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Management Discussion and Analysis of the Consolidated Financial Statements of Ferreycorp S.A.A. and Subsidiaries

Second Quarter 2016

Lima, July 20, 2016. Ferreycorp S.A.A. (BVL: FERREYC1), a leading corporation which aims to carry out investment activities in the capital goods sector and complementary services, with presence in Peru and other 8 countries in Latin America, announces consolidated results for the second quarter 2016. The consolidated financial results have been prepared in accordance with International Financial Reporting Standards (IFRS) and are stated in nuevos soles.

MAIN HIGHLIGHTS FOR THE FIRST SEMESTER 2016

- Consolidated sales for the first semester dropped by 6% and amounted to S/ 2,507 million compared to the same period last year (S/ 2,662 million). It is important to note that despite a retracted market, the corporation maintained sales levels similar to those reached during the same period last year.
- Consolidated net profit reached S/ 133 million showing an important growth of 94% if compared to first semester 2015 net profit of S/ 69 million. Nevertheless, it is important to recall that during the first six month period of the year the results were not impacted by the exchange loss distortion that affected last year results. First semester 2016 results reflect the business performance. As of June 2016 the company registered a S/ 16 million exchange gain due to the nuevo sol

appreciation, meanwhile during the first semester last year net profit was impacted by a - S/ 78 million exchange loss.

- Gross margin as of June 2016 rose to 24.3%, higher than 23.2% reached as of June 2015 explained by an increase of spare parts and services share in total sales. Gross profit dropped by 1% compared to same period last year.
- Operating profit showed an increase of 2%, explained by higher gross margin and a reduction in expenses. Operating margin rose from 8.4% as of June 2015 to 9.1% as of June 2016.
- EBITDA margin during the first semester rose to 12.4%, compared to 11.6% reached during the first semester last year. EBITDA increased by 1% and amounted to S/ 311 million.
- Net debt to EBITDA ratio reached 2.56x from 3.52x as of June 2015, explained by an important 16% reduction in the financial debt from US$660 million to US$556 million.
- EPS amounted to S/ 0.134 compared to S/ 0.068 during the first semester 2015.
- EBITDA per share went from S/ 0.309 as of June 2015 to S/ 0.312 as of June 2016.
- First semester 2016 Free cash flow reached S/ 224 million, mainly affected by an improvement in asset management (receivables), less capex investment and higher EBITDA

SECOND QUARTER 2016 VS SECOND QUARTER 2015

- During the second quarter 2016, consolidated sales reached to S/ 1,122 million, showing a 15.5% reduction if compared to S/ 1,327 million in 2Q2015, due to lower sales to customers from the construction sector and a delay in the delivery of mining trucks for the second semester of the year.
- Net profit during the second quarter increased to S/ 50 million soles (31.7% higher) compared to S/ 38 million during similar period last year. It is important to recall that this quarter results were not impacted by the exchange rate distortion.
- Gross margin rose to 23.9% in 2Q 2016, slightly higher if compared to 23.6% gross margin reached in 2Q 2015. Gross profit dropped by 14% to S/ 268 million explained by sales reduction.
- During the second quarter, the gross profit reduction impacted EBITDA that reached to S/ 124 million compared to S/ 156 million during the 2Q 2015. 2Q 2016 EBITDA margin reached 11.1%, compared to 11.7% during same period last year.
- Operating margin dropped from 8.4% in 2Q 2015 to 7.6% in 2Q 2016. Operating expenses as a percentage of total sales reached to 16.5% during the second quarter this year, compared to 15.4% in 2Q 2015 as a result of lower sales.
- Second quarter 2016 Free cash flow reached S/ 43 million led by an improvement in asset management (receivables).

(in million soles except ratios per share)	Second Quarter			First Semester		
	2Q16	**2Q15**	**%Var.**	**2016**	**2015**	**%Var.**
Net sales US$ (million)	$338	$422	-19.9%	$756	$858	-11.9%
Net sales	S/. 1,122	S/. 1,327	-15.5%	S/. 2,507	S/. 2,662	-5.8%
Gross profit	S/. 268	S/. 313	-14.3%	S/. 609	S/. 618	-1.4%
Operating profit	S/. 85	S/. 111	-23.5%	S/. 229	S/. 224	2.1%
Financial expenses	S/. -28	S/. -27	3.1%	S/. -58	S/. -52	11.4%
Gain (loss) to exchange rate	S/. 7	S/. -35		S/. 16	S/. -78	
Net profit	S/. 50	S/. 38	31.7%	S/. 133	S/. 69	93.7%
EBITDA	S/. 124	S/. 156	-20.3%	S/. 311	S/. 308	0.9%
EPS	0.050	0.037	34.0%	0.134	0.068	97.1%
EBITDA per share	0.125	0.156	-20.3%	0.312	0.309	0.9%
Free cash flow	S/. 43	S/. -40		S/. 224	S/. -54	
Gross margin	23.9%	23.6%		24.3%	23.2%	
Operating margin	7.6%	8.4%		9.1%	8.4%	
Net margin	4.4%	2.9%		5.3%	2.6%	
EBITDA margin	11.1%	11.7%		12.4%	11.6%	
Leverage ratio				0.99	1.22	
Net debt / EBITDA				2.56	3.52	

MAIN HIGHLIGHTS

Tender Offer

On June Ferreycorp successfully carried out the repurchase of US$ 120 million aggregate principal amount of its outstanding 4.875% Senior Guaranteed Notes due 2020 issued in 2013. The repurchased amount was cancelled with medium-term financing.

Thus, the corporation benefit from a more flexible debt structure, achieving a better position in order to face possible changes in the local and global market conditions.

All Ferreycorp bond holders had the opportunity to participate in this "Tender Offer" under the same conditions, in line with good corporate governance and transparency practices by which the corporation operates.

