATEMALA; COGESA, IN EL SALVADOR; AND GENTRAC, EN BELIZE

Ferreyrcorp companies representing Caterpillar in Central America: Gentrac, in Guatemala and Belize and Cogesa in El Salvador, produced an outstanding performance in their home countries in 2012, the third year in which they were part of the organization.

As mentioned in the chapter “Group Companies and Definition of Economic Group”, the corporation made its first foray abroad in 2010 when it acquired these three companies as a response to an invitation by Caterpillar to represent it in the countries in question.

The following is a summary of the operations of companies of the Ferreyrcorp group in Central America in 2012:

Corporación General de Tractores, S.A. / Gentrac (Guatemala)

Gentrac, distributor of caterpillar and allied brands in >Guatemala, achieved a turnover of US\$ 107 million in 2012, 18% higher than in 2011, with an average market share of 46%. The mining sector in Guatemala is important and Gentrac has 80% of the market, which mainly requires equipment for underground mining.

Through the provision of goods and services, the company has an important presence in the road-building, mining, aggregates, farming, oil production, energy and manufacturing markets. Furthermore, it and its clients have helped to change the energy matrix in Guatemala in recent years; it is now essentially hydroelectric whereas in the past electricity was generated by burning fossil fuels.

In 2012, Gentrac expanded its operations by opening two new branches: one, having an area of 2,200 m², in Guatemala's second city Quetzaltenango, and another having an area of 3,500 m² in Teculután in the Department of Zacapa. Both branches include workshops and spare parts stores. In addition, April saw the inauguration of a new spare parts store in the city of Morales in the Department of Izabal. Gentrac thus ended 2012 with five outlets, including the new infrastructure and its head office and spares store in Guatemala City.

In 2012 Gentrac was recognized by Caterpillar for the best innovative marketing initiative in Latin America, the first time that a Central American distributor has received this award.

Compañía General de Equipos S.A. / Cogesa (El Salvador)

With a market share of 65%, Cogesa, the Caterpillar and allied brands distributor in El Salvador, generated sales of US\$ 38.4 million in 2012, a figure 15% higher than in 2011.

Cogesa contributes to El Salvador's development by supplying the infrastructure and housing construction sector, energy generation, vehicles and manufacturing.

Farming is also important for Cogesa, having provided approximately one quarter of its income from machinery and spare parts in 2012. Sales to this sector increase 80% compared with 2011, the company maintained its indisputable leadership with a market share in excess of 70%. As indicated in the previous chapter, Cogesa is the Exxon Mobil lubricants wholesaler in its territory and sales of these products represent 25% of its earnings. Its model of representation enables it to distribute this line throughout the country and in accordance with the needs of the market; it relies on other companies to sell to end users.

General Equipment Company Limited / Gentrac (Belize)

In 2012 Gentrac, representative of Caterpillar and allied brands in Belize, achieved sales of US\$ 3.9 million, a 4% increase over 2011.

Gentrac Belize is principally engaged in sales and service of Caterpillar products in this territory and is the sole distributor of construction equipment in Belize that provides a complete service to heavy plant.

SECTORS

In complementary fashion, the following is a summary of the sectors with the greatest impact on Ferreyrcorp's subsidiaries in Central America:

Construction

In Guatemala, road building is the most important construction activity, paid for with public funds and has increased greatly as a result of natural disasters that

have affected the country.

In El Salvador the dynamism of this key sector of the national economy can be seen in the construction of highways and secondary roads, as well as housing developments.

Construction is also very important in Belize, particularly road building.

Mining

Mining in Guatemala is mainly underground: as previously described, Gentrac is a leading player in this sector.

Open pit mining is gradually increasing and this will increase the importance of the mining sector in Guatemala. It should be pointed out that the most important mines are gold mines.

Farming

Guatemala is a natural farming country. Large areas of land are given over to sugar cane, African palm and bananas, among other crops.

In El Salvador the principal products are sugar cane, maize and beans. It is worth mentioning that sugar cane and sugar refining make up the second most important sector for Cogesa.

In Belize, farms grow mainly sugar cane, citrus fruit and rice.

Telecommunications

Guatemala has one of the best telecommunications networks in Central America. Two large international telecoms operators are investing in improvements to the network and Gentrac is providing the Olympian-CAT generating plants used in each new substation. This sector is also important in Belize, and Gentrac's support consists principally of electricity generating sets.

Marine

The marine market is important in Belize: the Gentrac subsidiary in Belize serves fishing vessels, passenger transport vessels and pleasure craft. A similar situation exists in Guatemala –one of the world's principal destinations for sports fishing– where the sector is supplied by Gentrac.

IN PERU AND IN CENTRAL AMERICA, FERREYCORP STANDS WITH ITS CLIENTS WHEREVER THEIR PROJECTS ARE BEING DEVELOPED.



SKILLS

The Caterpillar representatives in Guatemala, El Salvador and Belize add value that gives them an advantage in their respective territories, just like their equivalents in Peru. A brief summary of their work in this field follows:

Technical knowledge

One very important part of the support provided by Gentrac in Guatemala and Belize and Cogesa in El Salvador, is specialized training for their clients' plant operators and technical personnel. During 2012 these companies trained more than 475 of their clients' employees from different economic sectors, advising them how to lower hourly operating costs and increase productivity.

In turn, the technical staff of the Central American companies receive training through a number of initiatives, either their own or provided by the Caterpillar representative, in order to guarantee the quality of the technical service provided to their clients.

Support network

The Ferreycorp companies that operate in Guatemala provide support for the products they distribute through nine outlets: five in Guatemala, three in El Salvador and one in Belize. Various of these are integral plant, spares, service and hire centers, while others are dedicated to the sale of spare parts only.

These installations include more than 16,000 m2 of workshops, in which more than 150 technicians provide maintenance for the equipment distributed.

Aiming to remain in the vanguard of technological development, the companies in Central America have pioneered the use of modern tools for remote monitoring of Caterpillar equipment, thus maximizing protection and control of machinery working on the different development projects. Thus Product Link technology has been installed on more than 400 machines, facilitating remote monitoring of their condition.

The companies have their own oil analysis facilities in two modern laboratories, one in Guatemala and the other in El Salvador, which have so far analyzed more than 20,000 samples. These facilities enable predictive

maintenance to be carried out, thus minimizing the operating costs of the equipment whose oil has been analyzed.

It is also important to mention that field work is also carried out on the clients' own sites. The corporation's technicians are trained and provided with the tools they need to resolve the clients' problems or doubts on site, where the machines are being used.

Logistics

The Central American companies have around 9,000 m2 of warehouse space for spare parts, from which they distribute to the different parts of the three countries. They also have more than 25 stores for consignment stock, enabling them to provide an immediate response wherever the equipment they have sold is being used.

The Central American subsidiaries receive air and sea freight shipments on a daily basis in order to maintain a complete inventory of spares and to meet the requirements of their clients' machinery and equipment. Furthermore, they are able in an emergency to import spares from abroad within 24 to 48 hours.

It should be noted that in order to provide support for their clients' investments, Ferreycorp companies in Central America held an inventory of spares and machinery worth more than US\$ 42 million at the close of 2012.

Plan hire

As we have already mentioned, Gentrac in Guatemala and Cogesa in El Salvador possess a complete hire fleet of machinery and equipment amounting to around 400 units, in order to meet their clients' temporary plant requirements.

The fleet includes more than 90 units of heavy plant for the construction and mining industries and farming, as well as more than 300 items of light machinery for small-scale construction and industrial activities, among other purposes.

COMPANIES THAT COMPLEMENT THE OFFER OF GOODS AND SERVICES TO DIFFERENT INDUSTRY SECTORS.

MOTORED, CRESKO, MEGA REPRESENTACIONES, FIANSIA, FERREENERGY, FARGOLINE AND FORBIS

In 2012, this division –the constitution of which is described in the chapter “Group Companies and Definition of Economic Group”– continued to work to provide a portfolio of goods and services that complement the key sectors of Peru's economy. Many clients of Caterpillar representatives in Peru return to these corporation companies for all their needs: from logistics services to engineering and electrical work; acquisition of the consumables their operations require; energy solutions and a range of vehicles and products from Asia.

Motored S.A.

Motored, the Ferreycorp subsidiary launched in April 2012 and dedicated to vehicle sales, began the year principally with a restructuring of the business, expansion of its range of products and development of its distribution channels, aimed at meeting the needs of its clients in the haulage, mining and construction industries.

Thanks to this strategy sales in 2012, first as the Automotive Division and then as a subsidiary, amounted to US\$ 101 million, growth of 53.9% compared with the previous fiscal year.

Motored represents Kenworth, Iveco and DAF, the latter being introduced into the Peruvian market in July 2012. It also sells a wide range of spare parts of different makes.

The company operates from two premises in Lima. Its main premises in Ate contain the offices and showroom for Kenworth, Iveco and DAF trucks; its main spare parts warehouse; and a workshop covering an area of 4,000 m². Its Lurin premises contain a workshop for major repairs and a warehouse for new units covering an area of 30,000 m². The company also has two spares shops on Av. Arriola. To date, Motored uses the Ferreycorp branch network to attend clients throughout the country.

At the end of the year Motored had 195 collaborators distributed among the sales, administrative and technical departments, all of them key elements in achieving the company's goals.

As part of its offer, in 2012 Motored gave training to its clients' staff to enable them to maximize the performance of their vehicles. Nationally, the company trained a total of 785 operators from more than 180 clients operating Kenworth, Iveco and DAF trucks.

Cresko S.A.

This corporation company was created to compete in the market for equipment from Asia; in its fifth year of operations, Cresko achieved sales of US\$ 18 million, 6% more than in the previous year, increasing its share of the market for loading shovels, tipper trucks, farm tractors and electricity generating sets from China.

During the year, Cresko –whose activities also include the provision of chemical products and used equipment– continued to sell in different parts of Peru through a mobile sales force and some after-sales service.

Mega Representaciones S.A.

During 2012 Mega Representaciones, the Ferreycorp company that specializes in consumable solutions for different economic sectors, had a turnover of US\$ 52.9 million compared with US\$ 38.1 million in 2011 - growth of around 40%. This performance was basically the result of consolidating its products and services in the mining, construction and transport sectors with its existing business: Goodyear tires, Mobil lubricants and Fleetguard and Donaldson filters. In addition, in 2012 it began providing lubricant support services to large-scale mining projects together with its principal Mobil, thus demonstrating the added value it brings to the market.

As far as new lines of business are concerned, in 2012 Mega Representaciones began to offer predictive maintenance, microfiltration and industrial safety products. These new lines are manufactured by Peruvian companies ARA and Tecmifil, while it also acquired Tecseg, respectively.

This latest acquisition was completed at the beginning of 2013, before publication of this annual report. The recent and significant acquisition of Tecseg for the sum of US\$ 11 million, included its 65 staff, inventories, client portfolio and, in general, a going concern. Undoubtedly, synergy with other lines of business, the possibility of getting more from the client portfolio of both companies (in 2012 Tecseg had a turnover of US\$ 22.8 million) and constant growth in the industrial safety market constitute the reasons for this acquisition.

All these new lines complement Mega Representaciones' portfolio of products and services, enabling it to become a strategic partner to its clients to provide them with integral solutions and first-class support.

Fiansa S.A.

2012 was a very important year for Fiansa, the corporation's company dedicated to engineering and electrical projects, as it celebrated the first anniversary of its move to its new plant in Huachipa.

Thanks to this move, the company ceased to be a regional engineering concern in northern Peru (Trujillo – Chiclayo – Piura) and became an important player in the engineering industry all over Peru. In 2012 Fiansa positioned itself in this market with projects for industry's most important clients (FL Smith, Delkor, Yanacocha, Techint, Flour, Odebrecht, Volcan, Barrick, Goldfields), increasing sales by 22% to US\$ 20 million compared with 2011.

Because of the size of these projects, Fiansa had to double its production capacity from 25,000 m² to a total of 40,000 m² to satisfy demand.

It should be pointed out that Fiansa's main business is heavy and intermediate fabrication and boiler making, engineering and electromechanical assemblies, as well as electrical installation.

Finally, 2012 was a good year for safety as the company had no accidents involving lost time on its construction projects.

Ferreenergy S.A.C.

September 2012 saw the culmination of a five year BOOT contract (Build, Own, Operate and Transfer) for the supply of electrical energy and power to an oil company by Ferreenergy, the subsidiary specializing in the sale and supply of energy. On completion of this contract the company's 18 MW thermal power station became the property of the client, in accordance with the contractual conditions.

The subsidiary's turnover in previous years (not including VAT) was around US\$ 5.2 million, deriving from the above-mentioned contract. However, in 2012 Ferreenergy expanded its project portfolio with two important energy supply agreements. The first has an installed capacity of 10 MW and lasts 24 months, starting in February 2012; the second has an installed capacity of 80 MW and lasts 16 months, commencing operations in August 2012. With these projects Ferreenergy's sales rose from US\$ 5.2 million in 2011 to US\$ 16.4 million in 2012.

Fargoline S.A.

During 2012, Fargoline successfully entered the foreign trade logistics sector by capturing clients who handle considerable volumes of cargo, principally capital goods and containerized general cargo.

This translated into sales growth of 67%, to US\$ 16.4 million; the most important line of business, “temporary warehousing, is responsible for 74% of its earnings. Traditional lines such as bonded and ordinary warehousing complement the offer.

Net profit increased substantially as a result of the value perceived by the clients and proper resource management, with high use of installed capacity and high productivity per employee.

During 2012, 48% of the operating capacity of Fargoline was required by Ferreycorp companies, while the remaining 52% was used by clients in different markets, both importers and exporters.

Fargoline obtained international ISO 9001, OHSAS 18000 and ABE certification from the American Peruvian Chamber of Commerce (Amcham), and renewed its Business Alliance for Secure Commerce (BASC) certification, for which it increased the number of hours dedicated to training of its collaborators.

Forbis Logistics Corp.

During 2012 Forbis Logistics, Ferreycorp's freight forwarder, consolidated its logistics operation between the United States and Peru by incorporating its Peruvian agent Forbis Logistics S.A. This gives Forbis a foothold in the Peruvian market from which it can offer Peruvian companies its freight forwarding services, which also helps to simplify logistics operations between the two destinations mentioned.

In 2012 the subsidiary increased turnover by 29% compared with 2011, to more than US\$ 10 million. Forbis also signed important commercial agreements with companies in the sector and as a result decided to treble the size of its infrastructure by moving to one of the best zones for freight forwarding companies in southern Florida, USA, where its premises occupy 3,000 m².

Furthermore, 2012 was also the year in which Forbis Logistics extended its operations: after concentrating on the US - Peru route, this year it handled cargo from countries such as Spain, Germany, Canada, Guatemala and El Salvador. The growth of Forbis Logistics during 2012 is the beginning of what is intended to become a solid and reliable freight forwarding company.

90 YEARS OF

TEACHING

IN ORDER TO STRENGTHEN ITS HUMAN RESOURCES, FERREYCORP HELPS TO TRAIN ITS OWN COLLABORATORS AND THOSE OF ITS CLIENTS AND, THROUGH ASOCIACIÓN FERREYROS AND A NUMBER OF SOCIAL RESPONSIBILITY PROGRAMS, YOUNG PEOPLE THROUGHOUT THE COUNTRY.



ORGANIZATION AND HUMAN RESOURCES

— En el año 2012, más de 6,000 colaboradores hicieron posibles los buenos resultados de la corporación. En este capítulo, se aporta una perspectiva de la organización y el talento humano de Ferreycorp.



BOARD OF DIRECTORS

Board of directors of Ferreycorp S.A.A. (the corporation's holding company, known until June 2012 as Ferreyros S.A.A., in its corporate role) consists of ten directors elected by the general meeting of shareholders in accordance with the Companies Act and in compliance with the provisions of article 32 of the by-laws of the company, for a period of three years.

The directors of the corporation's parent company, now Ferreycorp S.A.A., for the period 2011-2014, elected by the AGM held on the 31st of March 2011 are:

- Óscar Espinosa Bedoya
- Carlos Ferreyros Aspíllaga
- Aldo Defilippi Traverso
- Eduardo Montero Aramburú
- Juan Manuel Peña Roca
- Andreas von Wedemeyer Knigge
- Manuel Bustamante Olivares
- Ricardo Briceño Villena
- Carmen Rosa Graham Ayllón
- Raúl Ortiz de Zevallos Ferrand

The board members elected Óscar Espinosa Bedoya as Executive Chairman and Carlos Ferreyros Aspíllaga as Vice Chairman for the same period.

It is important to note that one of the suggestions considered when approving the reorganization (see "Letter from the Chairman" and "Group companies and Definition of Economic Group") was that the managers and directors of Ferreycorp S.A.A. should occupy the same positions in the subsidiary Ferreyros S.A., until July 2012.

In accordance with practices of good corporate governance, Ferreycorp has independent directors to ensure that decisions are taken independently when there are potential conflicts of interest and to guarantee a diversity of opinion. The independent directors, considered as such because they have no links with either the administration or the main shareholders of the company, are:

- Ricardo Briceño Villena
- Aldo Defilippi Traverso
- Eduardo Montero Aramburú
- Carmen Rosa Graham Ayllón
- Raúl Ortiz de Zevallos Ferrand

PROFESSIONAL CAREERS OF THE DIRECTORS**Óscar Espinosa Bedoya**

Chairman

Executive Chairman of Ferreycorp S.A.A. since March 2008 and Chairman of the Board of Directors of Ferreyros S.A. since July 2012. General manager since 1983, he joined the company in 1981. A civil engineer who graduated from the National Engineering University, he holds master's degrees from North Carolina State and Harvard Universities and specialist diplomas from ISVE, Italy; CEO Management Program of the Kellogg School at Northwestern University; a postgraduate degree in economics from the Institute of Economics of the University of Colorado; University of Piura PAD in engineering studies, economics and business administration. He has held senior executive and management positions with Cofide, the World Bank, Banco Internacional del Peru and other financial institutions. At present he is a member of the boards of various companies, including La Positiva Seguros y Reaseguros, and La Positiva Vida Seguros y Reaseguros, as well as of important business associations. He is a member of the managing council of Tecsup, Vice-president of Asociación Pro Universidad del Pacífico and a member of the board of trustees of Ruiz Montoya University. Winner of the IPAE award in 1999.

Carlos Ferreyros Aspíllaga

Vice President

Member of the board of directors of Ferreycorp S.A.A. since January 1971 and Vice President since March 2008. President of the board of directors from September 1993 until March 2008. Since July 2012 he has occupied the same position in Ferreyros S.A. as in Ferreycorp S.A.A. He is a director of La Positiva Seguros y Reaseguros and a member of the Group of 50 (Carnegie Endowment for International Peace & Inter-American Dialogue). He graduated in business administration from the University of Princeton.

Ricardo Briceño Villena

A director of Ferreycorp S.A.A. since 2011 and of Ferreyros S.A. since July 2012. Owner of mining, industrial and farming businesses. He began working in the mining industry in the 1970s in Minero Peru Comercial (Minpeco) in both Lima and London. Between 1980 and 2001 he

worked in AYS, a company representing the commercial interests of the Glencor Group in Peru, where he was general manager and executive chairman. He was also executive president of all the Glencore Group companies in Peru. Mr Briceño is a past president of the National Mining, Oil and Energy Society and the National Confederation of Private Businesses (Confiep). Winner of the IPAE 2010 Award, he is chairman of the board of agricultural export company Don Ricardo and executive director of Textil del Valle, a textile exporting firm. He is also a director of Interbank. He graduated as an industrial engineer from the National Engineering University and holds a master's degree in economics and finance from the Universities of Lovaine and Antwerp in Belgium.

Manuel Bustamante Olivares

A director of Ferreycorp S.A.A. since 2011 and of Ferreyros S.A. since July 2012. President of the Manuel J. Bustamante de la Fuente Foundation (1960 - to date); member (foreign trainer) of Shearman & Sterling in New York (1962-1963); founding partner and member of Estudio Llona & Bustamante Abogados law firm (1963 to date); President of the Banco de la Nación and member of Peru's Foreign Debt Committee (1980-1983); Member of the board of directors of Corporación Financiera de Desarrollo (COFIDE) (1980-1983); first vice chairman of Banco Interandino (1991 - 1995); president of Profuturo AFP (1993 - 1999) and member of its executive committee (1993 - 2010); President of the audit committee of La Positiva Vida Seguros y Reaseguros (2006 to date) and vice-president of La Positiva Seguros y Reaseguros S.A. (1985 to date). Graduate of the Faculty of Law at the Catholic University of Peru.

Aldo Defilippi Traverso

A director of Ferreycorp S.A.A. since 2005 and of Ferreyros S.A. since July 2012. He is also a director of the American Chamber of Commerce of Peru (AmCham Peru) and chairman of the Fundación de Cancer. Director of various institutions, including Microsoft, Amrop, Universidad Metropolitana de San Juan de Puerto Rico, Pennyinvest, Perú 2021, BASC, United Way, Solidar and Fondo Nesst. Formerly finance manager of Ferreyros and general manager of the Banco Industrial, Banco de Comercio and Banex in Peru; executive director of Bladex, in Panama; investment banking manager of the Inter-American Investment Corporation (IIC) in Washington; head of the economic studies division of INTAL (IDB) in Argentina; and economist at the World Bank, Washington. Formerly chairman of the National Foreign Investment and Technology Commission (Conite) and manager of Proinversion. He has also taught at the

Pacific, Lima and PUCP universities. He is also a doctoral candidate in economics and holds master's degree in economic policy and economic development from the University of Boston. He has taken the Chief Executive Officers' Program at Northwestern University and has a bachelor's degree in economics from Universidad del Pacífico.

Carmen Rosa Graham Ayllón

A director of Ferreycorp S.A.A. since 2011 and of Ferreyros S.A. since July 2012. A director of Red i3 and Corferias del Pacífico and a member of the Managing Board of OWIT Perú, Empresarios por la Educación and the Asociación Pro Universidad del Pacífico, of which she is the vice chairman. She is also chairman of the board of directors of Fundación Backus. International consultant in the management of higher education institutions. Formerly rector of Universidad del Pacífico and general manager of IBM Colombia, IBM Peru and IBM Bolivia. Graduated in business administration from Universidad del Pacífico and has taken part in a number of systems engineering and executive development programs in IBM Corporation, Georgetown University, Harvard Business School, Universidad de Monterrey and Adolfo Ibáñez School of Management.