Ferreycorp in the Peruvian Stock Exchange Good Corporate Governance Index

Ferreycorp, with more than 2,400 shareholders in Perú and abroad, is part of the Good Corporate Governance Index of the Lima Stock Exchange for nine consecutive year and has been part of this index since its inception in 2008. The ten companies that compose the Good Corporate Governance Index of the Lima Stock Exchange for the year 2016 are recognized for their compliance with the Good Corporate Governance Principles for Peruvian Companies.

Ferreycorp is included in the Lima Stock Exchange Good Corporate Governance Index after a rigorous validation process, carried out by an accredited organization, regarding the company corporate governance compliance report for the year 2015. Ferreycorp almost reached the highest score, and will incorporate some improvements made during 2016 that will take part of the score for this year valuation.

Also, Ferreycorp is recognized in the top 5 companies in "La Voz del Mercado" study, an EY initiative in partnership with the Lima Stock Exchange, that gives a clear view of how the capital market perceive the good corporate governance practices of the Peruvian major companies.

I. COMMERCIAL MANAGEMENT

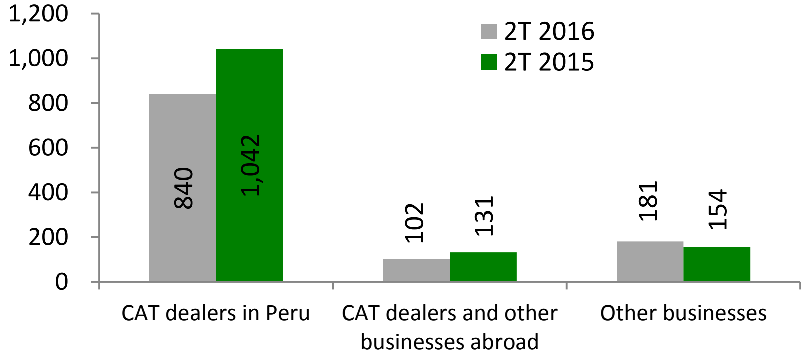
1. SALES BREAKDOWN ACCORDING TO CORPORATE ORGANIZATION

Consolidated sales of Ferreycorp S.A.A. and its subsidiaries in Peru, Chile, Guatemala, El Salvador, Nicaragua and Belize, amounted to S/ 2,507 million during the first semester of 2016, showing a 5.8% reduction compared to the first semester of 2015. In dollars, sales decreased by 12%, explained by a lower average exchange rate in 2015 (S/. 3.145) compared to 2016 (S/. 3.319). During the second quarter 2016, consolidated sales reached S/ 1,122 million and dropped by 15.5% compared to second quarter 2015.

It is worth recalling that Ferreycorp divide its companies in three main groups: Subsidiaries which are Caterpillar dealers and represent allied brands in Peru (Ferreyros, Unimaq, Orvisa and Ferrenergy); subsidiaries which are Caterpillar dealers and have other businesses in Central America (Gentrac, Cogesa, Transpesa and Mercalsa); and the ones aimed to offer capital goods and services other than Caterpillar to different economic sectors in Peru and abroad (Motored, Fiansa, Fargoline, Mega Representaciones, Cresko, Forbis Logistics, Sitech and Trex). Sales composition in the second quarter 2016 showed no substantial variation compared to the same period in 2015.

Sales by corporate organization

(S/ million)



In the following lines you can see the sales composition by group of companies:

Sales (S/ million)	2Q 2016	%	2Q 2015	%	VAR %	As of June 16	%	As of June 15	%	VAR %
Ferreyros	677	60.3%	840	63.3%	-19.4%	1,619	64.6%	1,735	65.2%	-6.7%
Unimaq	122	10.9%	158	11.9%	-22.9%	239	9.5%	273	10.3%	-12.6%
Orvisa	41	3.6%	44	3.3%	-6.4%	83	3.3%	88	3.3%	-6.5%
Total CAT dealers in Peru	**840**	**74.8%**	**1,042**	**78.5%**	**-19.4%**	**1,941**	**77.4%**	**2,097**	**78.8%**	**-7.4%**
Total CAT dealers and other businesses abroad	**102**	**9.1%**	**131**	**9.9%**	**-22.3%**	**225**	**9.0%**	**275**	**10.3%**	**-18.2%**

Sales (S/ million)	2Q 2016	%	2Q 2015	%	VAR %	As of June 16	%	As of June 15	%	VAR %
Motored	46	4.1%	45	3.4%	3.5%	89	3.6%	83	3.1%	8.2%
Mega Representaciones	63	5.6%	47	3.5%	34.3%	119	4.7%	93	3.5%	27.7%
Trex	23	2.1%	34	2.6%	-31.8%	45	1.8%	56	2.1%	-19.1%
Others (Fargoline, Fiansa, Forbis, etc)	49	4.3%	29	2.2%	67.7%	88	3.5%	59	2.2%	48.7%
Total other subsidiaries	**181**	**16.1%**	**154**	**11.6%**	**17.1%**	**341**	**13.6%**	**290**	**10.9%**	**17.4%**

Caterpillar dealers in Peru sales dropped by -19.4% if compared with the same period 2015, which was primarily led by a decline on sales to construction customers.

Caterpillar dealers and other businesses in Central America reported during this period sales that decreased by -22.3% if compared to 2015 due to lower sales of Caterpillar machinery. In general, sales of this group of companies have been affected by the political and economic situation in Guatemala, one of the countries that contribute with most sales from this region. It is important to recall that lower sales are in part offset by higher sales of automotive spare parts which are sell by the recently acquired company in El Salvador (Transportes Pesados S.A. de CV – Transpesa) which is part of Ferreycorp since July 2015.

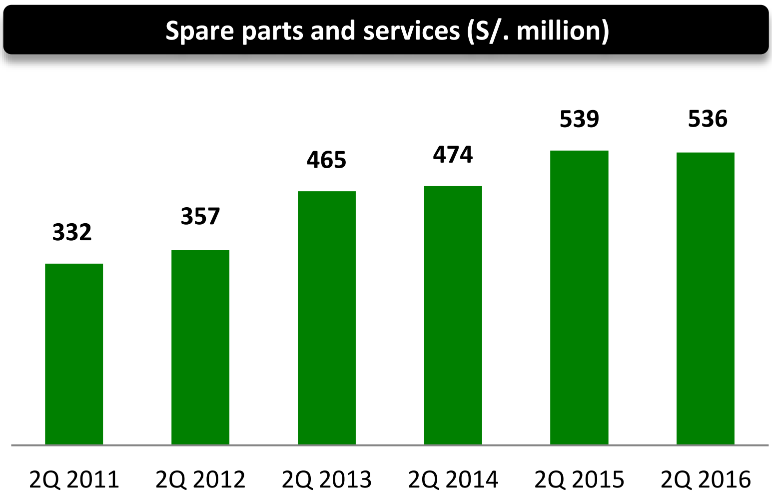
Finally, sales of **other subsidiaries aimed to offer capital goods and services other than Caterpillar to different economic sectors in Peru and abroad**, increased by 17.1% as a result of higher sales of Mega Representaciones (subsidiary aimed to provide Goodyear tires, Exxon Mobil lubricants and personal safety equipment) and Motored (subsidiary aimed to provide vehicles and spare parts to the automotive sector). It is important to recall, that even though this group of companies still represent a small share of total sales, they have unfolded a big effort facing the economic challenges in Peru and Chile. During the 2Q2016, sales of this group of companies amounted to S/ 181 million and represent 16% of total sales.

2. SALES BREAKDOWN BY BUSINESS LINE

Sales (S/. In thousand)	2Q 2016	%	2Q 2015	%	Var %	As of 30.06.16	%	As of 30.06.15	%	Var %
Mining trucks and Caterpillar machines (GM)	66,238	5.9	126,388	9.5	-47.6	381,172	15.2	359,710	13.5	6.0
Caterpillar machines and engines for other sectors (NGM)	183,244	16.3	251,727	19.0	-27.2	374,914	15.0	530,058	19.9	-29.3
Allied equipment	142,279	12.7	188,845	14.2	-24.7	263,359	10.5	312,192	11.7	-15.6
Rental and used	81,834	7.3	125,295	9.4	-34.7	170,040	6.8	217,823	8.2	-21.9
Spare parts and services	536,119	47.8	539,348	40.6	-0.6	1,095,159	43.7	1,055,369	39.6	3.8
Other lines	112,464	10.0	95,661	7.2	17.6	222,497	8.9	186,949	7.0	19.0
TOTAL	**1,122,178**	**100.0**	**1,327,263**	**100.0**	**-15.5**	**2,507,142**	**100.0**	**2,662,101**	**100.0**	**-5.8**

When analyzing the results by business line during the first semester 2016, we should highlight that Caterpillar mining trucks and equipment rose by 6% due to sales to large mining customers. On the other hand, sales of Caterpillar engines and machines shrank on average 28% during the first semester and second quarter 2016 led by the contraction of the construction sector that also impacted allied equipment and rental and used equipment sales.

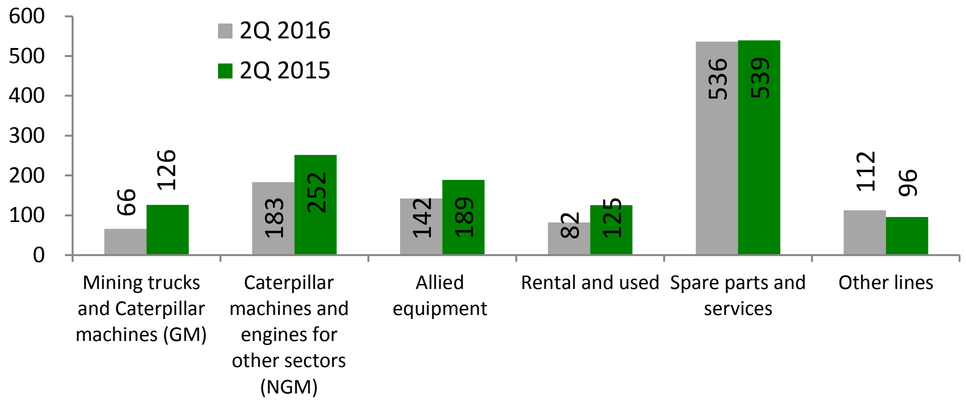
Regarding the aftermarket revenues, spare parts and services sales slightly increased by 4% over the same period in 2015, driven by machinery population sold in recent years in countries where Ferreycorp has presence, where its Caterpillar dealers keep a high market share. During the last years, the population of Caterpillar machinery has increased due to the delivery of equipment fleets to customers, which will require greater amounts of spare parts and services. This dynamic allows the sustainability of the business model.



It is important to notice that sales of spare parts and services continue to increase their share in total sales and in the second quarter represented 47.8% of total revenues compared to 41% in the second quarter 2015, being the business line that generates higher gross margins, to cover distribution costs, and generate more EBITDA to the corporation. The after-market provided by Ferreycorp to its customers is characterized by high quality standards. It is well known that one of the main characteristics of the corporation is its high-quality after-market service, for which it makes important investments in inventories of spare parts and components as well as in modernizing its workshops and selecting and training its technicians

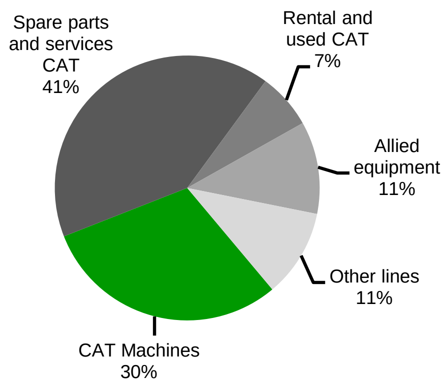
Businesses grouped in “Other lines” increased by 17.6%, led by safety equipment, metal mechanic and tires sales that rose by 66%, 154% and 17%, respectively.