Eduardo Montero Aramburú

Director of Ferreycorp S.A.A. since 1980 and vice chairman since September 1993 until March 2008. Member of the board of directors of Ferreyros S.A. since July 2012. At present he is president of Indus and a director of Agrícola BPM. Formerly a director of the Central Reserve Bank and executive president of Industrias Pacocha. Graduated in economics from Lehigh University and possesses a master's degree in business administration from Wharton School at the University of Pennsylvania.

Raúl Ortiz de Zevallos Ferrand

A director of Ferreycorp S.A.A. since 2011 and of Ferreyros S.A. since July 2012. He is currently a partner in Ortiz de Zevallos Abogados law firm. He is also chairman of the board of Consorcio La Parcela and director of Agrícola Comercial & Industrial (Acisa), Inversiones Quinta Heeren and Barrialto. Deputy director elected by the Enersur (Suez Group) pension funds and advisor to the board of Grupo Cargomar and

the miners labor union of Orcopampa, a company of which he was a director from 1999 to 2009. A former Vice Minister of Tourism and Foreign Trade and director of companies such as Inversiones Cofide, Fertilizantes Sintéticos, Prolansa (Armco Group) and Cervecería del Norte (Backus Group). President of the Club Nacional from 2002 to 2004. He graduated in law from the Catholic University of Peru, where he has also taught.

Juan Manuel Peña Roca

A director of Ferreycorp S.A.A. since 1984 and of Ferreyros S.A. since July 2012. Also president of La Positiva Seguros y Reaseguros and La Positiva Vida, Seguros y Reaseguros; president of Alianza Compañía de Seguros y Reaseguros (Bolivia); director of Seguros América (Nicaragua); and Martinizing del Peru. He was formerly the general manager of Bland Welch (Brazil), where he was responsible for Latin America and the Caribbean. He was also chairman of the Inter-American Federation of Insurance companies (Fides). Graduated as a civil engineer from the National Engineering University.

Andreas Von Wedemeyer Knigge

A director of Ferreycorp S.A.A. since 2003 and of Ferreyros S.A. since July 2012. He is also executive president and general manager of Corporación Cervesur and president of several of the companies that make up this group (Creditex, Alprosa, Transaltisa and Proagro, among others). Former president of the board of Euromotors, Altos Andes and Renting; Also president of La Positiva Seguros y Reaseguros and La Positiva Vida, Seguros y Reaseguros; and Corporation Financiera de Inversiones, among others. Member of the managing council of the National Manufacturing Society and of Comex Peru, where he also sits on the executive committee. He is a director of Tecsup and a member of the Advisory Council on International Business of UPC, and of the Consultative Council of the University of San Pablo, Arequipa. Formerly director and general manager of Cia. Cervecera del Sur del Perú and president of the board of directors of Profuturo AFP. He holds an MBA, graduated in Hamburg, Germany and attended the Program for Management Development, Harvard Business School and the University of Piura.

SPECIAL BODIES WITHIN THE BOARD OF DIRECTORS

The board of directors of Ferreycorp S.A.A. has three committees:

- General Management and Subsidiaries Committee.
- Audit committee.
- Organizational Development and Corporate Governance Committee.

Each committee is made up of a minimum of three directors, at least one of whom must be an independent director as defined in Principle V, paragraph e.1 of the corporation's Principles of Good Corporate Governance. The president of the board of directors, vice-president and general manager take part in all committees, which meet every three months or every six months.

General Management and Subsidiaries Committee

Its function is to act as a consultant to the management regarding the general management of the company and to supervise on behalf of the board of directors. Its particular attributes are as follows:

- a. To review the strategic plans and annual business plans.
- b. To evaluate in detail the operation of affiliated companies.
- c. To draft recommendations to the board of directors on investment policy, acquisitions and disposals of fixed assets.
- d. To evaluate and give instructions on the company's levels of borrowing and the structure of its liabilities, and to monitor guarantees granted.
- e. To carry out a periodical evaluation of the position of loans granted by the company.
- f. To function as an advisory and consulting body to the management on matters submitted to it for consideration.

Audit committee

The function of this committee is to supervise the integrity of the accounting systems and analyze the external auditors' report on the financial statements. It has the following powers:

- a. To supervise the integrity of the accounting systems by means of an appropriate external audit.
- b. To review and analyze the company's financial statements from time to time.
- c. To review external audit reports on the Financial statements.
- d. To supervise the annual work plan of the internal auditor and receive the relevant reports.
- e. To propose the external auditors.

Organizational Development and Corporate Governance Committee

Its function is to support the management in updating the organizational structure of the company and in evaluating the performance, training and professionalism of the company's executives. As far as good corporate governance is concerned, its function is to ensure compliance with good practices. It has the following powers:

- a. To supervise the organizational development programs through reports on the administrative structure and human resources programs.
- b. To supervise performance management programs, salaries policy and training and development, among others.
- c. To confirm the hiring of principal executives, the salary scales for management and executive positions and to monitor the general management's supervision of its performance.
- d. To supervise the effectiveness of the management practices under which the company operates, and propose and approve improvements in the company's management practices.
- e. To review the self-assessment process for the 26 principles of good corporate governance contained in the Society's Annual Report.
- f. To supervise the policy concerning "significant events" and privileged and reserved information.
- g. To identify possible conflicts of interest between the administration, directors and shareholders, and to supervise monitoring by the management.

Board of directors of subsidiary companies

The board of directors of the principal subsidiary, Ferreyros S.A., is made up of the directors of Ferreycorp S.A.A., as has already been mentioned.

The board of the other subsidiaries are chaired by Oscar Espinosa Bedoya, chairman of Ferreycorp S.A.A. and include Mariela García Figari de Fabbri, general manager of Ferreycorp S.A.A., as its vice chairman. The other members of the board of directors are the following managers of Ferreyros S.A.:

Officer	Position in Ferreyros	Directorships of other subsidiaries
Gonzalo Díaz Pro	Central Business Manager	Unimaq, Ferrenergy, Orvisa, Fiansa, Mega Representaciones, Cresko and Gentrac group companies
Patricia Gastelumendi Lukis	Central Finance Manager	Unimaq, Orvisa, Fiansa, Mega Representaciones, Fargoline, Cresko, Gentrac group companies, Forbis and Motored
Hugo Sommerkamp Molinari	Central Management Control and Systems Manager	Unimaq, Orvisa, Fiansa, Mega Representaciones, Fargoline, Cresko, Gentrac group companies, Forbis and Motored
Luis Bracamonte Loayza	Central Subsidiaries Manager	Orvisa, Fiansa, Mega Representaciones, Fargoline, Cresko, Forbis, Motored
Oscar Rubio Rodríguez	General manager of Unimaq and Light Construction Division Manager of Ferreyros	Orvisa and Cresko
Jorge Durán Cheneaux	Branches and Agricultural Manager	Motored
Carlos Dongo Vasquez	Central Component Repair Center (CRC) Manager	Fiansa
Andrea Sandoval Saberbein	Logistics Manager	Fargoline and Forbis
Enrique Salas Rizo-Patrón	Construction and Mining Division Manager	Unimaq, Mega Representaciones, Cresko and Motored
Ronald Orrego Carrillo	Energy, Hydrocarbons and Marine Manager	Ferrenergy
Rodolfo Paredes León	Development and Investment Manager	Fiansa

THE MANAGEMENT

At present Ferreycorp has only one general management. As it is a recent creation, many of its functions are performed from the principal subsidiary Ferreyros S.A.

The principal officers of Ferreyros S.A. and of the other subsidiaries of Ferreycorp S.A.A. are given below.

PRINCIPAL OFFICERS OF FERREYROS S.A.

Mariela García Figari de Fabbri

General Manager of Ferreycorp and Ferreyros

General Manager of Ferreycorp S.A.A. (formerly Ferreyros S.A.A.) since 2008 and of Ferreyros S.A. since July 2012. Ms García has worked for the corporation for 25 years, having joined Ferreyros S.A.A. in 1988 and occupied various positions in the Finance Division, including Finance Manager from 2001 to January 2005. She was then deputy general manager of the company from January 2005 to March 2008 and then, as part of a succession plan, was appointed general manager. She is the vice chairman of subsidiary companies in Peru and Central America. Graduated in economics from the Universidad del Pacífico and holds an MBA from Adolfo Ibañez University in Chile and Incae in Costa Rica. At present she is a member of the board of directors of Peru 2021. Furthermore, since 2010 she has been Companies President of the Latin American Companies Circle, an organization that brings together 20 Latin American companies with outstanding corporate governance. In addition, she is a member of the Advisory Council of the Faculty of Economics at Universidad del Pacífico. She has been a member of the board of Procapitales and president of its corporate governance committee until the end of 2006, member of the board of the American Chamber of Commerce of Peru (Amcham Peru) between 2007 and 2013, of the National Mining, Petroleum and Energy Society between 2011 and 2013, of IPAE between 2002 and 2004 and of Cosapi from 2007 to 2009. Formerly she worked as a researcher and member of the editorial committee for publications issued by Consorcio La Moneda.

It should be pointed out that the following executives were appointed to Ferreyros S.A.A. before being transferred to Ferreyros S.A., as a result of the company's reorganization

CENTRAL MANAGERS

Luis Bracamonte Loayza

Central Subsidiaries Manager

Central Subsidiaries Manager of Ferreycorp since 2012. He joined the company in 1979 and has held various senior positions, such as assistant credit and collections manager. In 1996 he was appointed as branches manager before taking over the management of the agriculture and automotive divisions. Also, he has been the director and general manager of Orvisa, among other positions. Director of the Lima Chamber of Commerce in several periods, he is currently a member of the machinery committee and president of the sales channels committee and director of the Automotive Association. He is the director responsible for the Motored, Mega Representaciones, Cresko, Fargoline, Forbis Logistics and Fiansa subsidiaries, as well as a director of Orvisa. He attended the University of Lima, obtained specialist diplomas from ESAN and the Senior Management Program of Incae in Costa Rica; he also holds a master's degree in marketing and commercial management from Spain's EOI business school.

Gonzalo Díaz Pro

Central Business Manager

Central Business Manager since 2007. He was formerly in charge of the Large Mining Division. Joined the company in August 2004. Has more than 20 years of experience in the management implementation of construction, open pit mining and energy projects in both Peru and Chile. He has held various posts in the Cosapi Group, including general manager of the group's affiliate in Chile and project manager of a joint venture with the Bechtel Corporation for the implementation of Antamina, in its greenfield stage. Since 2012, he is chairman of the Suppliers Committee of the National Mining, Petroleum and Energy Society, as well as a member of the board of the Canada- Peru Chamber of Commerce. In addition, he has been a member of the managing board of the Suppliers Committee of the Peruvian Chamber of the Construction Industry (Capeco) and of the Infrastructure, Energy and Mining Committee of the American Peruvian Chamber of Commerce (Amcham Peru). At present he is a director of the subsidiary companies in Central

America and, in Peru, he is the director responsible for Unimaq, Orvisa and Ferrenergy. He graduated as a civil engineer from the Catholic University of Peru and has an MBA from Adolfo Ibañez University in Chile and Incae in Costa Rica and has taken part in various specialist courses in Peru and abroad.

Andrés Gagliardi Wakeham

Central Human Resources Manager

Central Human Resources Division Manager since 1986. Between 1973 and 1980 he was assistant industrial relations manager at Laboratorios Efesa when that company was an affiliate of Ferreyros S.A.A. He has occupied similar positions in other prestigious companies. He graduated in relations from the University of San Martín de Porres and has taken several specialist courses and programs.

Patricia Gastelumendi Lukis

Central Administration and Finance Manager

Central Administration and Finance Manager since 2012. Joined the corporation in 1987. After working in a number of positions in the credit and collections department, she was credit manager from 1998 to 2005, when she was promoted to finance division manager. At present she is a director of the subsidiary companies of Ferreycorp in Peru and abroad. She is the second vice president of Procapitales and a member of that company's corporate governance committee. She was a member of the board of directors of IPAE from 2007 to 2009. She was also chairman of the organizing committee of CADE Universitaria 2010. She is. Having graduated in business administration from the University of Lima; she has taken specialist courses at ESAN and possesses an MBA from Adolfo Ibañez University in Chile and Incae in Costa Rica. In 2007 she took part in the Caterpillar Leading for Growth and Profitability program at Kenan-Flagler Business School of the University of North Carolina. In 2009 she participated in the global economies administration program at Harvard Extension School Faculty, and in 2012, the corporate governance program at Yale School of Management.

José López Rey Sánchez

Central Product Support Manager

Central Product Support Manager since 2012. Joined the corporation in 1981. Services manager from 1994 to 1998 and spares and services manager from 1999 to 2001, in which year he was promoted to manager of the Product Support Division. He holds a bachelor's degree in

Mechanical Engineering from the National Engineering University, he has also studied administration and management accounting at ESAN and the Senior Management Program of the University of Piura. In 2007 he took part in the Caterpillar Leading for Growth and Profitability program at Kenan-Flagler Business School of the University of North Carolina.

José Miguel Salazar Romero

Central Marketing Manager

Central Marketing Manager since 2007. He joined the company in 1969 and until 1990 held different positions in the human resources, commercial and finance departments. In 1988 he was appointed Finance Division Manager. Between 1990 and 1995 he occupied similar posts in other companies in this field. He rejoined the corporation in 1996 as general manager of Matreq Ferreyros, exclusive distributor of Caterpillar equipment in Bolivia, which was a subsidiary of Ferreyros S.A.A. until April 2003. Between 2001 and 2004 he was manager of the mining division and from 2004 onwards was in charge of the Central Client Relations and Commercial Development area, now the Central Marketing area. He has taken part in courses in Peru and seminars organized by Caterpillar, including the Caterpillar Leading for Growth and Profitability program, and has taught at the Kenan-Flagler Business School of the University of North Carolina.

Hugo Sommerkamp Molinari

Central Control and Systems Manager

Central Control and Systems Manager since July 2001, he has been responsible for the Comptroller Division since 2012. He started his career at Hansen Holm, Alonso and Co., representative of Coopers & Lybrand (now part of PwC), from 1970 to 1980, period in which he served as audit manager. From August 1980 to 1981, he similarly served at the New York headquarters of Peat Marwick (now KPMG). Later, between 1981 and 1984, he assumed the position of audit partner at the Lima office. He joined the company in 1985 and until 1990 was comptroller of the company's affiliated companies. He is a director of the subsidiary companies of Ferreycorp in Peru and in Central America. Between 1990 and 1996 he worked in Paraguay as finance director of the different subsidiaries of the ECOM Group (Lausanne, Switzerland). He rejoined Ferreyros in 1996 as administration and finance division manager, a position he occupied until 2001. He is a registered public accountant and qualified at the Catholic University of Peru and has



**THE DEDICATED WORK OF
FERREYCORP'S COLLABORATORS
IS WHAT DRIVES THE
CORPORATION'S LEADERSHIP.**



taken specialist courses in Peru and abroad, including the Caterpillar Leading for Growth and Profitability program, and has taught at the Kenan-Flagler Business School of the University of North Carolina.

DIVISIONAL MANAGERS

Luis Fernando Armas Tamayo

Large-scale Mining Division Manager

Manager of the Large-scale Mining Division since January 2012, he has 26 years of experience in management, implementation, sales and development of the heavy plant market for open pit mining operations. During 2011 he acted as the Caterpillar regional manager for northern Latin America, based in Miami (USA); as general manager of Bucyrus South Africa, from 2009 to 2011; and as general manager of Bucyrus Peru, from 2000 to 2009, during which time he established the company in the Peruvian mining market. He was formerly senior mine maintenance manager at the Alumbreira mining company (Argentina), from 1997 to 2000. He also occupied engineering, planning and maintenance posts at Southern Peru's Cuajone mine, from 1986 to 1997.

He graduated in mechanical and electrical engineering from the National Engineering University, and obtained a postgraduate degree from the PAD course at the University of Piura as well as numerous specialist courses in mining equipment in Peru, Chile and the United States.

Jorge Durán Cheneaux

Branches and Agricultural Manager

Branches and Agricultural Manager since 2012. He joined the company in 1994 as field service engineer at the Cerro Verde mining operation. He then became Head of Services - Southern Region. In 1999 he became National Service Manager; and in 2001 became manager of the Component Repair Center (CRC) and Lima workshops. In 2005 he was appointed mining operations manager; and in 2007 became manager of the Large Mining Division. He is a member of the board of Motored. He studied mechanical engineering at the Catholic University of Peru. Also, he holds an MBA from Adolfo Ibañez University in Chile and Incae in Costa Rica. He has taken part in various Caterpillar courses and forums, he is a certified Black Belt in the Six Sigma continual improvement program and in 2007 took the Caterpillar Leading for Growth and Profitability program

at the Kenan-Flagler Business School of the University of North Carolina.

Eduardo Ramírez del Villar López de Romaña

Corporate Affairs Division manager

Corporate affairs division manager since 2010, her is responsible for legal and social responsibility matters. He joined the company in 1999 as legal manager. He handled the legal aspects of the vice-president's office of the Corporación Andina de Fomento (CAF) at the head office of that body in Caracas, Venezuela, responsible for debt transactions; before that he was an attorney at Consultoría Jurídica providing support for public and private sector financing activities in Peru and in the structuring of large projects at regional level. Previously he worked as the legal manager of Cosapi Organizacion Empresarial, providing legal advice on matters relating to the construction industry. He is a member of the legal affairs committee of the American - Peruvian Chamber of Commerce of Peru (Amcham Peru). He has studied several specialist courses in Peru and abroad. In 2007 he took the Caterpillar Leading for Growth and Profitability program taught at the Kenan-Flagler Business School of the University of North Carolina. He is an attorney

who graduated from the Catholic University of Peru and holds a master in law from George Washington University (as a Fulbright scholar).

Enrique Salas Rizo-Patrón

Construction and Mining Division Manager

Construction and Mining Division Manager since February 2010, after working as the general manager of the Mega Representaciones subsidiary since January 2007; he is the founder of Mega Caucho and general manager since 1999 of this leading supplier of off-highway tires and industrial lubricants in Peru. He was formerly sales director of Andean Trading, exclusive representative of Goodyear International in Peru, with which he worked since 1986. At present he is a member of the board of Unimaq, Mega Representaciones, Cresko and Motored. He has 27 years of experience in sales and service of added value industrial products for mining, construction, transport and industry. He studied at the University of Lima and specialized in sales, marketing and services at ESAN, as well as taking other courses in commercial, administration and financial management for businessmen. He has been participating in numerous Caterpillar courses and forums, as well as in other general training programs.

Raúl Vásquez Erquicio

Internal Audit Division manager

Internal Audit Division manager since 1978. He has been founding president of the Peruvian Institute of Internal Auditors, district director for Latin America and member of The Institute of Internal Auditors (United States), president of the Latin American Federation of Internal Auditors (FLAI) and president of its ethics committee. He holds a bachelor's degree in economics and business sciences and is a registered public accountant; he also holds a doctorate in economics from San Marcos University. He has a Certification in Risk Management Assurance- CRMA issued by The Institute of Internal Auditors. He was the audit manager of Arthur Andersen & Co. and the administration and finance manager of Compañía Pesquera Estrella del Peru.

PRINCIPAL OFFICERS OF OTHER**FERREYCORP SUBSIDIARIES****Carlos Barrientos Gonzales**

General Manager of Mega Representaciones

General Manager of Mega Representaciones S.A. since February 2010. With 16 years of service in the corporation, he has occupied different management posts since 2006, including commercial manager of the Large-scale Mining Division of Ferreyros S.A.A. He holds a bachelor in business administration from the Catholic University of Peru and an MBA from Centrum Católica. He has taken specialist courses in sales and strategy in Peru and abroad, including the Senior Management Program of the University of Piura and the Caterpillar Leading for Growth and Profitability program taught at the Kenan-Flagler business school of the University of North Carolina.

Javier Barrón Ramos Plata

General Manager of Cresko

General Manager of Cresko S.A. since May 2012. He began his career in 1996 with Ferreyros S.A.A., and has occupied a number of commercial and administration positions in various branches of the corporation. He has obtained several awards in courses taught by Caterpillar. He has 16 years of experience in the field of capital goods sales. He was regional counselor for Senati in La Libertad in the 2010-2012 period and represented the organization at different chambers of commerce. An industrial engineer who graduated from the University of Piura, he holds a master's degree in business administration, graduated with honors, and another postgraduate qualification in

finance from ESAN and has taken a number of Caterpillar courses in marketing, leadership and sales.

Henri Borit Salinas

General manager of Motored

General Manager of Motored S.A. since April 2011. Manager of the Automotive Division of Ferreyros S.A.A. from September 2011 to July 2012, when it was absorbed by Motored. He began his career in the consulting division of Arthur Andersen & Co. in 1992 and left that organization as manager in 1998. He was the general manager of Indumotor del Peru from 1999 to 2011. He has 13 years of experience in the automotive sector. Member of the board of directors of the Association of Vehicle Representatives of Peru (Araper) from 2005 to 2011. An industrial engineer, he graduated from the University of Lima and holds and MBA from Universidad del Pacifico.

Jorge Devoto Núñez del Arco

Manager of Forbis Logistics

Manager of Forbis Logistics Corp. since March 2010. Experience in the management of logistics projects dating from 2001. With more than seven years in the corporation, he has occupied positions in three representative departments: commercial, projects and logistics. His experience also includes participation in Caterpillar's exchange program in the city of Miami, where he worked for a year. He holds a black belt in the Six Sigma continual improvement program, as well as a certificate in the Caterpillar Production System (CPS), the continual improvement methodology adopted by Caterpillar throughout the world. He holds a bachelor's degree in food industry studies from the La Molina Agrarian University and graduated with honors in the Centrum Católica MBA course.

Raúl Neyra Ugarte

General Manager of Fargoline

General Manager of Fargoline S.A. since August 2009. Mr. Neyra began his professional career in the Peruvian Navy, before transferring to the private sector, working for Molinos Takagaki in the poultry feed sector and Nestlé in the fast-moving consumer goods sector. He joined Ferreyros S.A.A. in 1995 and has occupied management positions since 2005 after working in different departments of the corporation. He is a member of the managing council of the Association of Port Operators of Peru. Administrator and a graduate of the Peruvian Naval College, he holds an MBA from Incae in Costa Rica and Chile's Adolfo Ibáñez University, as well as a qualification

in logistics from the Catholic University of Peru. He is a black belt in the Six Sigma continual improvement program, issued by Caterpillar University.

Oscar Rubio Rodríguez

General manager of Unimaq

General manager of Unimaq S.A. He joined the corporation in 1975 and occupied management posts from 1983, including assistant general manager of Orvisa S.A. from 1989 to 1991. In 2007 he took over the management of Unimaq. Currently he is director responsible for Orvisa, as well as a director of Cresko. He graduated from the Faculty of Economics of San Marcos University. He has postgraduate studies at the PAD course at the University of Piura, diplomas from ESAN, IPAE and La Salle University in Argentina, and other courses in Peru and abroad.

Ricardo Ruiz Munguía

General Manager of Gentrac (Guatemala and Belize) and Cogesa (El Salvador)

General manager of the Ferreycorp subsidiaries and Caterpillar representatives in Central America: Corporación General de Tractores, S.A. (Gentrac), in Guatemala; Compañía General de Equipos S.A. (Cogesa), in El Salvador; and General Equipment Company Limited (Gentrac), in Belize. He joined Cogesa in 1978. He has worked in different departments of the company and was appointed general manager in 1991. In 1998, when Cogesa acquired 100% of Gentrac in Guatemala and Gentrac in Belize, he was appointed vice chairman of the board of directors and executive director of the three companies. In 2001 he became chairman of the board of directors and CEO of Gentrac Corporation, the holding company for the companies mentioned above. In 2010 the holding company was acquired by Ferreycorp (formerly Ferreyros S.A.A.) and he was appointed general manager of the new organization in Central America. His other activities in El Salvador include a stint as member of the managing board of insurance company Agrícola Comercial; member of the managing board of Banco de Comercio; chairman of the managing board of Banco Atlacatl; member of the managing council of the Banco Central de Reserva; member of the managing board of the Banking Association; director of Financiera Atlacatl; and director of Aprisa savings and loan association. He graduated in agricultural economics from the University of Louisiana and holds an MBA from Incae.

César Vásquez Velásquez

General Manager of Orvisa

General Manager of Orvisa S.A. since February 2006. With more than 12 years of experience in the capital goods field, he has been general administrator, head of administration and chief accountant of the same company. He worked in the Interbank store network and was chief account of Cía. Embotelladora Lusitania. Formerly a director of Caja Municipal de Ahorro y Crédito de Maynas (CMAC Maynas) from 2005 to 2007 and a member of the regional council of Senati Loreto between 2009 and 2011. He has a master's degree in administration and financial management from Spain's Escuela de Organización Industrial (EOI), a master's degree in higher education from San Marcos State University (studies completed) and an advanced sales certificate from Caterpillar. He graduated as a public accountant from the Universidad Nacional de la Amazonía.

Gonzalo Urbina Pérez

General Manager of Fiansa

General Manager of Fiansa S.A. since September 2010. He began his career with Firth Industries Peru in 1995 as business unit manager and occupied this post until 2000. He was general manager of construction and services for multinational Otis Elevator Company until 2008. Formerly vice chairman of Numa Asset Management. An industrial engineer, he graduated from the University of Lima and holds an MBA from the Darden Graduate School, University of Virginia.

RELATIONSHIPS

As at the 31st of December of the 2012, none of the directors were related (by blood or marriage) to any other directors or to the managers.

Messrs Carlos Ferreyros Aspíllaga, Óscar Espinosa Bedoya, Juan Manuel Peña Roca and Andreas von Wedemeyer Knigge are directors of La Positiva Compañía de Seguros y Reaseguros, an investor in Ferreycorp, holding 8.43% of its shares.

Remuneration paid to members of the board of directors and the management:

Total remuneration paid to members of the board and the management of Ferreycorp and its subsidiaries as a percentage of total consolidated earnings, as shown in the financial statements of Ferreycorp is 0.54%.

HUMAN RESOURCES

Ferreycorp's 6,265 collaborators made the corporations good results for 2012 -a 17% increase compared with 2011- possible both in Peru and abroad.

Changes in the number of employees over the last years are shown below:

FERREYCORP	2008	2009	2010	2011	2012
Officers	91	88	104	127	139
Employees	1,844	1,854	2,247	2,600	3,190
Technicians	2,089	1,879	2,386	2,631	2,936
Total	4,024	3,821	4,737	5,358	6,265

Ferreycorp's major competitive advantage lies in its human capital. For this reason it is essential to guarantee a good working environment in order to attract and retain the best talent.

Wages, salaries and benefits above the market average and strict punctuality in paying them are basic elements of the coproration's human resources policy. The corporation also gives priority to encouraging and facilitating the professional development of its collaborators, in an environment that makes use of their skills. The corporation also defines respect for diversity, work-life balance and benefits that increase levels of satisfaction and commitment to the company, as relevant aspects of its relationship with its collaborators.

It should be pointed out that Ferreyros' subsidiaries Fargoline and Fiansa are members of the Association of Good Employees of Peru, sponsored by the American Chamber of Commerce (Amcham), an institution for companies that are characterized by respect for their collaborators and their encouragement of a good working environment by applying good human resources practices throughout their processes. Ferreyros is one of the founders of this association.

Each one of the corporation's subsidiaries possesses a team responsible for ensuring good labor relations. There is only one labor union throughout Ferreycorp: The Sindicato Unitario de Trabajadores de Ferreyros S.A., which represented 213 technical personnel at the close of 2012; it has an excellent relationship with the company and helps in the creation of policies to

improve working conditions and the quality of life of collaborators and their families.

We seek to contribute to the welfare of our collaborators through social services addressing matters such as health, education, housing and family problems, as well as encouraging family and recreational activities.

INTERNAL TRAINING PROGRAMS

Training for Ferreycorp's collaborators is an essential accompaniment to business growth. Promoting talent through the creation of conditions that have a favorable impact on personal and professional development as well as on performance at work, is a practice that is deeply rooted in the corporation. Thus technical and administrative personnel had access to a number of training and development programs during 2012.

The second year of the Ferreyros Leadership Program was noteworthy for an educational proposal developed in conjunction with the Harvard Business Review Latin America, which seeks to develop the leadership and management skills of around 400 of the corporation's key leaders and supervisors.

Furthermore, the corporation has programs and initiatives to advance the skills of administration and sales personnel. As a result of this, in 2012 more than 1,380 collaborators in these departments of Ferreycorp gained access to master's degree and diploma courses, specialization programs, workshops and courses of various other types.

The corporation also encourages the development of its technical personnel through a variety of channels. Ferreycorp companies in Peru and Central America have implemented training initiatives or programs for their technicians.

For example, during 2012 around 2,000 technicians from Ferreyros, Unimaq, Orvisa and Motored participated in the programs mentioned below, as well as in other forms of training.

Caterpillar service personnel working for Ferreyros, Orvisa and Unimaq are part of the Service Pro and Unimaq Pro specialist development programs respectively, which grant certificates to their participants, permanently confirming their abilities and assisting their career paths. Furthermore, Ferreyros has a program called Machine Shop Pro,

for the recovery workshop.

It should be mentioned that Ferreyros also develops additional initiatives to reinforce the skills of its technicians: the ABC Program, designed to increase the knowledge and skills of new technicians entering the company and the Accelerated Training Program (PAE) that provides intensive training for field service personnel.

Furthermore, Ferreyros' most experienced Caterpillar service personnel and operation instructors take part in Caterpillar certification programs to demonstrate their knowledge of equipment servicing and operator training. In 2012 a total of 92 such collaborators obtained Caterpillar certificates in Peru and abroad.

Technical service personnel from Motored took part in the Automotive Technical Training program (Fortec), specializing in their own particular fields. There is also a program for collaborators working in logistics services and warehouses, called Logistics Pro, currently applied in Ferreyros.

As part of its social responsibility policy, and in order to continue helping more young people to enter the capital goods market, Ferreyros promotes a program called Think Big, together with Caterpillar and in alliance with Tecsup, which allows participants to acquire knowledge and skills in servicing Caterpillar equipment. Students have access to an educational fund from Ferreyros with which they can pay for their studies.

Technicians from the companies in Central America also have access to training initiatives. Both Cogesa in El Salvador and Gentrac in Guatemala have a unit responsible for technical training for their own personnel and for clients.

For more information on Ferreycorp's personnel management initiatives, see the Collaborators section in the chapter entitled "Social Responsibility".

90 YEARS OF

UNDERTAKING

FROM EXTENDING ITS PORTFOLIO OF PRODUCTS AND SERVICES TO STARTING NEW BUSINESSES IN PERU AND ABROAD. FERREYCORP'S STRATEGIC INITIATIVES INCLUDE REINVESTING ITS PROFITS WITH A VIEW TO FUTURE SUCCESS.



FINANCIAL MANAGEMENT

— 2012 was a year of important challenges and projects for the corporation.

The year began with the announcement of an increase in the capital of Ferreyros in the first quarter, through the issue of 75 million new ordinary shares, aimed at raising S/. 171 million in new money with which to continue financing the company's growth.

More than one thousand shareholders participated in the first round by exercising their right of first refusal, in January 2012, subscribing 98% of the issue -practically all of it- before the second round in February.

The company's development encouraged its shareholders to approve the increase in capital, in order to guarantee its strategy in the next few years and ensure that future projects have the financing they require.

The last time Ferreyros issued new shares was in 1997, when the company had a turnover of US\$ 200 million. The business is now seven times larger than in that year, solely through reinvesting its profits, which demonstrates the shareholders' confidence in the future business of the company.

The shareholders subscribed the the new shares at a price of S/. 2.28, which reflects an original issue premium of S/. 1.28 and provided the company with more than US\$ 62 million of new financing.

March 2012 saw the green light given to a fundamental step in the evolution of Ferreyros and all the companies that make up the corporation. The AGM approved a simple reorganization of the company aimed at improving the operational efficiency of the organization, its asset management and use of resources. This process was completed successfully in July of that year, creating a holding company to which all the subsidiaries of the corporation now belong. This new organizational structure will enable the holding company to concentrate on its role as investor and parent company so that each one of the operating subsidiaries can better focus on the service provided to its clients, extend its coverage and address its own business opportunities. (More information is available in the chapter entitled "Companies of the Corporation and Definition of Economic Group").

The decision approved by the AGM involved the separation of two equity blocks of Ferreyros S.A.A. into two subsidiary companies.

The equity block, derived from the automotive division, was named Motored S.A.; and the other, derived from the Caterpillar machinery, equipment and after-sales service business and allied lines, was transferred to an operating subsidiary named Ferreyros S.A., which is now dedicated to commercial activity and leaves behind its former role as the corporation's parent company.

Furthermore, after the separation of these equity blocks, the trading name of Ferreyros S.A.A. was changed to Ferreycorp S.A.A.

These projects demand an important operational effort on the part of the companies involved, in order to provide total transparency to their clients. Similarly, negotiations with the banks and capital market enabled the transfer of the liabilities of Ferreycorp S.A.A. to Ferreyros S.A. Given their confidence in the companies, the financial institutions agreed to maintain existing means of financing under the original terms and conditions. Corporate bond holders held a meeting and agreed to transfer the current program to Ferreyros S.A., with a change in the debt / liability covenant and a possibility of early payment of the bonds through a call.

As far as organic growth of the corporation's companies is concerned, fiscal year 2012 saw significant and sustained growth in sales volumes, above the levels forecast. This growth, however, continues to require significant amounts of working capital and therefore generates negative cash flows, due especially to the high inventories held by almost all the corporation's companies during the year so that they could meet the demands of their clients.

At the end of 2012, Ferreycorp's net sales totaled US\$ 1,755 million, a figure 26% higher than in the previous fiscal year.

Furthermore, sales by Ferreyros, the principal subsidiary, amounted to US\$ 1,238 million and remained an important proportion of total corporation turnover (70%). It should be mentioned that the turnover of Ferreyros S.A., covers the period from January to June 2012 when the company had two roles: operating company and investor (then taken by Ferreyros S.A.A.)

The EBITDA of the corporation in 2012 amounted to US\$ 176.7 million, 14% higher than in 2011 and net earnings amounted to US\$ 83 million, 18% higher than net earnings for 2011 and S/. 220 million or 13% in local currency. These results were lower in percentage terms at 21% growth in sales, as a consequence of the following variables:

1. A reduction in consolidated gross margin caused by the strengthening of the nuevo sol and sales mix, by which more equipment was sold than spares and service, which by their nature have a higher gross margin. In 2012 sales of machinery, equipment and engines reached a new record of US\$ 829 million,

representing 47% of total sales, whilst sales of spares and service represented 30% of total sales.

2. The acquisition of distribution rights for the Bucyrus line for US\$ 70 million, the financing of which generated financial costs, but will start to generate operating profits in the next few months.

3. Increased sales by nearly all of the corporation's companies, resulting in higher inventories and, therefore, higher financial expenditure.

4. The investment in equipment for the hire fleets of Ferreyros, Unimaq - The Cat Rental Store and Genfrac Guatemala, which affected the corporation's financial expenditure as these items are part of its fixed assets.

5. The increase in operating costs due to investments made by the corporation in developing world-class skills and in its workshops and premises.

6. Investment in recruitment, retention and training of its personnel, particularly technical staff and the development of IT systems.

INVESTMENT IN ASSETS

As we have explained, Ferreyros' business model is capital intensive. This is because of the investments it makes in current assets and fixed assets, both operating (the hire fleet and elements for the component interchange programs) and non-operating or infrastructure.

Investment in fixed assets

Ferreycorp's great competitive advantage is the location of its 70 plus premises throughout Peru and Central America, in addition to the permanent presence of its personnel on certain of our clients' sites. This is a benefit with a high strategic value that guarantees the company's clients maximum efficiency in dispatches of products and ensures that spares and service are never far away. Its main workshops are distinguished by rigorous, world-class standards of service, access to the latest technology and strict observance of pollution regulations in accordance with policies adopted by Ferreycorp to protect the environment.

Both workshop and branch extensions involve a considerable investment. Purchase in this way is it possible to provide a permanently excellent level of provision of the services mentioned above.

Therefore in order to ensure that the company can maintain the highest levels of operativity and also provide an optimum service to its clients through continually improving its abilities, Ferreyros invests in new premises and in the maintenance and refurbishment of its existing premises, workshops and warehouses throughout Peru.

At present, the corporation has more than 600,000 m2 of workshop, storage and/or showroom and sales space. It should be mentioned that it was decided that Ferreycorp (formerly Ferreyros S.A.A.) would retain ownership of its premises in Lima and branches that now constitute the Ferreyros S.A. subsidiary. It therefore signed leasing contracts with the latter at commercial rates. Thus Ferreycorp receives rental income as part of its cash flow.

Furthermore, construction of the Spares Distribution Center (CDR) in premises having an area of 28,000 m2 on Avenida Argentina was completed in 2012. This center will also house a logistics complex and the Mega Representaciones retreading plant, a corporate building and the company training campus (TACH).

The company's fixed assets include the hire fleet consisting of around 500 units belonging to Ferreyros, 1,200 to Unimaq and 372 to Genfrac Guatemala and the components used for speedy repairs to mining trucks. During 2012 investment in fixed assets amounted to around US\$ 56 million, compared with US\$ 95 million invested in 2011, including revaluation of assets in accordance with IFRS. It should be noted that the corporation decided to delay certain investments in local infrastructure so as not to affect its financial performance and to reduce its indebtedness ratio and leverage, on which an increase in financial debt would have had an impact.

Inventories of machinery, engines, equipment and vehicles (referred to internally as "principal products") remained at levels well above those of 2011, due essentially to changes in methods of payment and accounting for imports and deferred sales to large mining concerns, as well as buffer stock to serve rising sales; inventory rotation was 2.9, below the expected level of 3.5.

As far as the rotation of spare parts and components was concerned, this year saw a deterioration in the rotation of main inventory items, principally because of the purchase of the former Bucyrus product line, which required an investment of US\$ 13 million, as well as buffer stock requirements for the new products for large mining customers.

Investment in working capital

Investment in accounts receivable

Although financing for equipment is not a priority within the corporation, we offer financing of up to 10% of a sale under conditions that are very favorable for Ferreycorp. Thus the corporation maintains a portfolio of accounts receivable in the medium term of US\$ 45 million, which is trending downwards year on year. What has increased significantly, but without major risk, is the short-term portfolio, which includes invoices for spare parts, services, rentals and invoices financed by third parties, entered provisionally under accounts receivable.

Financial solutions in the form of direct offers or those made through third parties, is one of our subsidiaries' differentiating factors that focuses on the sale of machinery; at the same time, it is a determining factor in decisions by clients on whether to acquire equipment and spares, services and rentals.

The average time to close a sale through third parties or to receive payment of invoices for spares, services and leasing, is approximately 48 days. The average value of the corporation's accounts receivable was more than US\$ 300 million during 2012.

The total trade accounts receivable portfolio as at the 31st December 2012 amounted to US\$ 309 million. Furthermore, short-term accounts receivable amounted to US\$ 298 million, above the figure of US\$ 240 million at the close of 2011, due to a significant increase in sales of spare parts.

On the other hand, medium-term accounts receivable having a "duration" of up to 36 months, amounted to US\$ 11 million, 62% lower at the close of the year compared with the same period in fiscal year 2011.

As far as machinery and equipment sales were concerned, these items were acquired by clients in the following manner: approximately 50% were paid for in cash, using own resources; 21% were financed through the banks and leasing companies; and 27% with the participation of Caterpillar Financial Services. In addition, Caterpillar International Services del Peru S.A. (Cispsa), has increased in importance as an option for machinery deliveries, offering operating leasing to clients.

In order to reduce the amount of funds required by medium-term financing and also to control credit risk, Ferreyros maintained its strategy of limiting direct credit for equipment purchases. This safeguard explains why its share of the total financing for these sales is just 2%.

The arrears index for the portfolio of accounts receivable in more than 30 days was 4.77%, while for maturing receivable in more than 180 days was 0.3%. The provision for accounts receivable during the year was US\$ 5.4 million. This provision for uncollectables amounted to 0.30% of the corporation's total sales.

Investment in inventory

Inventory management -which is discussed under "Logistics" in the Commercial Management section- is one of the corporation's strategic activities and involves carefully maintaining good rotation and, at the same time, ensuring the availability of inventories in order to meet clients' requirements immediately. Thus Ferreycorp's inventories in 2012 amounted to US\$ 602 million, an increase of 33% compared with 2011 (an additional US\$ 148 million) because of the acquisition of principal products (machinery, equipment, engines) and spare parts, resulting from significant growth in sales,

increased lead times from the manufacturers and the incorporation of the former Bucyrus line.

Principal products in particular amounted to US\$ 345 million, representing 57% of total inventories and relating to the fact that these lines took a greater proportion of the corporation's total sales. The parts inventory amounted to US\$ 130 million, representing 22% of total inventories. Finally it should be mentioned that inventories in progress amount to US\$ 36 million and represent 6% of total inventories, while other stocks and inventories receivable amount to US\$ 90 million, 15% of the total.

The inventory volumes mentioned above rotate 3.3 times, slightly higher than the target rotation of 3, due to the factors described previously.

SOURCES OF FINANCING

As at the 31st December 2012, the total liabilities of Ferreycorp amounted to S/. 2,649 millions, an increase of S/. 358 million, 15% higher than in 2011, the result of the increase in business and financing required for the acquisition of the Bucyrus product line for US\$ 70 million, expansion of the hire fleet during the year, increased inventories in order to meet client demand and an increase in accounts receivable arising from the need to grant clients commercial credit.

It should be pointed out that Ferreyros' principal source of financing is, in the first instance, reinvestment of profits in accordance with the parameters set forth in our dividends policy. In addition, the company's financing strategy contemplates the acquisition of loans from local and foreign banks through Caterpillar Financial Services and through active participation in the capital markets by placements of corporate bonds. The choice of sources of finance is based on choosing the best terms and conditions and in a concern for maintaining access to diversified sources.

As far as financial ratios are concerned, the indebtedness ration fell from 2.15 in 2011 to 1.86 in 2012, below the target ratio of 2x. The general or current liquidity ratio -understood as the ability of the company to pay its short-term liabilities- was 1.39 at the end of 2012, higher than the 1.30 obtained at the close of 2011.

This was because short-term financing operations were carried out throughout the year as a strategy to, firstly, reduce the low rates for short-term credit and, secondly, to ensure that we are ready to repay these loans early, without incurring an early repayment penalty, with funds deriving from the increase in capital carried out in 2012. The level of financial debt increased from US\$ 558 million as at the 31st December 2011 to US\$ 730 million as at the 31st December 2012.

INCREASE IN CAPITAL

In order to continue with the growth of recent years, Ferreycorp increased its capital during the first quarter of 2012, through the issue of up to 75 million new shares, approximately 10% of the existing shares at that time. More than one thousand shareholders subscribed these shares at a price of S/. 2.28, which represents S/. 170.5 million of new capital, equivalent to around US\$ 63 million.

The share offer started with the offer to existing shareholders, from the 11th of January to the 6th of February 2012, in which 98% of the issue was subscribed. The second round took place from the 10th to the 14th of February and saw a further 1.7% of shares subscribed.

The company's current expansion encouraged the shareholders to approve this capital increase in order to guarantee that its strategy for the next few years and future projects have the financial resources they require. These resources were used principally to finance the acquisition of the Bucyrus line of products. The last new share issue was in 1997, when the company's turnover was US\$ 217 million.

It is worth emphasizing that this capital increase is evidence of the corporation's confidence in Peru's continued growth and development.

PARTICIPATION IN THE CAPITAL MARKET

Since the company's shares were first quoted on Lima Stock Exchange, in 1962, Ferreycorp –even before it was called Ferreyros S.A.A.– has been an active participant in the Peruvian capital market. It was in 1994 that Ferreycorp, now at the head of a large and highly reliable business group with an impeccable stock market record, began to issue debt instruments such as commercial paper and corporate bonds, which it issues regularly because of the demand for such instruments in the market.

Furthermore, it should be pointed out that between 1994 and 2004, Ferreycorp (formerly Ferreyros S.A.A.) placed four bond issues and two issues of commercial paper. Later, in 2004, it registered a corporate bond and commercial paper program that was succeeded by the First Debt Instruments Program (IRD) in 2007 and a Second Debt Instruments Program in 2009.

As explained in the introduction to this chapter, an assembly of bondholders agreed to transfer the current corporate bond program to Ferreyros S.A. As at the 31st of December 2012, the current value of Ferreyros S.A. corporate bonds (equity transferred on the 1st of July 2012) was US\$ 75 million, corresponding to the second IRD program. No placements were made in fiscal year 2012, as the company pursued a strategy of short-term financing in order to gain flexibility in early repayments and better interest rates.