Sales by business line
(S/ millIon)



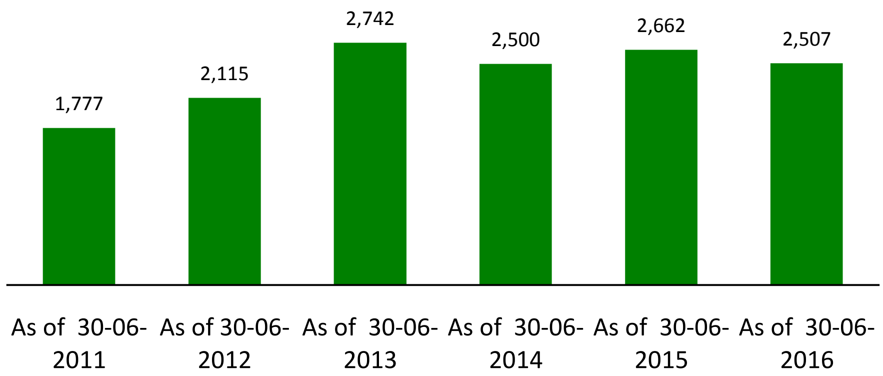
As of June 30, 2016 sales from the Caterpillar line carried by the Caterpillar dealers in Perú, Guatemala, El Salvador and Belize, accounted for 78% of total income, including machinery and equipment (new, used and rental units) as well as spare parts and services.

Net Sales (As of june 2016)



It is important to recall that EBITDA generation in these periods had a positive trend, reaching during this first semester an EBITDA margin of 12.4%, as a result of sales with good gross and operating margins and a positive cash generation.

Sales and EBITDA (S/. million)



Ebitda Margin	12.9%	10.0%	10.8%	10.9%	11.6%	12.4%
EBITDA (S/ MM)	228	212	296	273	308	311

EBITDA CAGR: 6.4%

3. SALES BREAKDOWN BY ECONOMIC SECTORS

Regarding sales distribution by economic sectors, sales to the open pit mining and construction as of June 2016 continued to record the largest sales volume, with shares of 40% and 18% of total sales, respectively. As of June 2015 open pit mining sales represented 38%, increasing its participation in total sales by 2.7%. Other economic sector that increased its share in total revenues is government, led by some bids won by the company during this period. On the other hand, construction dropped its participation in total revenues if compared to last year led by lower dynamism in this sector.

SALES DISTRIBUTION BY ECONOMIC SECTORS

	2Q 2016	2Q 2015	As of 30/06/16	As of 30/06/15
Open pit mining	33.1%	33.8%	40.2%	37.5%
Construction	21.5%	30.2%	18.2%	26.8%
Underground mining	14.0%	12.6%	13.3%	13.3%
Government	4.7%	0.9%	4.4%	0.7%
Transport	4.8%	3.7%	3.8%	3.4%
Industry, commerce and serv	10.4%	11.9%	10.0%	11.3%
Agriculture and forestry	4.0%	3.4%	3.2%	3.0%
Fishing and marine	3.8%	1.2%	2.6%	1.0%
Hydrocarbons and energy	1.5%	1.2%	1.5%	2.3%
Others	2.2%	1.0%	2.8%	0.7%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

II. ANALYSIS OF FINANCIAL INFORMATION

1. Sales

Million of nuevos soles	2Q16	2Q15	%Var.	1S16	1S15	%Var.
Sales	1,122.2	1,327.3	-15.5	2,507.1	2,662.1	-5.8

(See section "Commercial Management" for an explanation of this variation).

2. Gross profit

Million of nuevos soles	2Q16	2Q15	%Var.	1S16	1S15	%Var.
Gross profit	268.3	313.2	-14.3	609.3	617.7	-1.4
Gross margin	23.9%	23.6%		24.3%	23.2%	

During the second quarter 2016, gross profit was lower than the amount obtained in the same period 2015. In percentage terms, 2Q 2016 gross margin reached to 23.9% as a result of the increase of spare parts and services share in total sales, which have greater margin than other business lines.

3. Selling and Administrative Expenses

Million of nuevos soles	2Q16	2Q15	%Var.	1S16	1S15	%Var.
Selling and administrative expenses	184.9	204	-9.3	389.4	398.8	-2.4
As % of sales	-16.5%	-15.4%		-15.5%	-15.0%	

Selling and administrative expenses decreased by 9.3% compared to the same quarter last year. This result is explained by: i) a reduction in personnel expenses by S/. 7.5 million, ii) a decline on variable expenses by S/. 7.8 million due to lower sales, and iii) less expenses in provision for claims for collection of doubtful receivables by S/. 2.2 million.

4. Financial Expenses

Million of nuevos soles	2Q16	2Q15	%Var.	1S16	1S15	%Var.
Financial expenses	27.5	26.7	3.1	58.2	52.2	11.4
As a % of sales	-2.5%	-2.0%		-2.3%	-2.0%	

Financial expenses for the second quarter of 2016 showed an increase of 3.1% compared to the second quarter 2015. This result includes part of the financial cost for S/ 4 million as of June, due to the premium payed for the international bond tender offer. If we deduct this amount, financial expenses should have dropped by 11.8% in line with the corporation average liabilities reduction. 72% of total debt belongs to dollar funding and the average cost of debt dropped to 4.24%.

5. Foreign Exchange Gain/ Loss

Million of nuevos soles	2Q16	2Q15	%Var.	1S16	1S15	%Var.
Foreign Exchange gain/loss	6.8	-35.4		15.7	-78.3	-120.0

The S/ 15.7 million exchange gain during the first semester 2016 is explained by a 3.55% nuevo sol appreciation against the dollar. In contrast, during the first semester last year, the 6.36% devaluation resulted in a -S/. 78.3 million exchange loss. It is important to recall that the company has a natural hedge, considering that sales as well as machinery import, invoicing to clients and financing are made in foreign currency.