90 YEARS OF

DYNAMISM

**THE FERREYCORP BUSINESS STRATEGY
STIMULATES ITS OWN DYNAMISM, WHICH
IS REFLECTED IN ACCUMULATED SALES
GROWTH. SINCE 2002, THE CORPORATION'S
INCOME HAS TRIPLED EVERY FIVE YEARS.**



MANAGEMENT ANALYSIS AND DISCUSSION OF THE AUDITED FINANCIAL STATEMENTS

As mentioned earlier, a reorganization was carried out in 2012 that would better organize the corporation's different businesses, by the segregation of two equity blocks into two subsidiary companies, for which reason Ferreycorp S.A.A. transferred the automotive division's business to Motored S.A., and the Caterpillar and allied brands machinery, equipment and after-sales services business to the subsidiary Ferreyros S.A. Nevertheless, due principally to the fact that some clients could not change certain purchase orders from Ferreycorp S.A.A. to Ferreyros S.A., Ferreycorp S.A.A. resumed holding some assets and contracts that had been extinguished. The result of the operations transferred, both in 2012 (including those relating to retained purchase orders) and in 2011 are shown in the financial statements under "earnings from discontinued operations".

In its capacity as the holding company, Ferreycorp will consolidate the results from all its subsidiaries, both in Peru and abroad, and produce policy guidelines to be followed by all the companies of the corporation. Thus, each one of the subsidiaries can focus better on adding value for their clients, improving their operating abilities, achieving wider coverage and taking advantage of business opportunities.

At individual company level, Ferreycorp has retained the holding company functions and ownership of the buildings used by Ferreyros S.A., and a leasing agreement has been entered into by both companies.

The financial situation and results of the operations of Ferreycorp S.A.A. broken down by individual company are given below; however to enable a better understanding of the results of the Ferreycorp corporation and its subsidiaries, the consolidated financial situation and results are also given together with the respective analysis and management discussion.

INDIVIDUAL FINANCIAL STATEMENTS OF FERREYCORP S.A.A.

ANALYSIS OF THE COMPANY'S FINANCIAL POSITION

Financial position (in millions of nuevos soles)			Variación	
	31.12.12	31.12.11	Importe	%
Asset				
Current assets				
Cash and cash equivalents	15.4	5.0	10.4	208.0
Trade accounts receivable, net	114.9	60.7	54.2	89.3
Accounts receivable from non-arms-length entities	168.7	55.5	113.2	204.0
Other accounts receivable, net	8.8	15.5	-6.7	-43.2
Inventories, net	12.1	115.8	-103.7	-89.6
Costs incurred in advance	0.7	1.2	-0.5	-41.7
Total current assets	320.6	253.7	66.9	26.4
Trade accounts receivable, net	5.4	0.0	5.4	
Accounts receivable from non-arms-length entities	6.9	29.7	-22.8	-76.8
Other accounts receivable, net	4.1	5.4	-1.3	-24.1
Financial investments	1,086.4	907.5	178.9	19.7
Real estate, machinery and equipment	275.4	271.9	3.5	1.3
Total	1,698.8	1,468.2	230.6	15.7
Liabilities and net equity				
Current liabilities				
Other financial liabilities	61.0	297.5	-236.5	-79.5
Trade accounts payable	46.3	1.4	44.9	3,207.1
taxes, remuneration and other accounts payable				
Accounts payable to non-arms-length entities	33.5	25.2	8.3	32.9
Tax liabilities on earnings	101.5	8.0	93.5	1,168.8
Total current liabilities	2.0	11.3	-9.3	-82.4
	244.3	343.4	-99.1	-28.9
Other financial liabilities	159.3	133.5	25.8	19.3
Tax liabilities on deferred earnings	44.3	45.6	-1.3	-2.9
Total liabilities	447.9	522.5	-74.6	-14.3
Equity				
Capital	803.2	623.6	179.6	28.8
Additional capital	95.7		95.7	
Statutory reserve	82.2	63.7	18.5	29.0
Other equity reserves	93.9	93.2	0.7	0.8
Accumulated results	175.9	165.2	10.7	6.5
Total equity	1,250.9	945.7	305.2	32.3
Total	1,698.8	1,468.2	230.6	15.7

As at the 31st of December 2012, total assets amounted to S/. 1,698.8 million, compared with S/. 1,468.2 million as at the 31st of December 2011, an increase of S/. 230.6 millions (15.7%); the main variations in assets are due to: i) an increase in the investment account due to the transfer of assets and liabilities after the reorganization and ii) an increase in accounts receivable from subsidiaries arising from the distribution of dividends in favor of Ferreycorp S.A.A.

As at the 31st December 2012, total liabilities amounted to S/. 447.9 million, compared with S/. 522.5 million as at the 31st of December 2011, a reduction of S/. 74.6 million (-14.3%).

LIQUIDITY

The current ratio as at the 31st of December 2012 is 1.31, higher than the current ratio of 0.74 as at the 31st of December 2011. After the simple reorganization, Ferreycorp generated additional cash income from dividends paid by the subsidiary companies.

The financial indebtedness ratio as at the 31st December 2012 was 0.16 compared with 0.45 on the 31st of December 2011. Cash and banks and liabilities to suppliers that do not generate financial expenses were not taken into account when calculating this ratio.

The total indebtedness ratio as at the 31st December 2012 was 0.36 compared with 0.55 as at the 31st December 2011. The indebtedness ratio fell basically because of: firstly, it incorporates the increase in capital in February, amounting to US\$ 62 million, and secondly it was affected by the distribution of profits from the previous fiscal year, agreed in accordance with Ferreycorp's dividend policy, but was then favored by profits generated in this fiscal year.

ANALYSIS OF THE RESULTS

Results (in millions of nuevos soles)	2012	2011	Variación %
Income			
Earnings from dividends	101.7	41.4	145.7
Financial earnings	5.2	3.1	67.7
Hire services	10.8		
Total income	117.7	44.5	164.5
Cost of hire services	-2.5	-4.7	-46.8
Financial expenses	-3.9	-3.3	18.2
Exchange rate difference, net	6.8	6.5	4.6
Total (costs) income	0.4	-1.5	
Profits before income tax			
Continual operations	118.1	43.0	174.7
Income tax	-4.9	-0.5	880.0
Net profit from continual operations	113.2	42.5	166.4
Net profit from discontinued operations	62.7	142.4	-56.0
Net profit	175.9	184.9	-4.9

As a result of the above-mentioned simple reorganization, income was made up as follows: a) dividends received from the organization's subsidiaries. The higher income compared with the previous year was due to the fact that in 2012 dividends were received from Ferreyros S.A. and b) income from the leasing of buildings to Ferreyros S.A., after the 1st of July 2012, which was not available in 2011.

The figure for earnings from discontinued operations represents the net earnings from these operations. Lower discontinued earnings in 2012 compared with 2011 is the result mainly of the company's principal operations in 2012 being recorded on the first half of 2012 only, whilst in 2011 these operations took place for the whole year.

CHANGES IN THOSE RESPONSIBLE FOR DRAWING UP AND REVISING FINANCIAL INFORMATION

There were no changes in the external auditors during 2012 and 2011.

2012 saw the resignation of Mr Víctor Astete Palma, Company Comptroller. On the 1st of April 2012 this position was filled by Mr Hugo Ernesto Sommerkamp Molinari, Central Management and Systems Manager, in addition to the other functions he has been performing for many years.

By the end of 2012, the accounts department was taken over by Miss Giovanna Cárdenas Ramírez, a licensed public accountant, who replaced Mr Bernardo Chauca Quispe, who took over new responsibilities within the company.

CONSOLIDATED FINANCIAL STATEMENTS OF FERREYCORP S.A.A.

The following section gives an explanation for the most important variations in the company's financial statements as at the 31st December 2012 and the 31st December 2011.

ANALYSIS OF THE CONSOLIDATED FINANCIAL SITUATION OF FERREYCORP AND SUBSIDIARIES

Consolidated statement of financial position (in millions of nuevos soles)	31.12.12	31.12.11	Variation	
			Value	%
Asset				
Current assets				
Cash and cash equivalents	173.3	68.2	105.1	154.1
Trade accounts receivable, net	761.2	647.6	113.6	17.5
Other accounts receivable, net	122.1	88.4	33.7	38.1
Inventories, net	1,535.1	1,223.2	311.9	25.5
Costs incurred in advance	21.7	17.9	3.8	21.2
Total current assets	2,613.4	2,045.3	568.1	27.8
Trade accounts receivable, net	29.1	77.7	-48.6	-62.5
Other accounts receivable, net	6.8	8.1	-1.3	-16.0
Financial investments	71.0	78.3	-7.3	-9.3
Real estate, machinery and equipment	1,163.4	1,103.9	59.5	5.4
Intangibles, net	73.3	13.9	59.4	427.3
Mercantile credit	115.3	31.7	83.6	263.7
Total	4,072.3	3,358.9	713.4	21.2

Consolidated statement of financial position - Continued		Variation		
(in millions of nuevos soles)	31.12.12	31.12.11	Value	%
Liabilities and net equity				
Current liabilities				
Other financial liabilities	959.1	738.6	220.5	29.9
Trade accounts payable	445.5	394.2	51.3	13.0
Remuneration, employee profit sharing, Taxes, remuneration and other accounts payable	477.1	414.0	63.1	15.2
Tax liabilities on earnings	2.9	23.4	-20.5	-87.6
Total current liabilities	1,884.6	1,570.2	314.4	20.0
Other financial liabilities	728.0	676.6	51.4	7.6
Other accounts payable	3.5	5.6	-2.1	-37.5
Tax liabilities on deferred earnings	31.1	33.6	-2.5	-7.4
Deferred income	1.7	7.5	-5.8	-77.3
Total liabilities	2,648.9	2,293.5	357.9	15.5
Equity				
Capital	803.2	623.6	179.6	28.8
Additional capital	137.3	26.1	111.2	426.1
Other equity reserves	128.1	129.5	-1.4	-1.1
Statutory reserve	82.2	63.7	18.5	29.1
Accumulated results	276.5	221.3	55.2	24.9
Reserve to be carried forward	-3.9	1.2	-5.1	-425.0
Total equity	1,423.4	1,065.4	358.0	33.6
Total	4,072.3	3,358.9	713.4	21.2

As at the 31st of December 2012, total assets amounted to S/. 4,072.3 million, compared with S/. 3,358.9 million as at the 31st of December 2011, an increase of S/. 713.4 million (-21.2%). The main variations in the assets account that explain this increase are as follows:

a. Net increase in inventories amounting to S/. 311.9 million, due mainly to purchases of principal products and spare parts, as a result of increased turnover and, in some cases, an increase in lead times from the manufacturers of certain products, as well as the incorporation of stocks for the new Bucyrus line from the 1st of June 2012 onwards.

b. An increase in trade accounts receivable of S/. 65.0 million, due to increased sales in general. Accounts receivable rose by 8.2%, a lower rate than the growth of the corporation's sales.

c. Net increase of S/. 59.6 million in fixed assets, explained by further purchases for the hire fleet and workshop machinery, as well as the construction of a new spare parts logistics facility that will enable the corporation to improve its distribution service to its clients. The Mega Representaciones plant was also included in this building.

d. Increase in commercial credit and intangibles, basically because of the acquisition of the Bucyrus business.

As at the 31st December 2012, total liabilities amounted to S/. 2,648.9 million, compared with S/. 2,293.5 million as at the 31st December 2011, an increase increase of S/. 357.9 million (-15.5%). This increase is explained by the growth of the assets mentioned.

LIQUIDITY AND INDEBTEDNESS

The current ratio as at the 31st of December 2012 is 1.39, higher than the current ratio of 1.30 as at the 31st of December 2011.

Furthermore, because of the composition of liabilities, which included as at 31-12-12 a larger proportion of non-financial liabilities compared with 31-12-11, the financial indebtedness ratio as at 31-12-12 fell to 1.19 as opposed to 1.35 as at 31-12-11. The total indebtedness ratio as at 31-12-12 was 1.86, compared with 2.15 as at 31-12-11.

The indebtedness ratio as at December 2012 is the result of significant variations in equity. Firstly, it includes the US\$ 62 million capital increase carried out in February. Secondly, it was affected by the payment of dividends the previous year, agreed according to Ferreycorp's dividend policy and then favored by earnings in this fiscal year. Cash and banks and liabilities to suppliers that do not generate financial expenses were not taken into account when calculating this ratio.

ANALYSIS OF THE CONSOLIDATED RESULTS OF THE OPERATIONS OF FERREYCORP S.A.A. AND SUBSIDIARIES

Consolidated results		Variación			
(in millions of nuevos soles)	2012	%	2011	%	%
Net sales	4,632.7	100.0	3,827.6	100.0	21.0
Sales cost	-3,711.3	-80.1	-3,021.4	-78.9	22.8
Gross profit	921.4	19.9	806.2	21.1	14.3
Sales and administration costs	-652.2	-14.1	-537.0	-14.0	21.5
Other income and expenses, net	32.2	0.7	8.6	0.2	275.4
Operating profit	301.4	6.5	277.8	7.3	8.5
Other income (expenditure):					
Financial earnings	21.5	0.5	30.5	0.8	-29.5
Financial expenses	-90.0	-1.9	-79.7	-2.1	12.9
Exchange rate difference, net	79.2	1.7	47.5	1.2	66.7
Participation in results of associates using participation method	3.1	0.1	8.3	0.2	-62.7
	13.8	0.3	6.6	0.2	108.9
Profits before income tax	315.2	6.8	284.4	7.4	10.8
Income tax	-94.8	-2.0	-89.4	-2.3	6.0
Net profit	220.4	4.8	195.0	5.1	13.0

NET SALES

In millions of nuevos soles	2012	2011	Variación %
Caterpillar equipment:			
Large mining operations	733.2	490.4	49.5
Others	1,457.5	1,301.6	12.0
	2,190.7	1,792.0	22.3
Agricultural equipment	80.6	71.9	12.1
Automotive	225.8	139.0	62.4
Rentals and used	344.4	280.9	22.6
	2,841.5	2,283.8	24.4
Spare parts and services	1,420.0	1,252.2	13.4
Other sales by local subsidiaries	336.2	255.8	31.4
Other sales by foreign subsidiaries	35.0	35.8	-2.3
Total	4,632.7	3,827.6	21.0

Net sales in 2012 amounted to S/. 4,632.7 million, compared with S/. 3,827.6 million in the previous year, a significant increase of 21.0%.

It should be pointed out that for the purposes of analyzing sales and sales cost, earnings that do not form part of the commercial activities of the corporation have been excluded, such as exports of spares and certain equipment. Sales by direct order have been included.

In 2012, income from the majority of the businesses was greater than in 2011. Sales of Caterpillar equipment increased by 22.3% to the highest level in the history of the corporation, the result of stable conditions for mining and construction. Sales of used equipment and rental income increased by 22.6%. In addition, sales of spare parts and services increased by 13.4%, driven by the new machinery purchases and refurbishment of machinery sold over recent years. Vehicle sales also increased by a significant 62.4%.

It should be pointed out that sales by Ferreyros, Orvisa and Unimaq, Caterpillar distributors in Peru, grew by 21%; those of Caterpillar distributors abroad by 10%, whilst sales by affiliates complementing the Caterpillar business grew by 32%.

EARNINGS FROM SALES

Gross profit in 2012 was 14.3% higher than in 2011. In percentage terms, gross margin was 19.9%, rather less than the 21.1% recorded in the previous year, explained by the following:

- Firstly, the strengthening of the nuevo sol affected gross margins. The exchange rate at the beginning of the year was S/. 2.70 soles and at the end of December, S/.2.55 soles. This means that the company's sales were recorded at a lower exchange rate and cost of sales derived from inventories purchases at a higher exchange rate.

This impact is due to the accounting process, which requires that inventories should be accounted for in soles at the exchange rate in force on the date of acquisition, while sales are recorded at the exchange rate in force on the date of the transaction. Nevertheless, gross earnings in dollars have not really been affected. This lower gross profit has been recovered by exchange rate earnings arising from adjustments to the debt used to finance inventories.

- Secondly, the different proportions of total sales contributed by the product lines. During 2012, sales of new machinery and equipment, which have lower margins, represented 47% of total sales, whilst sales of supporting products at higher margins represented 31% of turnover. These latter sales produce a greater margin because of the effort necessary to keep inventories and to distribute spare parts and services throughout Peru. Despite the reduction in the relative weighting (2009: 38 %, 2010: 36.1% and 2011: 32.7%), sales of spares and services continued to grow in absolute terms; growth in 2012 was 13,4% compared with 2011.

SALES AND ADMINISTRATION COSTS

Sales and administration costs in 2012 amounted to S/. 652.2 million compared with S/. 537.0 million in the previous year, representing growth of 21.5%, due to: i) an increase in personnel costs assumed in order to ensure that the organization has the capacity and resources to serve clients and their future projects; ii) an increase in expenditure on IT aimed to speed up the company's throughout Peru and other expenditure relating to the acquisition of new human resources and CRM (client relationship management) tools and iii) amortization of intangible assets relating to the acquisition of the Bucyrus product line for S/. 5.2 million.

We should point out that in the second quarter of 2012 new personnel hiring was drastically reduced.

OTHER INCOME AND EXPENSES, NET

In 2012 net income of S/.32.2 million was registered under this item, compared to a net income of S/. 8.6 million generated in the previous year. This increase was because in the final quarter of 2012 SE earnings of S/. 29.6 million were recorded, arising from the sale of negotiable securities to a foreign affiliate.

FINANCIAL EARNINGS

Financial income in 2012 amounted to S/. 21.5 million, 29.5% less than the S/. 30.5 million generated in the previous year, which can be explained by a reduction in sales financed by the corporation because of greater participation by financial entities in this form of financing.

FINANCIAL EXPENSES

Financial expenses amounted to S/. 90.0 million in 2012 and S/. 79.7 million in the previous year, which represents an increase of 12.9% caused by an increase in average liabilities subject to interest payments. (S/. 1,684 million in 2012; S/. 1,362 million in 2011), which is explained mainly by increased assets (see explanation in "analysis of the financial situation") partially offset by lower interest rates.

EXCHANGE RATE EARNINGS (LOSSES)

In 2012 net liabilities in foreign currency gave rise to exchange rate earnings of S/. 79.2 million compared to earnings of S/. 47.5 million generated in the previous year. Exchange rate earnings in 2012 were the result of the Peruvian nuevo sol strengthening 5.4% against the United States dollars (the exchange rate of S/. 2.697 as at the 31st of December 2011 fell to S/. 2.551 as at the 31st December 2012). Exchange rate earnings in 2011 were the result of the Peruvian nuevo sol strengthening 4.0% against the United States dollars (the exchange rate of S/. 2.809 as at the 31st of December 2010 fell to S/. 2.697 as at the 31st December 2011).

INCOME TAX

Income tax for 2012 and 2011 was calculated in accordance with current tax legislation.

NET PROFIT

Because of the variations explained above, net earnings for the year amounted to S/. 220.4 million compared with S/. 195.0 million in the previous year, representing an increase of 13.0%.

EARNINGS BEFORE INTEREST, DEPRECIATION AND AMORTIZATION (EBITDA)

EBITDA in 2012 amounted to S/. 466.6 million compared with S/. 426.8 million in 2011, representing an increase of 9.3%.

90 YEARS OF

HARD WORK

THE CORPORATION SEEKS TO MAKE
A POSITIVE IMPACT ON ALL ITS
STAKEHOLDERS, FROM COLLABORATORS,
SHAREHOLDERS AND SUPPLIERS
TO CLIENTS, PROVIDING SUPPORT
WHEREVER THEY ARE.



SOCIAL RESPONSIBILITY

— Ferreycorp takes an active role as an agent of change and driver of progress in the country.

For many years the company has been working in the field of social responsibility, showing commitment to sustainable development and concentrating its efforts on economic, social and environmental aspects.



In the firm belief that social responsibility should be part of the management of all companies, in 2012 the organization continued to have a positive impacts on all its interest groups: collaborators, shareholders, the community, clients, government and society, suppliers and the environment.

Thus, Ferreyros has implemented programs and projects in areas as diverse as education in values and citizenship, preparing young people for the labour market, encouragement of mechanization in poor areas, good corporate governance, inclusion in the labor force and environmental protection.

A summary of the actions carried out by Ferreyros in this field and, in particular, by each of its interest groups, is given below.

COLLABORATORS

Ferreycorp's most important competitive advantage is its people. Its collaborators are the people who forge the leadership and solidity of the corporation, which offers them the best working conditions, a good atmosphere in the workplace and encourages their integral development, both professional and personal.

Valuing and respecting diversity

One of the commitments assumed by the corporation is to maintain a discrimination-free workplace, which favors equality of opportunity based on the merits of each collaborator regardless of sex, ethnic group, origin, religion or social condition.

Equally, it has introduced a program of labor inclusion to promote the employment of people with disabilities. At the end of 2012, eight collaborators with different abilities were working in the corporation: seven of them in Ferreyros and one in Unimaq. Thus, Ferreycorp favors the social inclusion of useful and productive people, strengthening their security and self-esteem and integrating them into the labor market.

Talent development and management

Promotes and facilitates the professional development of its collaborators. For more information on this subject, see the chapter entitled "Organization and Human Resources".

Care for health, safety and working conditions

The corporation has an Industrial Safety, Occupational Health and Environmental Management system that seeks to ensure compliance with the highest standards of risk management, in order to recognize, evaluate and control such actions, omissions and conditions that may affect the health and physical integrity of our collaborators, cause damage to our installations and equipment or cause negative impacts on the environment.

In 2012, as in previous years, different activities were planned and implemented to promote health, safety and appropriate working conditions, including monthly meetings to evaluate safety, management and risks, accident reports and investigations, inspections and observation, safety education, emergency response preparation, industrial hygiene controls, medical examinations and consultations, internal audits and monitoring of contractors. The company's social welfare department provided personalized and permanent attention in matters of health, education, housing, economics, legal problems and family problems.

Personal and family development

Ferreycorp encourages its collaborators to enjoy free time with their families and to pursue other interests. Furthermore, the corporation's companies do other things for their collaborators and families, such as training in productive activities, vacation programs for their children, family integration programs and recreational, artistic and sporting activities.

Channels of communication

Ferreycorp has an open door policy to facilitate horizontal communication between its collaborators and the management. It also provides permanent information through channels such as magazines, corporate e-mail, notice boards, the Intranet, suggestion boxes, departmental meetings, bulletins and information brochures. Furthermore, it uses the continual improvement tools Six Sigma and Caterpillar Production System (CPS) to motivate its personnel to propose initiatives to optimize the corporation's management.

Relationships with our labor unions

Ferreyros is the only company in the corporation with a labor union. From 1946—and without interruption—our workforce have been represented by a union that has an excellent relationship with the company and takes part in the creation of policies aimed at improving working and living conditions for our personnel and their families.

Social activities

Each year the corporation holds a celebration to which all personnel are invited. Furthermore, since 2010 our collaborators have been able to compete in the Corporate Olympics and a 5-a-side football championship, as well as the “Ferreyros 4K Corporate Volunteering Race”, among other activities.

SHAREHOLDERS

Ferreycorp is committed to good corporate governance, that guarantees respect for the rights of shareholders, equal treatment for all shareholders, prompt and transparent dissemination of information and an effective board of directors that represents all the shareholders.

The corporation considers that it has high standards of compliance and that it is a model for many other organizations that are still at the start of the continual improvement process that the commitment to corporate governance represents. Since 2004, it has been carrying out self-assessments of its degree of adhesion and compliance with the principles of good corporate governance encouraged by the Stock Market Regulatory Authority (SMV) and has obtained the maximum number of points ever since 2010. Furthermore its dividend policy, which was modified in 2007, establishes the rules applicable to the distribution of profits.

Awards

In 2012 Ferreycorp received the following awards that can be added to a long list of achievements throughout the company's history:

- Best Corporate Governance in Peru Award from the magazine World Finance, for the second year running.
- Lima Stock Exchange awarded the company the “Keys of the Stock Exchange” for the third time, as a symbol of recognition and confidence.

It should be pointed out that in 2012, the corporation was part of the Good Corporate Governance Index of Lima Stock Exchange for the fifth consecutive year; this index consists of the ten companies with the best corporate governance practices in Peru.

For further details see the chapter entitled “Corporate Governance”, as well as our self-assessment of the 26 principles of good governance for Peruvian companies,(digital version) for fiscal year 2012.

CLIENTS

The corporation encourages mutually beneficial and long term commercial relationships with its clients, based on the availability of the best solutions, the backing of a leading organization with a presence all over Peru, excellent service and a tradition of integrity and values implemented over more than 90 years of the company's existence.

Much of this Annual Report details the added value that Ferreyros provides to its clients, a summary of which is given below:

- The company has a varied portfolio of high-quality products and services and provides specialist attention to different sectors.
- Continual monitoring of client satisfaction and claims management focused on continually improving the services offered.
- Proper management of the business and its communications and marketing.
- Respect for client privacy and protection for confidential information.
- Training for clients concerning technical specifications and adequate handling of the products.

SUPPLIERS

The companies of the corporation choose their suppliers based on clearly established principles such as transparency, equal treatment and mutual growth.

Therefore Ferreycorp's choice of suppliers is based on the quality of the product or service, as well as price and delivery terms. These criteria se are complemented by management elements, such as personal treatment and the implementation of safety programs.

Three of the corporation's companies, Ferreyros, Fiansa and Fargoline, are members of the Association of Good Employers sponsored by the American - Peruvian Chamber of Commerce (Amcham) of Peru. We have assumed a commitment to encourage suppliers to employ good human resources practices and share our conviction that the use of such practices motivates their collaborators, increases productivity and raises the quality of their products and services.

Of course, Ferreyros encourages high standards of safety among its hauliers. They are required to meet annual safety inspections. Equally, since 2007 they have been included in a Hauliers Committee in which they share their experiences and good practices, thus improving processes and resolving problems. At the close of each year prizes are awarded to the three best truckers who have had the fewest incidents and have rigorously and consistently applied the best safety practices.

Fargoline also provides training in quality and safety matters for all suppliers of strategic services, who are an essential part of its operations.

GOVERNMENT AND SOCIETY

Ferreycorp maintains a policy of absolute honesty in all of its operations. The corporation's interests will never be advanced by fraudulent or illegal conduct on the part of its collaborators; it prohibits the use of unethical practices in commercial relations with state entities.

Furthermore, the corporation encourages opinion-forming on matters of public interest, such as social responsibility, foreign trade and the capital markets, by participating in forums such as chambers of commerce (Lima Chamber of Commerce, the American - Peruvian Chamber of Commerce, the Canadian Chamber of Commerce and the Peru - China Chamber of Commerce), the Peruvian Confederation of Private Business Institutions (Confiep), the Peruvian Chamber of the Construction Industry (Capeco), the National Mining, Oil and Energy Society (SNMPE), the Association of International Freight Forwarders (Apacit), the Association of Mining Suppliers, the Automotive Association of Peru (AAP), the Association of Automotive Representatives of Peru (Arafer), the Association of Capital Market Promotion Companies (Procapitales), the Foreign Trade Society (Comex) and Peru 2021, among many others, and by including certain of its officers on their boards or committees.

Equally, Ferreyros, one of the corporation companies, issues the following annual reports on its actions and their impacts:

- Sustainability Report
Enables performance in economic, social and environmental aspects to be measured, understood and improved. Produced annually since 2010 using the Global Reporting Initiative (GRI) methodology.

- Global Compact
Ferreyros has been an adherent of the Global Compact since 2004; this is a United Nations (UN) initiative that aims for entities from all over the world to include ten principles of conduct and action in matters of human rights, work, the environment and the fight against corruption into their operations. In accordance with this commitment and a decision to incorporate and promote social responsibility into all its activities, Ferreyros will continue to implement and encourage programs and practices that enable it to interact responsibly with its different interest groups.

COMMUNITY

La corporación trabaja estrechamente con diversos sectores de la comunidad, principalmente en uno de los temas que se considera clave para el progreso del país: la educación de los jóvenes.

Association Ferreyros' proposals for education

Since 1997 the Association Ferreyros, a body consisting of Ferreyros, Unimac, Orvisa and Fiansa, encourages education that includes values and civic responsibility. The “Ferreyros Career Administration Program”, aimed at university students, is intended to help with professional training and commitment to the country's development. It therefore offers young people the opportunity to reflect on and debate subjects that are complementary to their university studies.

The program consists of four modules: i) projecting my career, ii) developing my skills, (iii) employability and iv) my future and my professional role.

1,559 university students took part in this program in 2012 from different cities in Peru including Arequipa, Piura, Cajamarca, Iquitos, Tarapoto, Tacna, Ilo, Moquegua, Cusco, Puno, Trujillo, Chimbote, Ica, Cerro de Pasco, Huancavelica, Madre de Dios and Huancayo.

In addition, Ferreyros continues to sponsor the Annual University Students Conference (CADE Universitaria) organized by the Instituto Peruano de Acción Empresarial (IPAE) and supports the work of the working group moderators in this important event.

Think Big program

A training program promoted by Ferreyros, aimed at training young people as mechanics on Caterpillar equipment. The program lasts 2 years and combines periods at Tecsup with practical weeks at Ferreyros. The program offers access to educational loans from Ferreyros that enables students to finance up to 100% of the cost of their studies, the loan being repaid when participants obtain employment.

At the end of the program graduates are offered jobs with a defined career path at Ferreyros. 2012 saw the ninth graduation ceremony for 21 technicians in Lima and, in Arequipa, the second ceremony for 11 students.

Program for Young Achievers in Schools in Cajamarca

Since 2005, Ferreyros has contributed to a Training Program for Young Achievers in Schools in Cajamarca and Celendín developed by Asociación Los Andes de Cajamarca and sponsored by Compañía Minera Yanacocha. The program, aimed at third, fourth and fifth grade secondary school pupils and their teachers, aims mainly to encourage a positive attitude and better understanding of the free-market economy, and to facilitate students' incorporation into the adult world. In 2012, 1,102 students benefited from this initiative. Furthermore, in an effort to link to programs promoted by Ferreyros, since 2008 the company has included graduates of this initiative into its Think Big program.

Ferreyros “Peru's Best Heavy Plant Operator” competition

The first “Peru's Best Heavy Plant Operator” competition took place to commemorate the 90th anniversary of the company, to promote the importance of professionalizing heavy machinery operators in sectors such as construction and mining.

This was one of Ferreyros' initiatives in favor of technical education in Peru and will be complemented by the creation of the Ferreyros Heavy Plant Operators Club, in which operators can share experiences, knowledge and activities that are fundamental to become leaders in their field.

At the end of 2012, more than 1,200 operators from 27 different places in Peru had registered to take part in the competition.

Senati Dual Apprenticeship program

In order to complement the technical education of young students at Senati, Ferreyros and Unimac offer their installations for use by students carrying out the practical part of their apprenticeships. This program, which lasts for three years, is carried out in Lima and Cajamarca.

Sembrando tu Futuro Program

This is a program aimed at schoolchildren of limited means in the community of Pachacútec, in Lima, who are interested in studying in Senati. Outstanding students are sponsored by Unimac, which is responsible for paying the entire cost of their studies in Senati.

Pre-graduation Practice and Academic Research Support program

Aimed at supporting students from different universities and higher institutes of education in Peru in their professional development, Ferreyros brings together a talented group of students from the country's best universities to carry out their pre-graduation practice. It thus provides an opportunity for them to experience the world of work before they finish their studies, in a working environment that is ideal for them to develop their professional skills. The company also supports academic work and research in order to help with the professional training of these young people.

Vocational guidance

Ferreyros supports schoolchildren in their last year of secondary school in making their career choices. In 2012 students from Trener school visited the company, saw its different departments and experienced the functions and activities carried out by its professional staff.

Corporate volunteering

The volunteer efforts of collaborators from the different companies of the Ferreyrcorp corporation, both in Lima and outside the capital, benefited children and young people in different parts of Peru in 2012.

The main effort included activities such as improvements to schools throughout Peru, implementation of early learning and psychological orientation modules, building bathrooms and the construction of a medical center.

As is usual, the collaborators enjoyed the economic and logistic support of the companies in carrying out their activities. Equally, with a view to helping those most in need, several fund-raising efforts were made to help with volunteer activities.

Ferreyros also organized the “Ferreyros 4K Corporate Volunteering Race” for the third consecutive year, which, in 2012 attracted more than 2,400 collaborators, their families and friends committed to voluntary activity. It is worth pointing out that this was the first time that the initiative had taken place simultaneously in 11 cities all over Peru.

THE ENVIRONMENT

Ferreyrcorp's efforts aim to prevent environmental impacts and to continually improve its performance in this field, in accordance with its integrated health, safety and environmental policy.

Environmental management system

the Corporation has developed a standard environmental management system based on ISO 14001 standard, in order to improve its compliance with the environmental requirements and standardize its performance throughout Peru.

This program is implemented, monitored and audited by the environmental management programs (EMP) of each company and includes four elements:

- i) Planning:** to identify environmental impacts and the legal requirements applicable.
- ii) Training and awareness-raising:** annual program of environmental training in waste handling, spillages of chemical products and environmental inspections, among others. Talks are also given and campaigns to raise awareness among personnel about care for the environment.
- iii) Operational Monitoring:** training designed to ensure adequate management of the main environmental aspects of the business, such as the policy of minimizing waste at source, effluent treatment and systems of prevention and control in all the premises of the corporation, control of emissions through preventive maintenance programs and control of vehicles, among others.
- iv) Verification:** monthly indicators of resource consumption, such as water, electricity and fuel, as well as the quantity of waste generated by each installation are used. Similarly, the company carries out monthly monitoring of corrective and preventive action arising from inspections, the recording of environmental incidents and internal audits.

90 YEARS OF

INNOVATION

THE HISTORY OF FERREYCORP IS MARKED BY INNOVATION AND CONTINUAL IMPROVEMENT, WHICH TODAY CAN BE SEEN IN THE HIGH STANDARDS OF SERVICE OFFERED BY THE CORPORATION IN EACH OF THE COUNTRIES IN WHICH IT OPERATES.



CORPORATE GOVERNANCE

— Ten years ago, in 2002, Ferreycorp S.A.A. (formerly Ferreyros S.A.A.) decided to adopt the principles of good corporate governance and to bring its business practices into line with them.

From then on we have been applying a series of measures designed to ensure that corporate management is carried out with a clear sense of responsibility towards all economic agents, showing transparency and reliability in the information we provide to the market and our shareholders.



Thus Ferreycorp modified its by-laws and created Regulations Concerning Shareholders Meetings and Regulations for the Board of Directors, which establish clearly how each governing body should be managed. Similarly, over the years it has implemented a series of reforms described in this chapter. Nevertheless, throughout its existence and even before 2002 it has considered principles that are now recognized as included in good corporate governance; these include, among other aspects:

- Protecting the rights of all shareholders equally, both majority and minority, through fair treatment;
- Ensuring that all matters considered relevant by the corporation are made known promptly and adequately, including its financial situation, performance, risks affecting it and shareholdings, strictly following the guidelines for Significant Events when such events occur.; and
- Guaranteeing the strategic direction of the company through effective monitoring by the board of directors, and defining the responsibilities of the board to the shareholders.

Transparency, fairness and seriousness are some of the founding principles of the company, which also include the principles of good corporate governance and reaffirm its international prestige in the eyes of its clients, suppliers and investors, both regional and local. Without a doubt, this is an element that differentiates the company from its competitors in the Peruvian market.

Ferreycorp is completely convinced that adopting good corporate governance helps to increase its value, both when issuing shares and placing bonds in the capital markets. In line with this firm conviction, it makes every effort to create ever greater value for its shareholders, with a view to attracting new investors and differentiating itself in the capital market.

The corporation not only makes a strenuous effort to comply with the Principles of Good Corporate Governance, it has also helped to spread them in the market by taking part in different events and sharing its own experiences in the field, in order to motivate other organizations to apply these ideals that, in the end, contribute to the country's development and growth.

CONTINUAL IMPROVEMENT

In Peru the concept of corporate governance was introduced at the beginning of the 2000's. It was then that Ferreycorp decided to join a group of bodies supporting Conasev (today the Stock Market Regulatory Authority – SMV) and publish a Peruvian code known as the “Principles of Good Governance for Peruvian Companies”, in July 2002.

Using these guidelines, it was decided to make changes to certain practices by the board of directors regarding publication of information and risk management, among others, and modifications were even made to the by-laws, valid from 2005, to allow some of these changes to be made. The by-law changes included, for example, delegation of representation on behalf of the shareholders, appointment of independent directors and the creation of committees of directors. Furthermore, over time other documents, regulations and internal regulations included recommendations for bringing the organization's practices into line with the principles of good corporate governance, and concrete measures were then taken.

Today, Ferreycorp once supports an initiative of the SMV, as one of the companies assisting the regulator in reaffirming the principles of good corporate governance through the Procapitals Corporate Governance Committee.

Continual improvement within the corporation has been made possible thanks to the fact that the directors and managers understand the value of good practices to the organization and their positive impact within it.

Thus in recent years Ferreycorp has optimized its processes voluntarily and as a result of its own decisions. An example of this is the increase in the number of independent directors in 2011, who contribute their personal and professional experiences and new points of view to the analysis of the different matters affecting the corporation. Furthermore, the roles of the board's internal committees were modified to concentrate in greater detail on the responsibilities of each one.

THE CAPITAL MARKET AND CORPORATE GOVERNANCE

Due to the impressive growth experienced by Ferreycorp, and in order to maintain its leadership in its field, the company has adequate sources of finance available so that it can acquire the assets that its activities require. The corporation has thus based its growth on the reinvestment of profits and alternative sources of finance, commencing with the traditional local and foreign banks and including entities such as Caterpillar Financial Services. However it should be pointed out that one of its main sources of financing has been the Peruvian capital market.

As far as this last point is concerned, it is worth noting that Ferreycorp's shares have been quoted on Lima Stock Exchange (BVL) since the nineteen sixties. To date, the company has more than 3,000 shareholders and a significant percentage of its shares are in the hands of Peruvian pension funds (AFPs).

Another relevant aspect related to the capital market, is Ferreycorp's active participation issues debt instruments since the 1990's. At present, the corporation has a current debt instrument program. The bond issued as part of this program is registered in the operating company, Ferreyros S.A., in accordance with a decision by the bondholders taken on the 21st of June 2012. The procedure for registering Ferreyros S.A. as the issuer in the SMV Registry is ongoing, so that the capital market will continue to be one of our principal sources of financing.

For that reason, compliance with good corporate governance is not just the best guarantee of transparency in the conduct of the corporation's business, it is of great benefit via the issue of debt instruments as the market values transparent and professional company management.

The board of directors and general management of Ferreyros firmly believe that good corporate governance opens doors to different methods of financing and reinvestment of profits. They also help to retain existing shareholders, attract new investors and create confidence among minority and foreigners stockholders, assuring them that their rights are duly respected and protected. The more a company's shares are traded on the stock market —thanks to free quotation— the easier it is for minority shareholders to increase and/or reduce their shareholdings. It is also believed that with more liquid shares, the price will continue to rise.

ACKNOWLEDGEMENTS

Ferreycorp's efforts in the field of good corporate governance and proof that these practices constitute the yardstick by which the corporation conducts its business have led to it receiving a number of awards in recent years, and 2012 was no exception.

Ferreycorp was included for the fifth year running in the BVL Corporate Governance Index, which consists of only the ten best Peruvian companies in this field. For the third time, the corporation was awarded the "Keys to Lima Stock Exchange"; an important award for companies that have made the most progress in good corporate governance.

One event that gave great satisfaction for the corporation was the recognition by BVL of its 50 years as a quoted company, which took the form of a traditional peal of bells. Ferreycorp shares were registered on the stock exchange for the first time in 1962. At present it has more than 3,000 shareholders and a stock market capitalization of US\$750 million.

Internationally, and for the second consecutive year, Ferreycorp's work was recognized by the prestigious European magazine World Finance, one of the world's most respected publications in the fields of economics, finance and business. The magazine described Ferreycorp as "the leading Peruvian company for good corporate governance" and awarded it the Corporate Governance Award 2012. It should be pointed out that this award, among other factors, rewarded the progress of companies in the application of good corporate governance during the year, accepting that they have achieved the highest levels of excellence in the field. Its criteria for choosing the winners include the implementation of practices above and beyond formal requirements, transparency in its disclosures and best practice in its interaction with its shareholders and interested parties.

Ferreycorp believes that its work on good corporate governance must continue, and for that reason it aims to become a benchmark for the country and in the region. Thus in 2012 it took part in the Companies Circle of the Latin American Corporate Governance Round Table, of which it has been a member since 2006. This initiative was launched by the Organization for Economic Cooperation and Development (OECD) and the International Finance Corporation (IFC).

At present the Companies Circle consists of 20 Latin American companies who are leaders in the implementation of good corporate governance in the region. One of their goals is to be a forum for discussion and the exchange of essential experiences on the challenges and achievements of improved corporate governance, as well as to disseminate practical solutions to challenges in this field to the corporate community in Latin America. Companies Circle also seeks to contribute to the work of the Latin American Corporate Governance Round Table, with the vision and experience of companies that have already undergone wide-ranging reforms.

ANNUAL GENERAL MEETING

In accordance with shareholders' rights, the AGM took place on the 28th of March having been called in advance by notices published in El Comercio and El Peruano newspapers, internal notices within the corporation, telephone, website, mail and e-mail messages aimed at shareholders on the corporation's database. The result was the presence of 124 shareholders who, together with proxies, produced a quorum of 87.4%. at the meeting 79.6639%. The agreements adopted by the meeting were revealed to the market the following day as "significant events" and published on the Ferreycorp web site. Minutes of the 2012 meeting were published on the web site on the fifth business day after the meeting.

In 2012, and for the fourth consecutive year, the AGM was transmitted live on the corporate website to give shareholders real time participation.

In accordance with the current dividend policy updated in March 2007 the meeting approved a cash dividend and the capitalization of profits. The board of directors recommended the distribution of S/. 0.06 per share (6%) as a cash dividend and the provision of released shares equivalent to S/. 0.150102915 per share, which represents 15.0102915%. These were handed to shareholders on the following dates:

Fecha de pago	Importe por acción	Monto a repartir (S/.)	Capital	Ejercicio	Expediente CONASEV (H. de importancia)
28/05/2003	0.01539557	2'491,779.80	178'035,422.40	2002	30/04/2003
05/05/2004	0.04455801	9'134,393.00	225'500,000.00	2003	2004010119
02/05/2005	0.05500000	11'990,000.00	239'800,000.00	2004	2005008248
08/05/2006	0.05500000	13'308,900.00	266'178,000.00	2005	2006008478
12/06/2007	0.11000000	28'419,600.00	284'196,000.00	2006	2007015084
30/04/2008	0.13204256	40'289,898.53	335'749,154.40	2007	2008008965
15/05/2009	0.05500000	20'772,425.03	415'556,728.40	2008	2009010698
14/05/2010	0.06600000	28'037,867.02	467'297,783.70	2009	2010010368
23/05/2011	0.06600000	31'857,670.00	530'961,159.30	2010	2011011194
22/06/2012	0.06000000	41'904,156.36	698'402,606.00	2011	2012010770

Since 2004 the SMV has required companies listed on the BVL to include in their Annual Reports a questionnaire to measure adhesion to the 26 principles contained in the Peruvian code of corporate governance. Ferreycorp is pleased to share this questionnaire in digital format.

SELF-ASSESSMENT OF COMPLIANCE WITH THE PRINCIPLES OF GOOD GOVERNANCE FOR PERUVIAN COMPANIES, FOR FISCAL YEAR 2012

Trading name	Ferreycorp S.A.A. (Hereinafter the COMPANY)
RUC	20100027292
Address	Jr. Cristóbal de Peralta Norte 820, Monterrico, Santiago de Surco
Telephone	6264000 - 6264254
Client Line	0800-13372
Fax	6264504
Web page	www.ferreycorp.com.pe
Stock market representative	Mariela García Figari de Fabbri Emma Patricia Gastelumendi Lukis Hugo Sommerkamp Molinari

Section **one** of this report evaluates 26 recommendations of the principles of good governance for Peruvian companies¹.

The level of compliance with each recommendation is evaluated on a scale of 0 to 4, with 0 meaning no compliance and 4 meaning full compliance.

The information requested is completed in detail for the objective evaluation².

Section **two** of this report evaluates a series of aspects concerning shareholders' rights, the board of directors, the responsibilities of the COMPANY, the shareholders and shareholdings.

¹ The text of the Principles of good governance for Peruvian companies can be seen at www.smv.gob.pe.

² For this purpose you may add lines to the tables included in this report, or copy the model tables as many times as necessary.

SECTION ONE: EVALUATION OF THE 26 RECOMMENDATIONS OF THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE

I. SHAREHOLDERS' RIGHTS

1. Principle (I.C.1. paragraph two)

Generic matters should not be included on the agenda, the points to be discussed should be defined so that each subject is discussed separately, facilitating analysis and avoiding the joint resolution of matters upon which different opinions may be held.