6. Net profit

Million of nuevos soles	2Q16	2Q15	%Var.	1S16	1S15	%Var.
Net profit	49.8	37.9	31.7	133.4	68.9	93.7

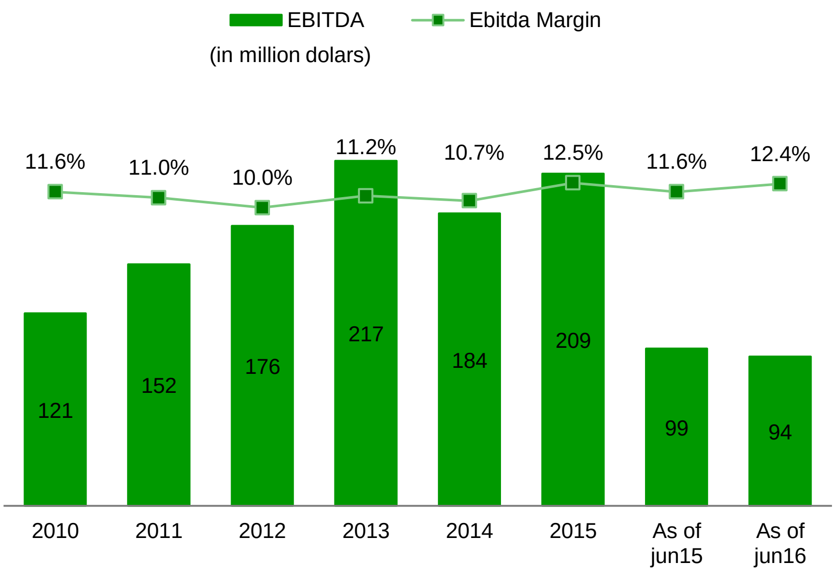
As explained above, net profit for the second quarter 2016 amounted to S/ 49.8 million, 31.7% higher if compared to S/. 37.9 million in 2Q 2015. It is important to recall that second quarter 2015 net profit was below the quarterly average net profit of the corporation due to the important exchange loss during that period (S/. 35 million).

7. EBITDA

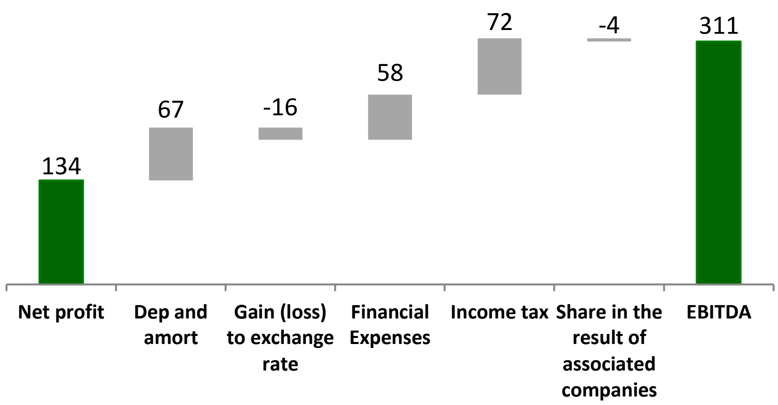
Million of nuevos soles	2Q16	2Q15	%Var.	1S16	1S15	%Var.
EBITDA	124.2	155.8	-20.3	311.1	308.3	0.9
EBITDA margin	11.1%	11.7%		12.4%	11.6%	

85.3% of the corporation's EBITDA is generated by Caterpillar dealers and allied brands in Peru (Ferreyros, Unimaq and Orvisa), which are the businesses contributing more to sales and profit in the corporation. On the other hand, 9.9% of EBITDA is generated by Caterpillar dealers and other businesses abroad, while 4.8% comes from local and foreign subsidiaries aimed to offer capital goods and services for the different economic sectors, in accordance with sales distribution.

EBITDA for the first semester 2016 reached to S/. 311.1 million compared to S/. 308.3 million reported during the first semester 2015, which represents an improvement of 1%. During the 2Q2016 EBITDA decreased by 20% led by lower sales.



Ebitda as of June 2016
(S/ million)



ANALYSIS ACCORDING TO CORPORATE ORGANIZATION

(S/ thousand)	CAT dealers in Peru		CAT dealers and other businesses abroad		Other businesses	
	2Q 2016	2Q 2015	2Q 2016	2Q 2015	2Q 2016	2Q 2015
Sales	839,767	1,041,895	101,908	131,209	180,504	154,159
Gross profit	208,405	250,066	27,210	31,238	32,646	31,897
Gross margin	**25%**	**24%**	**27%**	**24%**	**18%**	**21%**
Operating expenses	130,313	151,585	22,862	22,870	31,767	29,549
Operating margin	**9%**	**9%**	**4%**	**6%**	**0%**	**2%**
Dep. And amort	21,720	28,176	5,121	5,775	5,103	5,857
EBITDA	105,898	129,874	12,276	14,592	6,000	11,349
EBITDA margin	**13%**	**12%**	**12%**	**11%**	**3%**	**7%**

III. ANALYSIS OF CONSOLIDATED FINANCIAL INFORMATION

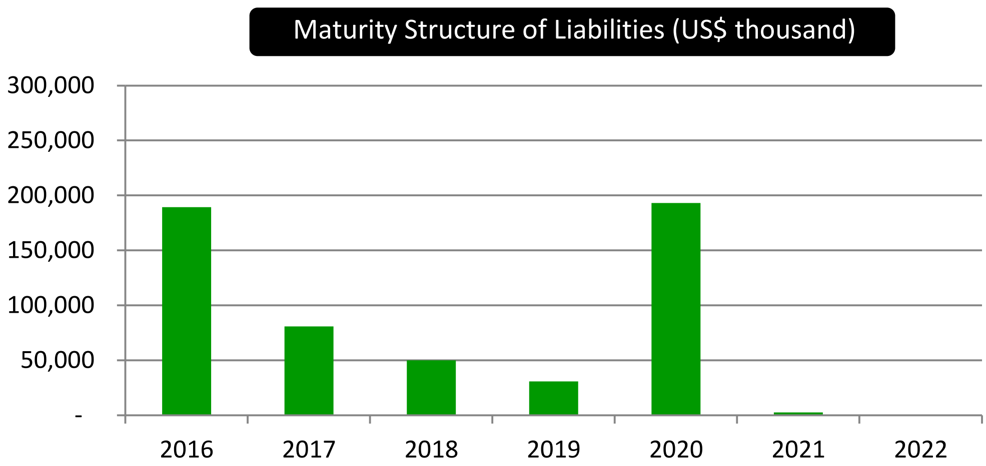
As shown in Appendix 2, total assets as of June 30, 2016 amounted to S/ 4,635.8 million, compared to S/. 4,650.6 million as of June 30, 2015, representing a decrease of S/ 14.7 million (0.3%). This variation was primarily due to i) S/ 128.6 million reduction of inventory led by asset management and less purchases of Caterpillar machinery and engines, and ii) due to an increase in rental fleet and other investments in some locations as in La Joya piece of land and in Punta Negra.

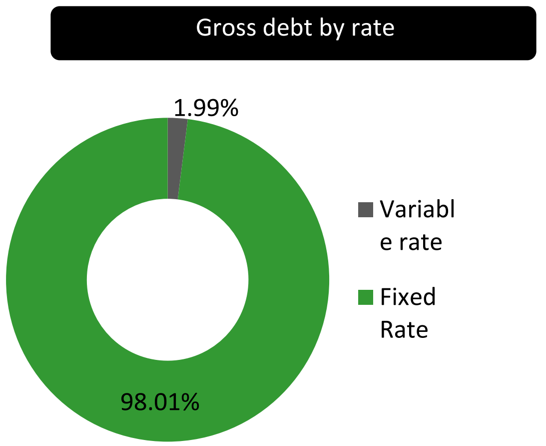
Financial liabilities as of June 30, 2016 amounted to S/. 1,830.8 million or US$ 556 million, which represent an decrease of 12.8% in soles and a reduction of 15.8% in dollars if compared to financial liabilities of S/. 2,099.0 million or US$ 660 million as of June 30, 2015. This is the result of less investment in assets, which has also led to a reduction in working capital and lower investment in fixed assets.

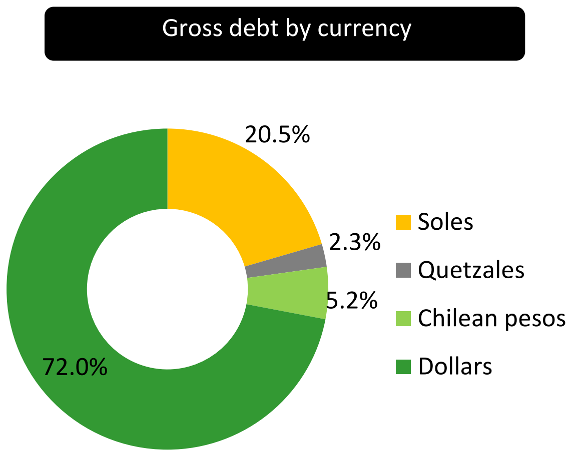
The percentage of financial liabilities corresponding to short-term debt is 44.5% (S/. 813.9 million), while (S/. 1,016.9 million) is long-term debt.

The debt that matures in 2016 is US$ 189 million. Aligned to the financial strategy, the corporation has prepaid part of its long term debt (international bond) for short term debt which allows more flexibility and improves financial expenses. This strategy allows the corporation to make prepayments without an additional cost, as well as to reduce financial expenses as interest rates are more competitive in Peruvian financial market as well as abroad. These credits will be canceled with the corporation resources and with available credit lines in the capital market, local and foreign banks, Caterpillar Financial Services and the line for inventory financing from Caterpillar

Below is the maturity structure of the consolidated liabilities, which is 72% in dollars. The nuevos soles and other currency debt belong to subsidiaries that have a percentage of their income in nuevos soles or other currencies beside the dollar. Likewise, 98% of total debt has been contracted at fixed rate, which cover us from possible increases in interest rates.







Investment in Fixed Assets (CAPEX)

In million soles	As of June 2016	As of June 2015
Infrastructure (1)	17.4	68.9
Machinery and equipment	1.3	14.7
Rental fleet	22.9	-40.0
Other (2)	6.3	4.8
Total S/.	47.9	48.4
Total US$	14.6	15.3

Note: In the Financial Statements reported to the Superintendencia del Mercado de Valores (Superintendency of Securities Market. SMV, in Spanish), the items above have the following nomenclature:
(1) Buildings and other constructions
(2) Transport units, furniture and appliances

Capital expenditures (CAPEX) as of June 30, 2016 amounted S/. 47.9 million (US$ 15 million), and showed a 1% reduction if compared to the same period in 2015 (S/. 48.4 million or US$ 15 million). The amount is divided as follows: 3% on machinery and equipment, 48% in rental fleet, 36% on infrastructure, and 13% on other items.