Cumplimiento: 4

the COMPANY does not include generic matters on the agenda, the points to be discussed are defined so that each subject is discussed separately, facilitating analysis and avoiding the joint resolution of matters upon which different opinions may be held.

2. Principle (I.C.1. paragraph three)

The general meetings should be held where the shareholders can attend them.

Compliance: 4

Ferreycorp's AGMs are held where access by shareholders is easy. In addition, and so that meetings can be followed by shareholders who cannot attend personally, they are transmitted in real time on the web site of the COMPANY. Thus the shareholders can take part in the meeting at a distance.

(a) The COMPANY called one general meeting of shareholders during 2012 and no extraordinary general meetings.

(b) **Date of calling:** 3rd March 2012
Date of meeting: 28th of March 2012
Location of meeting: Jr. Cristóbal de Peralta Norte 820, Monterrico, Santiago de Surco (registered office of Ferreycorp)
Quórum: 79.6639%
Shareholders present: 124
Meeting started: 11.00
Meeting adjourned: 13.00

(c) The COMPANY called the meeting through notices of calling in newspapers El Comercio and El Peruano on the 3rd of March 2012. In addition, and in order to ensure that as many shareholders as possible could attend the meeting, a notice of calling was posted on COMPANY notice boards in its premises throughout Peru, by telephone, through the Ferreyros web site and by mail and e-mail to those on the shareholder database.

(d) The procedure for calling the general meeting is governed by:

- The by-laws of the COMPANY.
- The internal regulations of the shareholders meeting, board of directors and committees of directors.
- Manual of Good Corporate Governance.

(e) The agreements adopted by the meeting were revealed to the market the following day as "significant events" Shareholders can request information by various means, as establishes in the companies act and, in particular, through the company's web site in the "investor service" or "contact us" sections.

They may also ask for copies of the minutes from the securities department on a dedicated shareholder line (0800-13372).

The minutes of the 2012 meeting were published on the corporate website.

3. Principle (I.C.2)

Shareholders must have the opportunity to introduce points for debate, within a reasonable limit, onto the agenda of shareholders meetings.

Subjects included in the agenda must be of interest to the company and within the legal or statutory competence of the meeting. The board of directors must not reject applications of this kind without giving the shareholder an acceptable reason.

Compliance: 4

(a) Shareholders in the COMPANY can include matters on the agenda using an additional mechanism to that contemplated in the Companies Act.

The by-laws of Ferreycorp state that shareholders can ask for any subject of material importance or that may affect their rights to be discussed at the general meeting, by means of a communication to the chairman of the board of directors, whether by letter or e-mail or through the Ferreycorp website, no later than the 15th of February. The chairman must submit such requests to the board of directors, which approves the calling of the AGM and sets the agenda. The board of directors will evaluate applications by shareholders and, if it considers them to be in the company's interest, will include them on the agenda. If any of these requests is denied, the chairman shall report this decision in writing to the shareholder in question, giving reasons for the decision, the day after the relevant board meeting.

The Internal Regulations for Meetings of Shareholders, Directors and Directors Committees establishes the procedure. In accordance with article 19 of the by-laws, the shareholders also have the right to ask the board to call a general meeting to discuss any particular subject; such an application requires approval by shareholders representing 5% of the company's shares.

(b) The meeting may only discuss the matters set forth in the notice of calling, unless all the shareholders are present and decide unanimously to discuss a matter that has not been included in the agenda (universal meeting).

(c) The procedure for calling the general meeting is governed by:

- By-laws of the COMPANY.
- The internal regulations of the shareholders meeting, board of directors and committees of directors.
- Manual of Good Corporate Governance.

(d) The COMPANY did not receive any applications from shareholders during 2012.

2. Principle (I.C.1. paragraph three)

The general meetings should be held where the shareholders can attend them.

Compliance: 4

Ferreycorp's AGMs are held where access by shareholders is easy. In addition, and so that meetings can be followed by shareholders who cannot attend personally, they are transmitted in real time on the web site of the COMPANY. Thus the shareholders can take part in the meeting at a distance.

(a) The COMPANY called one general meeting of shareholders during 2012 and no extraordinary general meetings.

(b) Date of calling:	3rd March 2012
Date of meeting:	28th of March 2012
Location of meeting:	Jr. Cristóbal de Peralta Norte 820, Monterrico, Santiago de Surco (registered office of Ferreycorp)
Quórum:	79.6639%
Shareholders present:	124
Meeting started:	11.00
Meeting adjourned:	13.00

(c) The COMPANY called the meeting through notices of calling in newspapers El Comercio and El Peruano on the 3rd of March 2012. In addition, and in order to ensure that as many shareholders as possible could attend the meeting, a notice of calling was posted on COMPANY notice boards in its premises throughout Peru, by telephone, through the Ferreyros web site and by mail and e-mail to those on the shareholder database.

(d) The procedure for calling the general meeting is governed by:

- The by-laws of the COMPANY.
- The internal regulations of the shareholders meeting, board of directors and committees of directors.
- Manual of Good Corporate Governance.

(e) The agreements adopted by the meeting were revealed to the market the following day as "significant events" and published on the Ferreycorp website.

and published on the Ferreycorp website.

Shareholders can request information by various means, as establishes in the companies act and, in particular, through the company's web site in the "investor service" or "contact us" sections.

They may also ask for copies of the minutes from the securities department on a dedicated shareholder line (0800-13372).

The minutes of the 2012 meeting were published on the corporate website.

3. Principle (I.C.2)

Shareholders must have the opportunity to introduce points for debate, within a reasonable limit, onto the agenda of shareholders meetings.

Subjects included in the agenda must be of interest to the company and within the legal or statutory competence of the meeting. The board of directors must not reject applications of this kind without giving the shareholder an acceptable reason.

Compliance: 4

(a) Shareholders in the COMPANY can include matters on the agenda using an additional mechanism to that contemplated in the Companies Act.

The by-laws of Ferreycorp state that shareholders can ask for any subject of material importance or that may affect their rights to be discussed at the general meeting, by means of a communication to the chairman of the board of directors, whether by letter or e-mail or through the Ferreycorp website, no later than the 15th of February. The chairman must submit such requests to the board of directors, which approves the calling of the AGM and sets the agenda. The board of directors will evaluate applications by shareholders and, if it considers them to be in the company's interest, will include them on the agenda. If any of these requests is denied, the chairman shall report this decision in writing to the shareholder in question, giving reasons for the decision, the day after the relevant board meeting.

The Internal Regulations for Meetings of Shareholders, Directors and Directors Committees establishes the procedure. In accordance with article 19 of the by-laws, the shareholders also have the right to ask the board to call a general meeting to discuss any particular subject; such an application requires approval by shareholders representing 5% of the company's shares..

(b) The meeting may only discuss the matters set forth in the notice of calling, unless all the shareholders are present and decide unanimously to discuss a matter that has not been included in the agenda (universal meeting).

(c) The procedure for calling the general meeting is governed by:

- By-laws of the COMPANY.
- The internal regulations of the shareholders meeting, board of directors and committees of directors.
- Manual of Good Corporate Governance.

(d) The COMPANY did not receive any applications from shareholders during 2012.

4. Principle (I.C.2)

The by-laws must not impose limits on the ability of all shareholders with the right to participate in general meetings to be represented by anyone they deem appropriate.

Compliance: 4

(a) The by-laws do not limit the powers of all shareholders with the right to take part in general meetings, who may be represented by such proxies as they may see fit to appoint. The by-laws of the COMPANY do not limit the right to representation.

During the general meeting held on the 31st of March 2012, those present represented 496'812,043 shares in the COMPANY as shareholders or proxies, equivalent to 79.6639% of the capital, greatly exceeding the required quorum of 50%. 38.01% were represented by proxies and 41.66% were directly represented.

The COMPANY requires shareholders to write to the company at least 24 hours in advance to formalize their attendance at the meeting.

(b) The procedure for formal representation at meetings is regulated in:

- By-laws of the COMPANY.
- The internal regulations of the shareholders meeting, board of directors and committees of directors.
- Manual of Good Corporate Governance.

II. EQUAL TREATMENT FOR SHAREHOLDERS

5. Principle (II.A.1. paragraph three)

It is recommended that the company issuing investment shares or other securities which do not carry the right to vote, offer their holders the opportunity to exchange them for ordinary voting shares or that this possibility is envisaged at the time of issue.

Compliance: 4

No applicable. The COMPANY has one type of share having the same rights.

6. Principle (II.B)

A sufficient number of directors must be elected who are capable of exercising independent judgement on matters where there is a potential conflict of interest and who may, for that purpose, take into account the non-controlling shareholders.

The independent directors are chosen for their professional standing and who are not connected with the administration of the company or with its main shareholders.

Compliance: 4

(a) . A SUFFICIENT NUMBER OF DIRECTORS MUST BE ELECTED WHO ARE CAPABLE OF EXERCISING INDEPENDENT JUDGMENT ON MATTERS WHERE THERE IS A POTENTIAL CONFLICT OF INTEREST AND WHO MAY, FOR THAT PURPOSE, TAKE INTO account the non-controlling shareholders. The independent directors are chosen for their professional standing and who are not connected with the administration of the company or with its main shareholders.

The board of directors of the COMPANY consists of five dependent directors and five independent directors.

The independent directors are:

- Carmen Rosa Graham Ayllón.
- Ricardo Briceño Villena
- Aldo Defilippi Traverso
- Ricardo Briceño Villena
- Aldo Defilippi Traverso

(b) There are no special requirements other than those contained in the applicable regulations.

(c) Chapter 4 of the Manual of Good Corporate Governance gives a description of the independent directors. ("Characteristics: they should not be employees of the COMPANY. They should not have family relationships with executives or majority shareholders. They should be expressly empowered to uphold the interests of all shareholders equally. They should not receive any economic benefit from the company").

(d) There should be no blood relationship between the shareholders, directors and managers of the COMPANY.

(d) Director Óscar Espinosa Bedoya was the managing director from August 1983 to March 2008, when he was elected as executive chairman of the COMPANY.

(e) List of directors who sit on the boards of other companies listed in the stock exchange public registry:

Given names and surnames of director	Shareholding in the company(ies)	Date	
		Starts	Ends
Óscar Espinosa Bedoya	La Positiva Seguros y Reaseguros	1996	Junta General
	La Positiva Vida Seguros y Reaseguros	2005	
	Cosapi	2011	
Carlos Ferreyros Aspíllaga	La Positiva Seguros y Reaseguros	1983	
Ricardo Briceño Villena	Interbank	2010	
Carmen Rosa Graham Ayllón	Interbank	2007	
Manuel Bustamante Olivares	La Positiva Seguros y Reaseguros	1975	
	La Positiva Vida Seguros y Reaseguros	2005	
	Transacciones Financieras	2000	
	Corporación Financiera de Inversiones	2005	
	Empresa Agraria Azucarera Andahuasi	2009	
Juan Manuel Peña Roca	La Positiva Seguros y Reaseguros	1985	
	La Positiva Vida Seguros y Reaseguros	2005	
Andreas von Wedemeyer Knigge	Corporación Cervesur	1979	
	La Positiva Seguros y Reaseguros	1991	
	Compañía Industrial Textil Credisa Trutex	1995	
	Corporación Financiera de Inversiones	1999	
	La Positiva Vida Seguros y Reaseguros	2005	
	Corporación Aceros Arequipa	2010	

7. Principle (IV.C, second, third and fourth paragraphs)

Although in general, external audits concentrate of financial information, they may also examine opinions or specialist reports on the following aspects: accounting audits, operating audits, systems audits, evaluation of projects, evaluation or implementation of cost systems, tax auditing, adjustments in the value of assets, portfolio evaluation, inventories or other special services.

It is recommended that this work is carried out by different auditors, or if it is carried out by the same auditors, it should not affect the independence of their opinion. The company must reveal all the audits and special reports made by the auditor.

It must report on all the services provided by the audit company or auditor, specifying the percentage represented by each one and its share of the income of the audit company or auditor..

Compliance: 4

(a) .The COMPANY contracts external audit or consulting services from different companies unrelated to the company that audits its financial information. In isolated cases, it may contract consultants from the same audit firm, provided that there is no conflict with the audit of its financial statements. Furthermore, it reveals all of these services and the percentage that each payment represents of the total paid for services provided to the COMPANY.

The following audit companies have provided services to the COMPANY in the last five years:

Trading name of the audit firm	Service	Period	Remuneration (US\$)
Medina, Zaldívar, Paredes & Asociados S.C.R.L.	Audit of financial statements	2012	83.80%
	Money laundering prevention audit Procedures for net assets acquired from Bucyrus Others	2012	
Medina, Zaldívar, Paredes & Asociados S.C.R.L.	Audit of financial statements	2011	76.03%
	Money laundering prevention audit Help with the process of selecting software Others	2011	
Dongo-Soria Gaveglio y Asociados Sociedad Civil, firma miembro de Price Waterhouse Coopers	Assistance in determining the Purchase Price Allocation Wages survey	2012	
	Audit of financial statements	2010	80.90%
Dongo-Soria Gaveglio y Asociados Sociedad Civil, firma miembro de Price Waterhouse Coopers	Money laundering prevention Assets. Queries about accounting	2010	
	Audit of financial statements	2009	93.10%
Dongo-Soria Gaveglio y Asociados Sociedad Civil, firma miembro de Price Waterhouse Coopers	Money laundering prevention Assets. Queries about accounting	2009	
	Audit of financial statements	2008	94.00%
Dongo-Soria Gaveglio y Asociados Sociedad Civil, firma miembro de Price Waterhouse Coopers	Money laundering prevention Assets. Queries about accounting	2008	
	Deloitte & Touche S.R.L.	Tax advice(*) SIMPLE REORGANIZATION Selection of personnel Risk management	2008-2012

(a) (*) Although this is an audit company, the service provided to Ferreyros was not an audit, but principally advice on tax matters.

(b) In accordance with article 21 paragraph d of the by-laws, the AGM is responsible for appointing or delegating the appointment of the external auditors. The annual general meeting normally delegates this function to the board of directors. Furthermore, the audit committee recommends the audit firm to the board of directors.

The meeting on the 28th of March 2012 approved, in item 6, to delegate to the board of directors the appointment of auditors for the fiscal year, as well as to determine their fees.

(c) The mechanisms described above are contained in the by-laws and in the internal regulations of the board of

directors and committees of directors.

(d) (*) Although this is an audit company, the service provided to Ferreyros was not an audit, but principally advice on tax matters.

(e) The audit company contracted to give an opinion on the financial statements of the COMPANY for fiscal year 2012 also gave an opinion on the financial statements for the same fiscal of other companies in the economic group:

Orvisa S.A.	Fargoline S.A.	Cresko S.A.
Unimaq S.A.	Forbis Logistics S.A.	Inti Inversiones Interamericanas Corp.
Motored S.A.	Ferrenergy S.A.C.	Inmobiliaria CDR S.A.C.
Fiansa S.A.	Mega Representaciones S.A.	

(f) The internal auditor held two meetings during fiscal year 2012 with the external audit firm.

8. Principle (IV.D.2)

Particular requests for information from the shareholders, investors in general or interest groups related to the company, must be answered by an instance and/or person appointed for the purpose.

Compliance: 4

(a) Specific requests for information from shareholders, investors in general or related interest groups are answered by a representative appointed for that purpose.

During 2012 the shareholders and COMPANY interest groups requested information using the following means:

	Accionistas	Grupos de interés
E-mail	(X)	(X)
Directly within the company	(X)	(X)
By telephone	(X)	(X)
Website	(X)	(X)
By mail	(X)	Not applicable

(b) The responsibilities for information which fall upon the general manager in accordance with article 190 of the Companies Act notwithstanding, the persons responsible for receiving and processing requests for information from the shareholders are:

Augusta Ponce Zimmermann	Departamento de Valores de la Gerencia Central de Administración y Finanzas
Elizabeth Tamayo Maertens	Relaciones con Inversionistas de la Gerencia Central de Administración y Finanzas

The securities executive is responsible for answering requests from shareholders, particularly those concerning shareholdings, released shares, cash dividend payments, participation in the general meeting, etc.

The investor relations executive is responsible for answering requests for information from shareholders, investors, analysts, ratings agencies and the general public and for ensuring compliance with the principles of good corporate governance, particularly those concerning information transparency.

The functions of the securities department and investor relations representatives are governed by the internal standards of conduct for protecting confidentiality, transparency and diffusion of information in the capital market, as well as the functions and procedures manual of the administration and finance division.

(c) The COMPANY procedure for dealing with requests for information from shareholders and/or COMPANY interest groups is governed by the regulations of the AGM and board of directors, in the internal conduct regulations for compliance with obligations deriving from registration in the stock market public registry and in the manual of good corporate governance.

All requests are centralized by the administration and finance division, including those addressed to the marketing department or general management. Databases are used to answer individual requests for information. Responses are coordinated at meetings with investors, several of which were attended by the general manager.

The investor relations executive keeps a record of meetings with investors held during the year.

(d) 420 applications for information were received and accepted during 2012, from shareholders and/or the COMPANY's interest groups.

(e) The COMPANY has a corporate web site and another specially designed for matters of good corporate governance, including a section on relationships with shareholders and investors.

(f) During fiscal year 2012, the COMPANY received no complaints from any shareholders about limits on access to information.

9. Principle (IV.D.3)

Doubts over the confidential nature of information requested by shareholders or interest groups related to the company must be resolved. The criteria must be adopted by the board of directors and ratified by a general meeting, as well as included in the by laws or internal regulations of the company. In any case, the release of information must not endanger the COMPANY's competitive position or affect the normal course of its activities.

Compliance: 4

The criteria to be applied in the event of a doubt about the confidential nature of information requested by shareholders or by any interest groups are established by the board of directors and included in the by-laws or internal regulations of the company. In any case, the release of information must not endanger the COMPANY's competitive position or affect the normal course of its activities. According to the by-laws, the board is responsible for supervising compliance with the policy for handling confidential information, whether reserved or privileged, in accordance with standards issued by the company and regulatory authorities.

The confidential nature of a given piece of information is established by the board of directors, the general manager, the stock market representatives and the regulatory compliance committee, in accordance with the internal conduct regulations for compliance with obligations deriving from registration with the stock market public registry.

(a) The aim is not to divulge privileged information that has not been revealed to the market as a "significant event".

(b) The document entitled "internal conduct regulations to safeguard the confidentiality, transparency and diffusion of information in the capital market" mentions the functions of the regulatory compliance committee.

This committee is responsible for classifying information as privileged and reserved and its secretary is responsible for keeping a register of such information. To resolve any doubt that may arise concerning the confidential nature of information requested by shareholders or interest groups, in accordance with the criteria and guidelines established

by the board of directors of Ferreycorp. Those aware of the existence of privileged and reserved information are required to sign confidentiality agreements to ensure that they act in accordance with the law and keep such information and documents confidential.

The by-laws and the glossary contained in the manual of good corporate governance also mention the handling of confidential information.

Furthermore, the induction manual for new personnel contains a code of conduct, which has a section on the communication of "significant events", privileged and reserved information that defines the means for safeguarding such information both within the COMPANY and when transmitted to the market.

10. Principle (IV.F, paragraph one)

The company must have an internal audit department. In carrying out his duties, the internal auditor must maintain his professional independence of the company by which he is engaged. He must observe the same principles of diligence, loyalty and confidentiality as are required of the board of directors and management.

Compliance: 4

(a) The company has an internal audit division. In carrying out his functions the internal auditor maintains professional independence from the company and employs the principles of diligence, loyalty and reservation demanded by the directors and management.

(b) The internal auditor reports to the president of the board of directors and carries out periodic presentations to the audit committee of the board of directors.

(c) The main responsibilities of the internal auditor are:

- To manage and direct internal audits and information technology systems audits at the head office, branches and mining projects, as well as at the company's subsidiaries.- The internal regulations of the shareholders meeting, board of directors and committees of directors.

- To evaluate the internal control system for preventing money laundering in accordance with the regulations issued by the financial intelligence unit of the Banking, Insurance and Pensions Regulator (SBS) and to submit a report to the compliance officer.

- To report periodically to the senior management and the management committee on the results of the internal audit, including successful practices, compliance with objectives and significant results.
- To take into account reviews carried out by the external auditors in developing his working program, in order to avoid the duplication of efforts.

- To issue a report after each audit, containing observations and suggestions agreed with the audit department that may be necessary to correct any deficiencies.

(d) The responsibilities described are governed by the human resources department's job description manual.

(e) The internal audit department has its own multi-discipline team.

III. RESPONSIBILITIES OF THE BOARD OF DIRECTORS

11. Principle (V.D.1)

The board of directors must carry out certain key functions:

Evaluate, approve and direct corporate strategy; establish the aims and objectives as well as the principal plans of action, the monitoring, control and risk management policy, annual budgets and business plan; controlling their implementation; and supervising the principal expenses, investments, acquisitions and disposals.

Compliance: 4

(a) The board of directors enjoys full management powers and legal representation necessary to conduct the business of the company, with the sole exception of matters which the law or these by-laws reserve for a general meeting of shareholders.

Therefore the board of directors has the following functions, among others:

- To call general meetings of shareholders.
- To draw up its own regulations.
- To evaluate, approve and direct corporate strategy, the business plan and the company's annual budget.
- To establish committees of directors and appoint their members, which should include independent directors.
- To submit the Annual Report, balance sheet and profit and loss account to the shareholders every year and make recommendations on how the profits should be applied.
- To ensure the integrity of the financial statements, accounting systems and risk control systems.
- To accept the resignations of its members and elect replacements in the cases set forth in the act and these by laws.
- To appoint and dismiss the general manager and, if it deems it appropriate or necessary, the other officers of the company, determine their obligations and grant and revoke their powers of attorney as appropriate.
- To grant, in general, such the powers of attorney as it deems appropriate.
- To oversee all the company's business with powers to review its accounts.
- To agree on the payment of interim dividends to be charged to the year-end results.
- To decide upon all commercial, financial and administrative matters relevant to the pursuance of the company's business, with no limitations.
- To sell and/or dispose of COMPANY assets having a value at the time of disposal that must not exceed 50% of the company's capital.
- To create guarantees in general, such as pledges, mortgages, warrants and others upon the company's moveable property and real estate, in order to guarantee its different operations and those of its subsidiaries or affiliates, as well as to modify the terms of existing guarantees and to agree subscription by the company of such documents as may be necessary to draw, modify and release the said guarantees.
- To supervise compliance with the policy for handling confidential information, whether reserved or privileged, in accordance with regulations issued by the company and regulatory authorities.
- To ensure compliance with the company's code of ethics and to approve changes and modifications thereto.
- To delegate to the directors and/or officers of the company powers to implement the agreements adopted by the board of directors; they shall be specifically empowered to sign such public and private documents as they may be required to sign in their capacity as legal representatives and to complete the procedures necessary to implement the said agreements.
- To carry out periodic evaluations of its own performance.
- To exercise all other powers deriving specifically or tacitly from the by-laws.