IV. FINANCIAL RATIOS

	As of June16	As of March 16	As of Dec 15	As of Sept 15	As of June 15
Current Ratio	1.51	1.66	1.88	1.86	1.81
Financial debt ratio	0.99	0.94	1.05	1.18	1.22
Indebtedness ratio	1.67	1.78	1.79	1.87	1.88
Net debt / EBITDA ratio	2.56	2.25	2.67	3.19	3.52
Adjusted debt / EBITDA ratio	1.86	2.01	2.59	2.73	2.85
Financial expenses coverage ratio	5.35	6.18	6.27	6.23	5.91
Assets turnover	1.11	1.16	1.15	1.14	1.12
Inventory turnover	2.77	2.81	2.67	2.71	2.76
ROE	13.5%	13.2%	9.8%	7.3%	4.0%
ROA	7.7%	8.1%	7.4%	7.7%	5.9%
ROIC	14.3%	16.0%	14.1%	14.1%	10.6%
Receivable days	62	56	56	60	58
Payable days	47	44	42	43	38
Cash cycle	145	140	149	150	152
Book value per share	1.74	1.68	1.72	1.64	1.59

Nota: Ver descripción de cada indicador en la sección: “Glosario de términos”.

It is important to notice the improvement in the profitability ratios (ROA, ROE and ROIC) since 2015, mainly as a result of higher net profit, even though there was an important exchange loss recorded during last year.

GLOSSARY OF TERMS

1) **Current Ratio:**
   Evaluates the liquidity of the company to face its short- term liabilities with its short-term assets. It is calculated as follows: Current Assets / Current Liabilities.

2) **Equity debt**
   Evaluates the company's level of debt. It shows the proportions of debt and capital that a company uses. It is calculated as follows: Total Liabilities / Total Equity

3) **Indebtedness Ratio:**
   Indicates which assets of the company have been financed with debt, either short or long term. It is calculated as follows : Total Assets / Total Liabilities.

4) **Adjusted Financial Debt / EBITDA Ratio**
   This ratio shows how many years Ferreycorp would take in order to pay its debt excluding its short term debt related to inventories. It is calculated as follows: (Total Financial Debt – Short Term debt related to inventories acquisition) / EBITDA

5) **Financial expenses coverage**
   Indicates how many times the profit generated by the operations of the company are able to cover their financial expenses for the period. It is calculated as follows: EBITDA / Financial expenses.

6) **Assets turnover**
   Ratio used as a performance indicator to measure how the company is using its assets to generate income. It is calculated as follows: Sales / Average Assets

7) **Inventory turnover:**
   Shows the efficiency of the company to manage its inventory. It measures the number of times inventory is sold and replaced within a period of time. It is calculated as follows: Cost of Goods Sold / Average Inventory.

8) **Return On Equity - ROE**
   This ratio measures the corporation's profitability in a period by revealing how much profit is generated with shareholders' investments. It is calculated as follows: Net Income / Shareholder's Equity.

9) **Return On Assets - ROA**
   Measures the profitability of the company in a period based on the total assets of the corporation. It is calculated as follows: (Operating profit x (1 -T)) / Average Assets.

10) Return On Invested Capital - ROIC

This ratio is used by the company in order to make investment decisions and allocate resources. It is calculated as follows: EBIT (last twelve months) / Average Invested Capital

11) Receivable days

Establish the approximate time (in days) it takes for a company to carry out the collection of accounts receivables. It is calculated as follows: 360 * Sales / Average Accounts Receivable.

12) Payable days

Establish the approximate time (in days) it takes the business to pay its payable accounts. The ratio is calculated as follows: 360 * Cost of Sales / Average Accounts Payable.

13) Cash cycle:

Is the difference between the operating cycle and payment cycle. It is a rough calculation that measures how long it takes the company to convert its cash resources. It is calculated as follows: Days of inventory + Accounts receivable days - Accounts payable days.

14) Book value per share:

It is the net value of equity divided by the number of shares issued by the company. The calculation is: Equity / Number of shares.

FERREYCORP S.A.A AND SUBSIDIARIES **APPENDIX 1**

Income Statement (NOTE)

(S/. In thousand soles)

	2Q 2016	%	2Q 2015	%	Var %	As of 30.06.16	%	As of 30.06.15	%	Var %
Net Sales	1,122,178	100.0	1,327,263	100.0	-15.5	2,507,142	100.0	2,662,101	100.0	-5.8
Cost of goods sold	-853,916	-76.1	-1,014,062	-76.4	-15.8	-1,897,819	-75.7	-2,044,385	-76.8	-7.2
Gross profit	**268,262**	**23.9**	**313,201**	**23.6**	**-14.3**	**609,323**	**24.3**	**617,716**	**23.2**	**-1.4**
Selling and administrative expenses	-184,942	-16.5	-204,004	-15.4	-9.3	-389,422	-15.5	-398,826	-15.0	-2.4
Other income (Expenses), net	1,797	0.2	2,085	0.2	-13.8	9,043	0.4	5,436	0.2	66.3
Operating profit	**85,118**	**7.6**	**111,282**	**8.4**	**-23.5**	**228,943**	**9.1**	**224,326**	**8.4**	**2.1**
Financial income	7,110	0.6	4,725	0.4	50.5	14,705	0.6	9,698	0.4	51.6
Gain (loss) to exchange rate	6,768	0.6	-35,353	-2.7	-119.1	15,653	0.6	-78,298	-2.9	-120.0
Financial expenses	-27,519	-2.5	-26,690	-2.0	3.1	-58,156	-2.3	-52,205	-2.0	11.4
Share in the net result of associated through the equity method	2,339	0.2	2,058	0.2	13.6	4,458	0.2	3,818	0.1	16.8
Profit before income tax	**73,815**	**6.6**	**56,022**	**4.2**	**31.8**	**205,604**	**8.2**	**107,339**	**4.0**	**91.5**
Income tax	-23,966	-2.1	-18,160	-1.4	32.0	-72,186	-2.9	-38,456	-1.4	87.7
Net Profit	**49,849**	**4.4**	**37,862**	**2.9**	**31.7**	**133,417**	**5.3**	**68,883**	**2.6**	**93.7**
Earnings per share (EPS)	0.050		0.037			0.134		0.068		
EBITDA	**124,173**	**11.1**	**155,815**	**11.7**	**-20.3**	**311,109**	**12.4**	**308,283**	**11.6**	**0.9**

NOTE: Some figures have been reclassified n this document to include the assignment in gross profit of purchase orders transferred by CAT to Ferreyros, as sales and cost of goods sold. This assignment was part of the purchase agreement of the former Bucyrus business acquired from Caterpillar. In the Income Statement present to th SMV, the gross profit obtained from such operations is included in othe operating profit.