The functions and responsibilities of the board of directors are governed by:

- The by-laws of the COMPANY
- Internal regulations of the board of directors and committees

12. Principle (V.D.2)

The board of directors should select, control and, when necessary, replace the main executives, and set their remuneration.

Compliance: 4

The board of directors has the power to appoint and dismiss the general manager and, if it deems it appropriate or necessary, the other officers of the company, determine their obligations and grant and revoke their powers of attorney as appropriate.

To choose, replace, supervise and set the remuneration of the president and general manager and, through the organizational development and corporate governance committee, approve the main parameters main of the COMPANY remunerations policy. To delegate to the general manager the choice of principal executives.

(a) The above functions are governed by the by-laws and the internal regulations of the board of directors and its committees.

13. Principle (V.D.3)

To evaluate the remuneration of the principal executives and members of the board of directors, ensuring that the procedure for electing the directors is formal and transparent.

Compliance: 4

(a) The board of directors has a formal process for self-assessment of its joint and individual performance. The directors use this self-assessment to propose improved the practices and procedures of the board of directors.

(b) The entity responsible for:

Function	Board of directors	General Manager	Other (give details)
Hiring and replacing the general manager	(X)	(...)	
Hiring and replacing the managers	(...)	(X)	
Setting the remuneration of the principal executives	(X)	(X)	
Evaluating the remuneration of the principal executives	(X)	(X)	
Evaluating the directors' remuneration	(X)	(X)	General meeting

(c) The by-laws define the functions of the president of the board of directors, which include: proposing the general manager to the board, approving the organizational structure of the COMPANY and appointments of the managers proposed by the general manager and setting their remuneration.

(d) These policies are also governed by the by-laws and the internal policies of the COMPANY, in the regulations for general meetings of shareholders, the board of directors and committees of directors.

14. Principle (V.D.4)

The board of directors should monitor and control possible conflicts of interest between the management, the members of the board of directors and shareholders, including the fraudulent use of corporate assets and abuse of transactions between interested parties.

Compliance: 4

(a) One of the functions of the board of directors is that of monitoring and controlling possible conflicts of interest between the management, the directors and the shareholders, including fraudulent use of corporate assets and abusive transactions between interested parties.

The subject of conflicts of interest is mentioned in the code of ethics and in the regulations for general meetings of shareholders, the board of directors and committees of directors.

(a) One of the functions of the board of directors is that of monitoring and controlling possible conflicts of interest between the management, the directors and the shareholders, including fraudulent use of corporate assets and abusive transactions between interested parties.

The subject of conflicts of interest is mentioned in the code of ethics and in the regulations for general meetings of shareholders, the board of directors and committees of directors.

(b) Ferreycorp has had no cases of conflict of interest that have been discussed by the board of directors during fiscal year 2012.

(c) The COMPANY has a code of ethics that governs any conflicts of interest that may arise. Furthermore, it possesses a code of conduct and internal conduct regulations governing compliance with obligations deriving from its registration with the stock exchange public registry.

(d) Pre-established procedures for approving transactions between non-arms-length parties include ensuring that such transactions take place in accordance with market conditions.

15. Principle (V.D.5)

The board of directors should ensure the integrity of the company's accounting systems and financial statements, including an independent audit and the existence of proper control, particularly control of financial and non-financial risks and compliance with the law.

Compliance: 4

The board of directors of the COMPANY ensures the integrity of the company's accounting systems and financial statements, including the contracting of an independent auditor and the existence of proper risk control systems. This function of the board is contained in the by-laws, the regulations governing the board of directors and committees of directors and the manual of good corporate governance.

The board of directors' audit committee reviews the work plan of the internal auditor annually, as well as the recommendations of the external auditors and monitors implementation of improvements to the accounting systems mentioned in these recommendations.

(a) The internal audit division determines the main risks and organizes its work plan in accordance with the incidence and probability of these risks. The central management control department is responsible for monitoring and control of the main risks faced by the COMPANY, and a risks committee has been created.

(b) The control systems are governed by the job description manual (human resources department).

(c) The audit committee meets four times a year to discuss aspects of risk management and internal control, as well as to review the work of the internal and external auditors.

16. Principle (V.D.6)

The board of directors should supervise the effectiveness of the management practices governing its operation, making such changes as may be necessary.

Compliance: 4

(a) The board of directors' organizational development and corporate governance committee supervises the effectiveness of the corporate governance practices to which it adheres and makes changes as they become necessary.

(b) Since 2005 the board of directors has carried out an annual self-assessment. This document identifies improvements to be implemented and procedures that should be documented.

(c) The organizational development and corporate governance committee met four times in 2012. The procedure is governed by the internal regulations of the board of directors and committees of directors.

17. Principle (V.D.7)

The board of directors supervises information policy.

Compliance: 4

(a) The board of directors supervises information policy, which is governed by the by-laws and the internal regulations of the board of directors and committees of directors.

(b) In accordance with the company's by-laws and regulations, its information policy is supervised by the board of directors. According to this policy, the functions of the board of directors include that of supervising compliance with the policy for managing confidential information, whether reserved or privileged, according to the company's rules and those of the regulatory authorities.

Furthermore, the COMPANY by-laws also include a procedure for handling confidential information within the board of directors. Directors are obliged to keep the company's business and any privileged and confidential information to which they have access confidential, even after they have ceased to be directors, in compliance with applicable regulations.

(c) The COMPANY policy on the revelation and communication of information to investors is governed by the by-laws and internal regulations, but details of the procedure are given in the internal conduct regulations for compliance with obligations deriving from registration with the stock exchange public registry. The COMPANY also has a compliance committee and stock market representatives, so that "significant events" are reported in the periods envisaged in the applicable legislation. In accordance with these regulations, the "committee is responsible for classifying information as privileged and reserved and the committee secretary shall keep a record of such information. Resolving any doubt that may arise as to the confidential nature of the information requested by the shareholders or interest groups, in accordance with the criteria and guidelines established by the board of directors of Ferreycorp. The committee should ensure that the persons involved sign confidentiality agreements regarding the privileged and reserved information, so that they shall act in accordance with the law and keep such information and documents confidential".

Financial information is sent periodically (quarterly and annually) to the market and the company has a specialist department to resolve queries. Finally, it takes part in meetings with investors.

The above procedure is governed by the internal conduct regulations for compliance with obligations deriving from registration with the stock exchange public registry.

18. Principle (V.E.1)

The board of directors may create special committees in accordance with the needs and size of the company, especially those responsible for the auditing function. These special bodies may also examine the appointment, payment, control and planning functions.

These special bodies shall be created within the board of directors as support mechanisms, and should preferably be composed of independent directors, in order that impartial decisions can be taken on matters where conflicts of interest may arise.

Compliance: 4

(a) The board of directors created three committees, which are special entities in accordance with the needs of the COMPANY and provide support; they are made up of dependent and independent directors who take impartial decisions on aspects where conflicts of interest could arise.

The presidents of each of these committees and their functions are described below:

General Management and Subsidiaries Committee

I. Date created:

January 2005 (formerly the general management and corporate governance committee; its name was changed in 2010).

II. Date created:

- January 2005 (formerly the general To carry out a detailed evaluation of the operation of affiliated companies.
- To draft recommendations to the board of directors on investment policy, acquisitions and disposals of fixed assets.
- To review and issue directives on the levels of indebtedness of the COMPANY, as well as the structure of its liabilities, and monitor the guarantees it has granted.
- To review periodically the status of credit granted by the COMPANY.
- To function as an advisory and consulting body to the management on matters submitted to it for consideration.

III. Principal rules governing organization and function:

The committee consists of at least three directors, one of whom must be an independent director. The president of the board of directors, the vice president and the general manager sit on all the committees.

Insofar as possible, the committee must meet at least every three months.

The general management shall propose to the board of directors an annual meeting program for the committees, which may be modified as circumstances require.

IV. Members of the committee

Given names and surnames	Date		Position within the committee
	Start	End	
Óscar Espinosa Bedoya	January 2005		
Carlos Ferreyros Aspíllaga	January 2005		
Eduardo Montero Aramburú	January 2005		
Juan Manuel Peña Roca	January 2005		
Ricardo Briceño Villena	April 2011		
Carlos Ferreyros Aspíllaga	January 2005		
Eduardo Montero Aramburú	January 2005		
Juan Manuel Peña Roca	January 2005		
Ricardo Briceño Villena	April 2011		

V. Number of meetings held during the fiscal year:

4 (25TH January 2012, 10th April 2012, 10th July 2012 and 16th October 2012)

VI. The committee has powers delegated in accordance with article 174 of the Companies Act: (X) YES (...) NO

Audit committee

I. Date created:

January 2005

II. Functions:

- To supervise the integrity of the accounting systems by means of an appropriate external audit.
- To review and analyze the financial statements of the COMPANY periodically.
- To review the external audit reports on the financial statements.
- To supervise the annual work plan of the internal auditor and receive the relevant reports.
- To propose the external auditors.

III. Principal rules governing organization and function:

The committee consists of at least three directors, one of whom must be an independent director. The president of the board of directors, the vice president and the general manager sit on all the committees.

Insofar as possible, the committee must meet at least every three months.

The general management shall propose to the board of directors an annual meeting program for the committees, which may be modified as circumstances require.

It should review the recommendations of the external auditors and the internal audit plan and progress with that plan.

IV. Members of the committee

Given names and surnames	Date		Position within the committee
	Start	End	
Óscar Espinosa Bedoya	January 2005		
Carlos Ferreyros Aspíllaga	January 2005		
Andreas von Wedemeyer K.	January 2005		
Manuel Bustamante Olivares	April 2011		
Carmen Rosa Graham Ayllón	April 2011		

V. Number of meetings held during the fiscal year:

4 (13TH March 2012, 12th June 2012, 18th September 2012 and 11th December 2012)

VI. The committee has powers delegated in accordance with article 174 of the Companies Act: (X) YES (...) NO

Organizational Development and Corporate Governance Committee**I. Date created:**

January 2005 (formerly the organizational development committee; its name was changed in 2010)

II. Functions:

To support the management in bringing the company's organizational structure into line with changes and evaluations of the performance, training and professional skills of the COMPANY personnel. As far as good corporate governance is concerned, its function is to ensure compliance with good practices.

- a. To supervise the organizational development programs through reports on the administrative structure and human resources programs.
- b. To supervise the performance administration programs and remunerations, training and development policies, among others.
- c. To approve hiring of the principal executives, the salary scales of management and executive positions and to monitor the general management's supervision of performance.
- d. To supervise the effectiveness of the governance to which the company adheres, proposing or approving improved practices of governance.
- e. To review the self-assessment of the 26 principles of good corporate governance contained in the company's Annual Report.
- f. To supervise the policy concerning "significant events" and privileged and reserved information.
- g. To identify possible conflicts of interest between the administration, directors and shareholders, and to supervise monitoring by the management.

III. Principal rules governing organization and function:

The committee consists of at least three directors, one of whom must be an independent director. The president of the board of directors, the vice president and the general manager sit on all the committees.

Insofar as possible, the committee must meet at least every three months.

The general management shall propose to the board of directors an annual meeting program for the committees, which may be modified as circumstances require.

IV. Members of the committee

Given names and surnames	Date		Position within the committee
	Start	End	
Óscar Espinosa Bedoya	January 2005		President
Carlos Ferreyros Aspíllaga	January 2005		
Andreas von Wedemeyer K.	January 2005		
Manuel Bustamante Olivares	April 2011		
Carmen Rosa Graham Aylón	April 2011		

V. Number of meetings held during the fiscal year:

4 (13th March 2012, 12th June 2012, 18th September 2012 and 11th December 2012)

VI. The committee has powers delegated in accordance with article 174 of the Companies Act: (X) YES (...) NO

19. Principle (V.E.3)

The number of members of the board of directors must ensure a plurality of opinions, such that decisions are adopted after appropriate discussion, always observing the best interests of the company and its shareholders.

Compliance: 4

(a) The members of Ferreyros' board of directors provide a plurality of opinion within the board, given their different professional fields and business activities. Thus the decisions taken are arrived at after appropriate deliberation and in line with the best interests of the COMPANY and of the shareholders.

The following is information on the COMPANY's directors DURING THE FISCAL YEAR COVERED BY THIS REPORT.

Given names and surnames	Training.	Date		Shareholding ⁽¹⁾	
		Start	End	Nº of shares	Shareholding (%)
Dependent directors					
Óscar Espinosa Bedoya	Industrial engineer, National Engineering University Postgraduate degree in Engineering from North Carolina State University, USA. Master, University of Harvard Diploma in Economic Development, ISVE, Italy. Postgraduate degree in Economics, Inst. Economics Univ. Colorado CEO Management Program, Kellogg School, Northwestern University Diploma, PAD University of Piura	1987		No aplicable	
Carlos Ferreyros Aspíllaga	Business Administration, University of Princeton, USA.	1971		No aplicable	
Manuel Bustamante Olivares	Faculty of Law, Catholic University of Peru	2011		No aplicable	
Juan Manuel Peña Roca	Civil Engineer, National Engineering University	1984		No aplicable	
Andreas von Wedemeyer Knigge	Master in Business (Diplom Kaufmann), University of Hamburg, Germany Studied the Program for Management Development (PMD) and others at Harvard Business School, USA. and the University of Piura	2003		No aplicable	

Independent directors					
Carmen Rosa Graham Ayllón	Graduate in Business Administration, Universidad del Pacífico has taken part in different systems engineering and executive development programs at IBM Corporation, Georgetown University, Harvard Business School, Universidad de Monterrey and Adolfo Ibáñez School of Management	2011		No aplicable	
Aldo Defilippi Traverso	Bachelor in Economics, Universidad del Pacífico Master's degree in Economic Policy and Economic Development, Boston University; Ph. D. Candidate in Economics, Boston University Chief Executive Officers' Program, Northwestern University	2005		No aplicable	
Ricardo Briceño Villena	Graduated in industrial engineering from the National Engineering University Master's degree in economics and finance from the universities of Lovaine and Antwerp, Belgium.	2011		No aplicable	
Eduardo Montero Aramburú	Bachelor in economics from Lehigh University, USA. Master in business administration, Wharton School of Finance and Commerce, University of Pennsylvania, USA.	1980		No aplicable	
Raúl Ortiz de Zevallos Ferrand	Attorney, bachelor of law from the Catholic University of Peru	2011		No aplicable	

⁽¹⁾ Obligatory if the person holds 5% or more of the COMPANY's shares.

20. Principle (V.F., second paragraph)

Information in the matters to be discussed at each meeting must be made available to the directors sufficiently in advance for them to examine it, except for strategic matters where confidentiality is essential, in which case mechanisms must be established to enable the directors to examine these matters adequately.

Compliance: 4

(a) Information on the agenda for each meeting is sent to the directors for review by e-mail in advance of the meetings. This is the normal procedure, except for strategic matters that require confidentiality, in which case there are mechanisms to allow the directors to study these matters adequately.

(b) Since 2005 the board of directors has carried out an annual self-assessment. This document identifies improvements to be implemented and procedures that should be documented.

Confidential information or matters that require a more rigorous analysis are examined firstly by the committees of directors and then in greater detail by the board.

(c) The COMPANY has a procedure governed by the internal regulations for the board of directors and committees of directors.

21. Principle (V.F., paragraph three)

Following clearly established and defined policies, the board of directors decides on such specialized consulting services as the company may need in order to take decisions.

Compliance: 4

(a) The practice in question is that as the management is responsible for identifying the need for advice, it contracts such advice for specialist matters. Advice contracted by the company is therefore limited. When the matters subject to consultation are vital or their cost is high, a report is submitted to the board, in which the management describes the relevant conclusions.

(b) These policies are governed by the general management manual of regulations and procedures.

Furthermore, the COMPANY by-laws also include a procedure for handling confidential information within the board of directors. Directors are obliged to keep the company's business and any privileged and confidential information to which they have access confidential, even after they have ceased to be directors, in compliance with applicable regulations.

(c) The following specialist advisors have provided services to the board of directors and management of the COMPANY during fiscal year 2012.

Deloitte & Touche S.R.L.

Ernst & Young Asesores S. Civil de R.L.

Gartner

Hay Group

Price Waterhouse Coopers

Real Time Management

Estudio Muñoz, Ramírez, Pérez-Taiman & Olaya, Abogados, S.C.R.L.

ESAN

Celeritech

Business & Business Latam

Equbo

Asix

Llorente & Cuenca

Jaime Tori Fernández & Asociados

22. Principle (V.H.1)

New directors should be instructed on their powers and responsibilities, as well as the characteristics and organizational structure of the company.

Compliance: 4

(a) New directors are instructed on their powers and responsibilities, as well as the characteristics and organizational structure of the company, in induction meetings during which detailed presentations are given.

The regulations for the board of directors and committees of directors establish the mechanism by which new directors should be instructed about their powers, responsibilities, the characteristics of the business, the market in which the company operates and the operation of the company's different entities. Induction is performed by the general manager, who may involve the other managers of the company. The induction process starts with a meeting with the new directors within 30 days after their election and may be complemented by documentation and information about the COMPANY, as well as meetings with other managers.

New directors were elected in 2011 and they were given information on the operations and the corporate and financial structure of the COMPANY

23. Principle (V.H.3)

Procedures must be established for the board of directors to follow when electing one or more replacements of there are no deputy directors and one or more directorships become vacant, in order to make up the number of directors during the period remaining for the board to serve, when no procedure is set forth in the by-laws.

Compliance: 4

(a) No directorships became vacant during 2012.

(b) The procedure followed by the board of directors in electing one or more replacements is described in the by-laws of the COMPANY. If there are no deputy directors and one or more directorships become vacant, an interim director may be appointed to complete the remaining period of service if no other procedure is detailed in the by-laws.

(c) Article 33 of the by-laws. "A directorship becomes vacant on the death, resignation or permanent impairment of a director, dismissal by a general meeting of shareholders, unauthorized absence for a period of more than six months or any other impediment accepted by a unanimous vote of the remaining directors. Except for dismissal by a general meeting of shareholders, when the meeting itself must fill the vacancy, the board of directors shall decide upon any other vacancies and may fill the vacancy by appointing an interim director who shall serve until the end of the mandate of the director he replaces."

(d) The procedures described above are governed by article 33 of the by-laws.

24. Principle (V.I, paragraph one)

Following clearly established and defined policies, the board of directors decides on such specialized consulting services as the company may need in order to take decisions.

Compliance: 4

(a) The practice in question is that as the management is responsible for identifying the need for advice, it contracts such advice for specialist matters. Advice contracted by the company is therefore limited. When the matters subject to consultation are vital or their cost is high, a report is submitted to the board, in which the management describes the relevant conclusions.

(b) These policies are governed by the general management manual of regulations and procedures.

Furthermore, the COMPANY by-laws also include a procedure for handling confidential information within the board of directors. Directors are obliged to keep the company's business and any privileged and confidential information to which they have access confidential, even after they have ceased to be directors, in compliance with applicable regulations.

(c) The following specialist advisors have provided services to the board of directors and management of the COMPANY during fiscal year 2012.

25. Principle (V.I, second paragraph)

The organic structure of the company must avoid a concentration of powers, attributes and responsibilities with the chairman of the board of directors, executive chairman if applicable, general manager and other officers.

Compliance: 4

The structure of governance of Ferreycorp avoids the concentration of powers, attributes and responsibilities with the executive president, general manager and other management officers.

(a) The responsibilities of the chairman of the board of directors, executive chairman and general manager, and other managers are contained in:

Responsibilities of:	By-laws	Internal regulations	Manual	Others	Name of document	Not regulated	Not applicable
President of the board of directors	(X)	(..)	(...)	(...)		(...)	(...)
Executive Chairman	(X)	(...)	(X)	(X)		(...)	(..)
General Manager	(X)	(...)	(X)	(X)		(...)	(...)
Management	(...)	(...)	(X)	(...)	Job description manual - human resources division	(...)	(...)

26. Principle (V.I, second paragraph)

It is recommended that the management receive at least part of its remuneration as a function of the company's results, in order to ensure compliance with the objective of maximizing shareholder value.

Compliance: 4

The structure of governance of Ferreycorp avoids the concentration of powers, attributes and responsibilities with the executive president, general manager and other management officers.

(a) The management receives at least part of its remuneration as a function of the results of the COMPANY, to ensure that they fulfill their duty to maximize the value of the COMPANY to the shareholders and comply with key indicators aligned with the business strategy.

(b) The remuneration of the general manager and management is as follows:

	Fixed remuneration	Variable remuneration	Remuneration (%)*
General Manager	(X)	(X)	(...)
Management	(X)	(X)	(...)

* Salaries of the managers and general manager as a percentage of gross earnings as shown in the COMPANY's consolidated financial statements.

(c) The COMPANY does not have any type of guarantee or similar in the event of the general manager and/or management being dismissed, other than that set forth in current employment legislation.

SECTION TWO: ADDITIONAL INFORMATION**II.1 SHAREHOLDERS' RIGHTS**

(a) Shareholders' rights are defined in the by-laws and internal regulations for meetings of shareholders, the board of directors and committees of directors published on the Internet. Furthermore, the COMPANY has a good corporate governance web site on which the general public can view its rights.

New shareholders are not specifically informed of their rights or or how to exercise them

(b) Shareholders can see the agenda of the meeting and documents pending approval such as the Annual Report and financial statements communicated as "significant events" in advance. At the meeting they are given a copy of the Annual Report and audited financial statements.

(c) The finance division has two specialist departments that deal with shareholders and investors. Particularly anything relating to the general meeting of shareholders and its decisions, from the date of the notice of calling, as well as requests for information from analysts, investors and others.

The following people have been responsible for these activities during 2012:

Emma Patricia Gastelumendi Lukis
Liliana Montalvo Valiente
Augusta Ponce Zimmermann
Elizabeth Tamayo Maertens

Central Administration and Finance Manager
Treasury Manager
Securities Department Manager
Investor Relations Executive

(d) The information on holdings by the COMPANY's shareholders is also found there. Updated shareholdings and publication of sales and purchases as "significant events" as required by law, is the responsibility of the securities department executive.