FERREYCORP S.A.A AND SUBSIDIARIES **APPENDIX 2**

Estate of Financial Position

(S/. In thousand of nuevos soles)

	As of June 2016	As of June 2015	Var. %
Cash and Banks	111,472	136,883	-18.6
Accounts recievables - trade	982,700	1,001,843	-1.9
Inventories	1,297,964	1,426,571	-9.0
Accounts recievables - other	172,391	128,181	34.5
Prepaid expenses	38,473	24,459	57.3
Current Assets	**2,603,000**	**2,717,937**	**-4.2**
Long-term account receivables - trade	36,362	40,698	-10.7
Long-term account receivables - other	1,864	5,411	-65.6
Rental Fleet	572,478	517,428	10.6
Other fixed assets	1,483,829	1,439,370	3.1
	2,056,307	1,956,798	5.1
Accrued depreciation	-619,978	-563,117	10.1
Property, plant and equipment, net	1,436,329	1,393,681	3.1
Investment	103,207	86,057	19.9
Intangible assets, net and goodwill	264,103	251,711	4.9
Deferred income tax	190,968	155,087	23.1
Non Current Assets	**2,032,832**	**1,932,645**	**5.2**
Total Assets	**4,635,833**	**4,650,582**	**-0.3**
Short term debt	228,671	192,684	18.7
Other current liabilities	1,497,561	1,313,014	14.1
Current Liabilities	**1,726,232**	**1,505,698**	**14.6**
Long term debt	1,016,897	1,394,390	-27.1
Other payables	349	1,050	-66.8
Minority interest	2,787	-	
Deferred income taxes	152,147	136,006	11.9
Total Liabilities	**2,898,412**	**3,037,144**	**-4.6**
Equity	**1,737,422**	**1,613,438**	**7.7**
Total Liabilities and Equity	**4,635,833**	**4,650,582**	**-0.3**

Other financial information		
Depreciation	60,005	66,698
Amortization	7,456	7,561

FERREYCORP S.A.A AND SUBSIDIARIES **APPENDIX 3**

Sales (S/. In thousand)	2Q 2016	%	2Q 2015	%	Var %	As of 30.06.16	%	As of 30.06.15	%	Var %
Mining trucks and Caterpillar machines (GM)	66,238	5.9	126,388	9.5	-47.6	381,172	15.2	359,710	13.5	6.0
Caterpillar machines and engines for other sectors (NGM)	183,244	16.3	251,727	19.0	-27.2	374,914	15.0	530,058	19.9	-29.3
Allied equipment	142,279	12.7	188,845	14.2	-24.7	263,359	10.5	312,192	11.7	-15.6
Rental and used	81,834	7.3	125,295	9.4	-34.7	170,040	6.8	217,823	8.2	-21.9
Spare parts and services	536,119	47.8	539,348	40.6	-0.6	1,095,159	43.7	1,055,369	39.6	3.8
Other lines	112,464	10.0	95,661	7.2	17.6	222,497	8.9	186,949	7.0	19.0
TOTAL	**1,122,178**	**100.0**	**1,327,263**	**100.0**	**-15.5**	**2,507,142**	**100.0**	**2,662,101**	**100.0**	**-5.8**

FERREYCORP S.A.A AND SUBSIDIARIES **APPENDIX 4**

Total Liabilities as of March 2016
(In thousand of US$ dollars)

	Total Liabilities	Current Liabilities	Long term liabilities Current	Long term liabilities Long Term	(A) Financial Liabilities
Local banks (short term)	139,473	139,473	-	-	139,473
Foreign banks (short term)	14,776	14,776	-	-	14,776
Local banks (long term)	107,620	-	42,718	64,902	107,620
Foreign banks (long term)	14,134	-	4,790	9,344	14,134
Local and foreign banks (long term) Lease	2,306	-	913	1,393	2,306
Suppliers:					
Accounts payable to Caterpillar (invent)	42,706	42,706	-	-	-
Accounts payable to Caterpillar	13,315	13,315	-	-	13,315
Others	105,756	105,756	-	-	10,197
Corporate bonds	159,141	-	-	159,141	159,141
Caterpillar Financial	90,878	-	19,464	71,413	90,878
Other liabilities	190,336	138,882	1,577	49,876	4,283
Total (US$)	**880,441**	**454,909**	**69,463**	**356,069**	**556,125**
Total (S/.)	**2,898,412**	**1,497,561**	**228,671**	**1,172,180**	**1,830,762**

FERREYCORP S.A.A AND SUBSIDIARIES **APPENDIX 5**

Cashflow statement

(In thousand of nuevos soles)

	As of June 2016
Cash flow from operating activities	
Collection to customers and third parties	2,571,715
Payment to suppliers	-1,990,040
Payment to employees and others	-206,022
Payment of taxes and income tax	-86,560
Net cash provided by operating activities	**289,092**
Cash flow from investing activities	
Acquisition of property, plant and equipment	-74,363
Share repurchase	-854
Intangible acquisitions	-8,917
Sale of property, plant and equipment	2,711
Net cash used in investing activities	**-81,423**
Cash flow from financing activities	
Financial liabilities	1,164,898
Financial liabilities payed	-1,347,303
Interests payed	-56,563
Dividends payed	-87,354
Minority interests (Fiansa)	2,787
Net cash used in financing activities	**-323,535**
Net increase in cash	-115,866
Cash at the begining of the year	233,322
Result in traslation	-10,450
Cash due to variation in exchange rate	4,466
Cash and cash equivalents at the end of the year	**111,472**