(e) Share transfers are modified daily, including the number of shares, and this information is verified on a monthly basis with Cavali.

Address and telephone details are modified when Cavali sends this information. It should be pointed out that addresses provided by Cavali are sometimes incomplete or out of date, for which reason the information sent by the company to its shareholders is returned from time to time. For this reason the securities department makes every effort to locate shareholders in order to update their details, but this is a complicated task as most shareholders have no relation with the COMPANY or their stock brokers have not updated their addresses.

The database of addresses, e-mails and other shareholder details is updated periodically.

(f) The COMPANY has had a dividend policy since 1997, which was modified by a shareholders meeting on the 28th of March 2007.

Date of approval	28th of March 2007
Entity giving approval	General meeting of shareholders
Dividend policy (criteria for distribution of profits)	Cash dividends shall be equivalent to 5% of the nominal value of the shares in circulation on the date of the meeting and up to 50% of freely available earnings may be paid out. If 5% of the nominal value of shares in circulation on the date of the meeting is less than 50% of the freely available earnings obtained at the close of the fiscal year, the meeting may pay a higher cash dividend, the ceiling for which shall be 50% of freely available earnings.

Date of approval	18th of March 1997
Entity giving approval	General meeting of shareholders
Dividend policy (criteria for paying dividends)	Distribution, whether in cash or new issue shares, all of the freely available earnings of each year. The cash dividend shall be equivalent to 5% of the nominal value of shares in circulation on the date of the shareholders meeting, provided that it does not exceed 50% of the freely available earnings in each year. If it does, then 50% of the freely available earnings shall be paid out.

(g) Details of dividends in cash and shares paid by Ferreyros in recent years:

Date	Dividend per share		Current policy
	In cash	In shares	
Share type: Ordinary			
Fiscal year 2010	S/. 0.06600000	17.4540107269%	2007
Fiscal year 2011	S/. 0.06	15.0102915%	2007

II.2 BOARD OF DIRECTORS

(h) During 2012 the board of directors met 14 times (seven as Ferreyros S.A.A. and four as Ferreycorp S.A.A.) No director was represented by deputy or replacement directors.

(i) The COMPANY does not have bonus programs for directors. In accordance with the provisions of Article 36 of the by-laws, the remuneration of the board of directors shall be equivalent to 6% of the liquid earnings of the fiscal year before taxes and after covering the statutory reserve.

(j) The board of directors may reduce its remuneration whenever it deems such action necessary or appropriate. Furthermore, it shall agree on the distribution of the global remuneration among its members.

(k) Total remuneration paid to members of the board and the management as a percentage of gross earnings, as shown in the consolidated financial statements of Ferreycorp, is 0.54%.

(l) The board of directors does not discuss any matter without the presence of the general manager.

II.2 BOARD OF DIRECTORS

(m) Ferreyros has one type of share only: the ORDINARY share and the 3,038 shareholders have the right to vote.

(n) At the close of the fiscal year covered by this report, shareholders and holders of more than 5% of the shares were as follows:

Given names and surnames	Number of shares	Shareholding	Origin
La Positiva Vida Seguros y Reaseguros	67'727,806	8.43%	Peruvian
AFP Prima Fondo 3	60'079,785	7.48%	Peruvian
AFP Integra Fondo 3	57'375,632	7.14%	Peruvian

Holding:

Holding	N° of shareholders	N° of shares	Shareholding
Less than 1%	3,018	284'262,484	35.3898%
From 1% to less than 5%	17	333'789,166	41.5556%
From 5% to less than 10%	3	185'183,223	23.0547%
10% and over	0	0	0%
Total	3,038	803'234,873	100.00%

90 YEARS OF

CELEBRATION

**AFTER NINE DECADES OF HISTORY, THE
FERREYCORP CORPORATION COMMEMORATES
AND CELEBRATES ITS PAST ACHIEVEMENTS
AND PREPARES FOR THE CHALLENGES OF
THE FUTURE, WITH THE VALUES THAT HAVE
SUSTAINED IT THROUGHOUT ITS TRAJECTORY.**



ANNEXES

ANNEXE 1: GENERAL DETAILS OF THE CORPORATION

1.1 Trading name and domicile

Razón social	Ferreycorp S.A.A.
Tipo de sociedad	Sociedad Anónima Abierta
RUC	20100027292
Dirección	Jr. Cristóbal de Peralta Norte 820, Monterrico, Santiago de Surco Lima, Perú
Teléfono	511-626-4000
Fax	511-626-4504
Página web	www.ferreycorp.com.pe
Línea dedicada a clientes	511-626-5000
Línea dedicada a accionistas	0800-13372

1.2 Incorporation and registration at the public records office

Ferreycorp (formerly Ferreyros S.A.A.) was incorporated as Enrique Ferreyros y Compañía Sociedad en Comandita, by public deed on the 14th of September 1922 drafted by notary public of Lima Dr Agustín Rivero y Hurtado. It was registered under entry 1, page 299, volume 15 of Lima Companies Registry. That company was dissolved, as shown in entry 10, page 296, volume 30 at Lima Companies Registry.

Enrique Ferreyros y Compañía S.A. took over the assets and liabilities of the previous company by means of a public deed dated the 21st of February 1931 drafted by notary public of Lima Dr Agustín Rivero y Hurtado, registered under entry 1, page 457, volume 31 at Lima Companies Registry. The change of name to Enrique Ferreyros S.A. took place by public deed on the 23rd of November 1981 drafted by notary public of Lima Dr Jorge Orihuela Iberico, registered under Companies Registry entry N° 11007355.

The change of name to Ferreyros S.A. took place by public deed on the 6th of May 1996 drafted by notary public of Lima Dr Jorge Orihuela Iberico, registered under item 2B of entry 117502 in the Companies Register. On the 24th of March 1998, a general meeting of shareholders agreed to modify the trading name of the company to Ferreyros S.A.A., registered under entry N° 11007355 at the Companies Registry.

The shareholders meeting in March 2012 agreed to a simple reorganization of the company, by which two blocks of equity would be split off into two subsidiary companies.

As mentioned in the chapter entitled Financial Management, the first block, derived from the automotive division, was transferred to the Motored S.A. subsidiary; and the other, derived from the Caterpillar and allied lines machinery, equipment and after-sales services business was transferred to the Ferreyros S.A. subsidiary

After the separation of these equity blocks, the company changed its trading name from Ferreyros S.A.A. to Ferreycorp S.A.A.

The new structure of the holding company will allow it to concentrate on its role as investor while each of the operating subsidiaries focus on improving their services to clients, extending their coverage, seeking their own business opportunities and improving their operational skills.

In accordance with its by-laws, the business of Ferreycorp S.A.A. is the sale and purchase of merchandise and products of Peruvian and foreign origin; importing and exporting merchandise and articles in general; the provision of services, investment and commissions. Its duration is indefinite and its business is covered by group 5150, division N° 51 of the United Nations CIIU classification.

1.3 Brief summary of the company

The historical summary of Ferreycorp is available in the chapter entitled "Corporation Companies and Definition of Economic Group".

1.3.1 Líneas de productos

The Ferreycorp corporation is the only Caterpillar distributor and has represented that company since 1942.

As the chapter "Commercial and Operations Management" shows, during 2011 Caterpillar purchased the global assets of Bucyrus. In 2012, Ferreyros acquired distribution rights from Caterpillar for this line of products, which includes equipment for underground mining especially coal mining. It is also a leader in haul trucks for open pit mining, hydraulic face shovels with a bucket capacity of 15 to 90 tons and electric face shovels of up to 120 tons. It also builds track-drills and rotary drills, both diesel and electric.

In addition to Caterpillar machinery and engines, Ferreyros distributes a wide range of products from other prestigious builders, including Terex cranes, equipment, trucks and low-profile loading shovels of less than 4 yd³ built by Paus, Oldenburg underground drilling equipment and Metso aggregate equipment for the construction industry. For the agriculture sector it represents Massey Ferguson and Landini tractors, Zaccaria rice milling equipment and Kepler Weber grain driers and silos, among others.

Other Ferreyrcorp subsidiaries supply other prestigious equipment, such as Kenworth and DAF trucks, Iveco vehicles, Sullair compressors, Mitsubishi-CAT fork lift trucks, Wacker compacting equipment, Lincoln Electric welding sets, Olympian-CAT electricity generating sets, Amida lighting towers, Enerpac hydraulic tools and Carmix concrete mixers. It also distributes Goodyear tires and Mobil lubricants.

For clients who wish to hire rather than buy machinery, Ferreyros, Unimaq- The Cat Rental Store and Ferreyrcorp's subsidiaries in Central America possess a large fleet of Caterpillar machinery to meet this need, especially for infrastructure and general construction projects. For further information on this service see the chapter entitled "Commercial and Operations Management" - Plant Hire section.

Ferreyros provides after-sales service to its clients from a large network of workshops in strategic locations throughout Peru and staffed by highly qualified mechanics who receive continual training, as well as the latest generation of equipment. Furthermore, Unimaq, Mega Representation, Motored and the companies in Central America have branches in different parts of their territories in order to provide adequate coverage for their clients, wherever they may be working.

In order to guarantee prompt supply of spare parts for all the lines it distributes, all of the company's machinery and vehicle distributors have warehouses and distribution centers at their branches and in strategic locations near their main clients' operations. .

1.3.2 Competition

The range of products it distributes means that Ferreyros competes in different segments with a large number of suppliers who import and distribute different makes. Nevertheless, and thanks to their clients' loyalty, the operating companies, capital goods distributors, lead practically every market segment in which they participate. Ferreyros thus has a leading market share.

As far as competition for the makes represented by Ferreyrcorp is concerned, in the auxiliary machinery and off-highway truck segment Caterpillar competes against Komatsu. Its competitors in the supply of underground LHD loaders for underground mining are Atlas Copco and Sandvik. In electric and hydraulic shovels its competitors include P&H, Hitachi, Komatsu and Liebherr.

For earth moving in both light and heavy construction projects, the Caterpillar equipment distributed by Ferreyros competes with Komatsu, Volvo, Hyundai, Case, JCB, Daewoo and John Deere. Furthermore, since 2008 Chinese earth moving machinery has been imported into Peru aimed at the heavy construction sector; in 2012 this equipment - made by more than 20 different manufacturers and imported by 27 importers - had a market share of approximately 4% by FoB value and 12% of all units imported into the country. Cresko, a subsidiary of Ferreyrcorp, distributes machinery from Asia to compete in the same segment.

As far as diesel engines are concerned, the Caterpillar brand distributed by Ferreyros competes with Detroit Diesel, Cummins, FG Wilson and Volvo; in the heavy fuel-oil segment, with Wartsila and Man; as well as Wartsila and Waukesha in the gas engine segment.

In drilling rigs for surface mining, we distribute Caterpillar (the line formerly sold under the Bucyrus name) and compete against Sandvik, Atlas Copco and Drilltech. In cranes of different characteristics and capacities it represents Terex and competes with Manitowoc and Grove. In the portable air compressor market, Sullair, competes with Atlas Copco.

As far as farm machinery is concerned it distributes Massey Ferguson and Landini and competes with John Deere and Ford New Holland.

In the tipper truck and tractor markets, Motored sells its Kenworth, Iveco and DAF brands and competes with Volvo, Scania, Mercedes Benz, Freightliner, Hino and Volkswagen, as well as Chinese makes FAW, Sinotruk and Dongfeng. The company sells Iveco and Yutong buses and competes with Mercedes Benz, Volkswagen, Scania and Agrale.

The corporation supplies spare parts for the various makes it distributes and competes with distributors of copy-cat spares supplying small segments of the market.

Goodyear tires sold by Mega Representaciones compete with brands such as Bridgestone, Michelin and Chinese makes. In lubricants, in which Mega is one of the representatives of Mobil, we compete with Shell and Castrol, among others.

1.4 Other investments

Ferreyrcorp has investments in the following companies:

Company	Number of shares	Shareholding (%)
La Positiva Seguros y Reaseguros	37'291,024	14.9574%
La Positiva Vida Seguros y Reaseguros	4'984,295	3.0050%
Transacciones Plurales	1'698,660	16.1305%
Transacciones Especiales	16,599	0.5165%

1.5 Capital, shares and shareholdings

As at the 31st December 2012, Ferreyros' capital was represented by ordinary shares having a nominal value of 1.00 nuevos soles each, fully subscribed and paid up, of which 78.92% is held by Peruvian investors and 21.08% by foreigners.

The share price at the beginning of the year was 2.28 nuevos soles and at the close of the year 2.20. The maximum price during the year was 3.20 nuevos soles in March, and the minimum was 2.03, in December. The average share price in 2012 was 2.47 nuevos soles (Annex 2).

The following shareholders held 5% or more of the company's capital as at the 31st December 2012:

Given names and surnames	Number of shares	Shareholding (%)	Origin
La Positiva Vida Seguros y Reaseguros	67'727,806	8.43%	Peruvian
AFP Prima Fondo 3	60'079,785	7.48%	Peruvian
AFP Integra Fondo 3	57'375,632	7.14%	Peruvian

The distribution of voting shares is as follows:

Holding	N° of shareholders	N° of shares	Participation
Less than 1%	3,018	284'262,484	35.3898%
From 1% to less than 5%	17	333'789,166	41.5556%
From 5% to less than 10%	3	185'183,223	23.0547%
10% and over	0	0	0.00%
Total	3,038	803'234,873	100.00%

2.1 Share prices

ISIN Code	Mnemonic	Year- Month	2012 QUOTES				Average price
			Opening S/.	Closing S/.	Maximum S/.	Minimum S/.	S/.
PEP736001004	FERREYC1	2012-01	2.28	2.58	2.60	2.27	2.44
PEP736001004	FERREYC1	2012-02	2.58	2.83	2.83	2.58	2.73
PEP736001004	FERREYC1	2012-03	2.85	3.09	3.20	2.85	3.01
PEP736001004	FERREYC1	2012-04	3.10	2.92	3.15	2.89	3.00
PEP736001004	FERREYC1	2012-05	2.92	2.62	2.95	2.60	2.75
PEP736001004	FERREYC1	2012-06	2.60	2.28	2.72	2.25	2.57
PEP736001004	FERREYC1	2012-07	2.28	2.14	2.35	2.09	2.25
PEP736001004	FERREYC1	2012-08	2.14	2.21	2.26	2.09	2.20
PEP736001004	FERREYC1	2012-09	2.22	2.35	2.40	2.13	2.29
PEP736001004	FERREYC1	2012-10	2.35	2.15	2.35	2.13	2.16
PEP736001004	FERREYC1	2012-11	2.15	2.12	2.20	2.10	2.15
PEP736001004	FERREYC1	2012-12	2.13	2.20	2.20	2.03	2.12

2.2. Current debt instrument issues

Maturity of placements in force as at the 31st of December 2012
(In US\$ million)

Second IRD Program Series

Resolution Conasev No. 054-2009 -EF/94.06.3	
Class	Registered and indivisible in account at CAVALI CLV S.A.
Face value	US\$ 1,000 each
Series	One or more
Maximum issue amount	US\$ 130'000,000
Term	2 years renewable
Payment of interest	End of quarter

Second IRD Program Series**Characteristics of the placement current as at December**

Registered		Characteristics of the placement current as at December					
Second IRD Issues	Amount of Issue	Balance	Term (years)	Placement Rate	Date of Issue	Date of Redemption	Amortization
First Issue of Bonds Series B	130'000,000	15'000,000	3	4.6876%	12/05/2010	12/05/2013	100% of Capital at redemption
First Issue of Bonds Series C	130'000,000	10'000,000	3	4.5625%	23/06/2010	23/06/2013	100% of Capital at redemption
First Issue of Bonds Series D	130'000,000	15'000,000	3	4.0000%	23/08/2010	23/08/2013	100% of Capital at redemption
Seventh Issue of Bonds Series A	130'000,000	16'501,000	5	5.5625%	16/05/2011	16/05/2016	16 quarterly payment, 1 free
Seventh Issue of Bonds Series B	130'000,000	18'165,000	5	5.7500%	28/10/2011	28/10/2016	16 quarterly payment, 1 free
		74'666,000					

ANNEXE 3: GUARANTEES, CONTINGENCIES AND COMMITMENTS

Capital commitments

As at the 31st of December 2012, the corporation had the following commitments:

Ferreycorp

a. Guarantees amounting to US\$97,800,000 and US\$13,700,700 to cover credit operations by subsidiaries and affiliates and purchases from third parties, respectively.

b. Bank guarantees in favor of financial institutions worth US\$15,000,000 principally for use as the company's bid bonds and compliance bonds for the delivery of products sold through public tenders and payment of customs duties due on imported merchandise.

Total guarantees granted as at the 31st of December 2012 amounted to US\$ 126.5 million, representing 26% of the company's equity.

Subsidiaries

This subsidiary has a letter of guarantee in favor of the Customs Authority for merchandise passing through customs, valued at US\$535,000 and for merchandise in temporary storage, amounting to US\$1,400,000.

Mega Representaciones S.A.

As at the 31st of December 2012, this subsidiary had a letter of guarantee from the Banco de Crédito del Peru S.A. valued at S/.345,122 to guarantee operations with Mobil Oil del Peru, as well as from BBVA Banco Continental valued at US\$1,065,000 to cover operations with Mobil Oil del Peru and US\$4,000 for operations with Lan Airlines S.A. Sucursal Peru. Furthermore, the subsidiary has signed a "Comfort Letter" with BBVA Banco Continental for US\$2,000,000 to guarantee its commercial operations.

Motored S.A.

As at the 31st of December 2012, the corporation had the following commitments:

a. Guarantees valued at US\$34,800,000, to guarantee credit purchases from third parties.

b. Bank guarantees in favor of financial institutions valued at US\$235,000, principally for use as bid bonds and compliance bonds by the subsidiary for delivery of products sold through public tenders and payment of customs duties due on imported merchandise.

Orvisa S.A.

As at the 31st of December 2012, the corporation had the following commitments:

a. Guarantees valued at US\$ 4,000,000 to cover purchases on credit from third parties.

b. Bank guarantees in favor of financial institutions valued at US\$1,966,398, principally for use as bid bonds and compliance bonds by the subsidiary for delivery of products sold through public tenders.

Tax position

As at the 31st December 2012, the company has received various observations from the tax authorities concerning its income tax and value added tax for fiscal years 2001-2006, covering a total of approximately S/. 125 million including fines and interest. the Corporation has submitted appeals to the tax authority (SUNAT) and the Tax Tribunal as appropriate.

FERREYCORP S.A.A

SUBSIDIARIES

PERÚ

FERREYROS

Head office: Jr. Cristóbal de Peralta Norte 820, Surco, Lima

Main workshops:

Av. Industrial 675, Lima

Rentafer / sales and rental of nearly new and used equipment:

Av. Argentina 1300, Lima

Telephone: 626-4000

Branches and offices:

Abancay, Arequipa, Ayacucho, Cajamarca, Cerro de Pasco, Chimbote, Cusco, Ica, Lambayeque, La Merced, Huancayo, Huaraz, Trujillo, Piura, Puno, Tacna, Talara, Tumbes

www.ferreyros.com.pe

ORVISA

Head office: Av. José Abelardo Quiñones Km. 2, San Juan Bautista, Maynas, Loreto

Telephone: 065-263710 / 065-265520 / 065-263976 / 065-264142

Branches and offices: Bagua, Huánuco, Tarapoto, Pucallpa, Puerto Maldonado, Tingo María, Yurimaguas

www.ferreyros.com.pe

UNIMAQ

Head office: Av. Evitamiento 1936, Ate Vitarte, Lima

Telephone: 202-1300

Branches:

Arequipa, Cajamarca, Huancayo, Ilo, Trujillo, Piura

www.unimaq.com.pe

MOTORED

Head office: Av. Evitamiento 1980, Urb. Industrial Santa Rosa, Ate Vitarte, Lima

Main workshops:

Panamericana Sur km 30.7, Lurín, Lima

Telephone: 518-6000

www.motored.com.pe

CRESKO

Office and workshops:

Av. Argentina 1315- 1325, Cercado, Lima

Telephone: 424-9797 / 424-5488 / 424-1076 / 424-2958 / 424-0592

www.cresko.com.pe

MEGA REPRESENTACIONES

Head office:

Av. Industrial 675, Lima

Telephone: 630-1700

Branches and offices: Arequipa, Cajamarca, Cusco, Huaraz

www.megarepresentaciones.com.pe

FIANSA

Office and plant: Av. Huachipa cruce con las Moreras, Mz “D” Lt. 1 - Urb. La Capitana, Fundo Huachipa, Lurigancho, Lima

Telephone: 207-3400

www.fiansa.com.pe

FERRENERGY

Office: Av. Encalada 1257, oficina 302, Surco, Lima

Telephone: 437-2828

www.ferreycorp.com.pe

FARGOLINE

Office and warehouses:

Av. Néstor Gambetta Km 10, Callao

Telephone: 311-4100

www.fargoline.com.pe

FORBIS LOGISTICS

Peru office:

Lima Cargo City. Av. Elmer Faucett 2823, Edificio A, Of. 502, Callao

Telephone: 575-5557 / 575-6808

USA: 12200 NW 25 Street, Suite 105, Miami, Florida 33182

Telephone: 305-592-3216

www.forbislogistics.com

GUATEMALA

CORPORACIÓN GENERAL DE TRACTORES, S.A. (GENTRAC)

Head office: Calzada Aguilar Batres 54-41 Zona 12, Guatemala, Guatemala

Telephone: (502) 2328-9000 / (502) 2386-9000

Branches: Quetzaltenango, Ciudad Guatemala (Zona 9), Teculután (Zacapa) y Morales (Izabal)

www.gentrac.com.gt

EL SALVADOR

COMPAÑÍA GENERAL DE EQUIPOS S.A. (COGESA)

Head office: Av. Las Mercedes 401, Col. Las Mercedes, San Salvador, El Salvador

Telephone: (503) 2223-2323 / (503) 22508000

Branches: Sonsonate y San Miguel

www.generaldeequipos.com

BELICE

GENERAL EQUIPMENT COMPANY LIMITED (GENTRAC)

Gentrac Belize, International Airport Road, Ladyville, Belize District

Telephone: (501) 225-2115

www.gentracbelize.com

CREDITS

CREATION, STRATEGIC CONCEPT AND DESIGN

Studioa

PHOTOGRAPHY

Alex Bryce y fotos de stock Ferreycorp

TEXT EDITING

Cecilia Balcázar

PRINTING

Forma e Imagen

