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Management Report and Discussion of the Consolidated Financial Statements of Ferreycorp S.A.A. and Subsidiaries Fourth Quarter 2013

Lima, February 14th, 2014.— Ferreycorp S.A.A. and subsidiaries (Lima Stock Exchange: FERREYC1), a leading Corporation in the capital goods sector and complementary services, with presence in Peru, Guatemala, El Salvador, Nicaragua and Belize, announces consolidated results for the fourth quarter 2013 as of December 31st, 2013. The consolidated financial results have been prepared in accordance with International Financial Reporting Standards (IFRS) and are stated in nuevos soles.

MAIN HIGHLIGHTS

- Consolidated sales of Ferreycorp S.A.A and its subsidiaries in Peru, Guatemala, El Salvador, Nicaragua and Belize reached record sales of S/. 5,231 million as of December 31st, 2013, which represents a growth of 13% compared to the same period of 2012 (S/. 4,611 million). In US\$ dollars, the sales increase in 11% and reached almost US\$ 2 billion. This increase is the result of higher sales of mining trucks, new shovels and drills from the former Bucyrus line of business and other Caterpillar equipment to the mining sector (US\$ 75 million more than in 2012), spare parts and services (US\$ 87 million), higher sales of used equipment and rental business (US\$ 61 million), and the

contribution of new businesses acquired by the Corporation (US\$ 48 million), which compensated the decrease in sales of Caterpillar machinery to other sectors such as construction, fishing and transportation, as a result of the lower dynamism during 2013.

- Despite the important increase in sales of machinery, sales of spare parts and services showed an increase in the total sales mix, from 31.3% as of December 31st, 2012 to 32.8% during the same period of 2013. During the fourth quarter, the participation of spare parts and services in the sales mix varied from 30.8% (4Q 2012) to 33.6% (4Q 2013), which brings an increase in gross margin in the fourth quarter from 17.5% to 22.3%.
- EBITDA – key financial indicator that reflects profitability of the business (Profit before interest, depreciation, amortization and income tax), showed an important increase of 25% during 2013, reaching US\$ 217 million compared to US\$ 175 million reported in 2012. In this context, EBITDA margin as of December 31st, 2013 was 11.2%, compared to 10% reported in 2012. The improvement in profitability is explained by higher sales, consistency of gross margin and operating expenses control. In local currency, EBITDA as of December 31st, 2013 reached a total of S/. 588 million, compared to S/. 461 million reported in 2012, which means an increase of 27.6%.
- Thereby, continuing with the favorable trend, the Financial Net Debt/EBITDA ratio as of December 31st, 2013 was 3.28, lower than 3.66 reported in 2012, mainly due to the decrease in working capital as a result of a rigorous inventory and assets control as well as cash generation provided by the new commercial lines acquired. It is important to mention that the Adjusted Debt/ EBITDA ratio is 2.46 as of December 2013, under the limit of 3.5 established by the covenant of the international bonds issuance.

FINANCIAL RESULTS

| | 4Q3 | 4Q12 | %Var. | 2013 | 2012 | %Var. |
|----------------------------------|-------|-------|-------|-------|-------|-------|
| Net sales US\$ (million) | 456 | 480 | -5.0 | 1,933 | 1,747 | 10.7 |
| Net sales S/. | 1,269 | 1,240 | 2.4 | 5,231 | 4,611 | 13.4 |
| Gross profit S/. | 282 | 217 | 29.9 | 1,108 | 920 | 20.4 |
| Operating profit S/. | 87 | 72 | 20.5 | 390 | 303 | 28.8 |
| Financial expenses S/. | (26) | (25) | 6.2 | (103) | (90) | 14.7 |
| Gain (loss) to exchange rate S/. | (15) | 25 | | (146) | 79 | |
| Net profit S/. | 32 | 59 | -46.0 | 100 | 220 | -54.5 |
| EBITDA S/. | 132 | 118 | 12.4 | 588 | 461 | 27.6 |
| EBITDA US\$ | 48 | 46 | 4.4 | 217 | 175 | 24.5 |
| | | | | | | |
| Gross margin | 22.3% | 17.5% | | 21.2% | 20.0% | |
| Operating margin | 6.8% | 5.8% | | 7.5% | 6.6% | |
| Net margin | 2.5% | 4.7% | | 1.9% | 4.8% | |
| EBITDA margin | 10.4% | 9.5% | | 11.2% | 10.0% | |
| Leverage ratio | | | | 1.23 | 1.19 | |
| Financial debt / EBITDA | | | | 3.28 | 3.66 | |

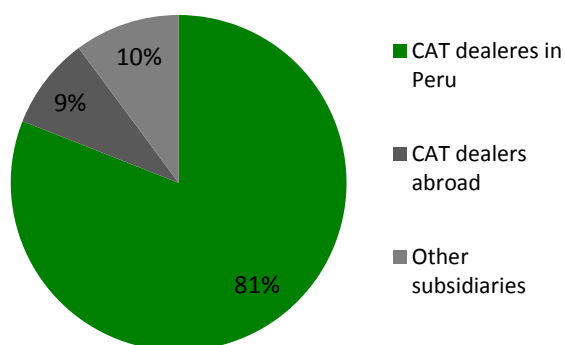
NOTE: The results of the fourth quarter of 2013 and 2012 have been restructured by applying IFRS 11 (*Joint Agreements*), which establishes that Ferrenergy, as a joint venture, (50% share) must be presented as an equity method investment. IAS 31 (*Interests In Joint Ventures*) had been applied before and the investment was accounted for under the proportionate consolidation method.

COMMERCIAL MANAGEMENT

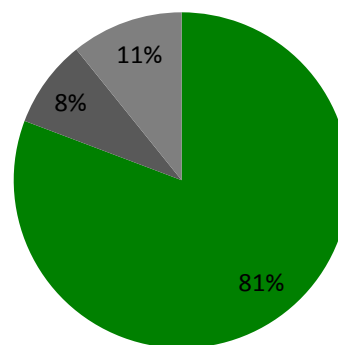
During 2013, Ferreycorp S.A.A and its subsidiaries in Peru, Guatemala, El Salvador, Nicaragua and Belize reached record consolidated sales of S/. 5,231 million, which resulted in an increase of 13% compared to the similar period of 2012. In foreign currency sales amounted to US\$ 1,933 million as of December 31st, 2013, 11% higher than the reported during the same period of 2012 (US\$ 1,747 million).

It should be recalled that Ferreycorp distributes its businesses in three main groups: Subsidiaries which are Caterpillar dealers and represent allied brands in Peru (Ferreyros, Unimaq y Orvisa), subsidiaries which are Caterpillar dealers and have other businesses abroad, (Gentrac Corp and Mercalsa Nicaragua), and the ones aimed to offer capital goods and services other than Caterpillar to different economic sectors (Motored, Fiansa, Fargoline, Mega Representaciones, Cresko, Ferrenergy, Forbis Logistics and Sitech). Sales composition as of December 31st, 2013 showed no substantial variations compared to the similar period of 2012, as shown in the following graph noticing diversification of the businesses which constitutes the fundamental of the corporation's strategy:

Sales composition 2013



Sales composition 2012

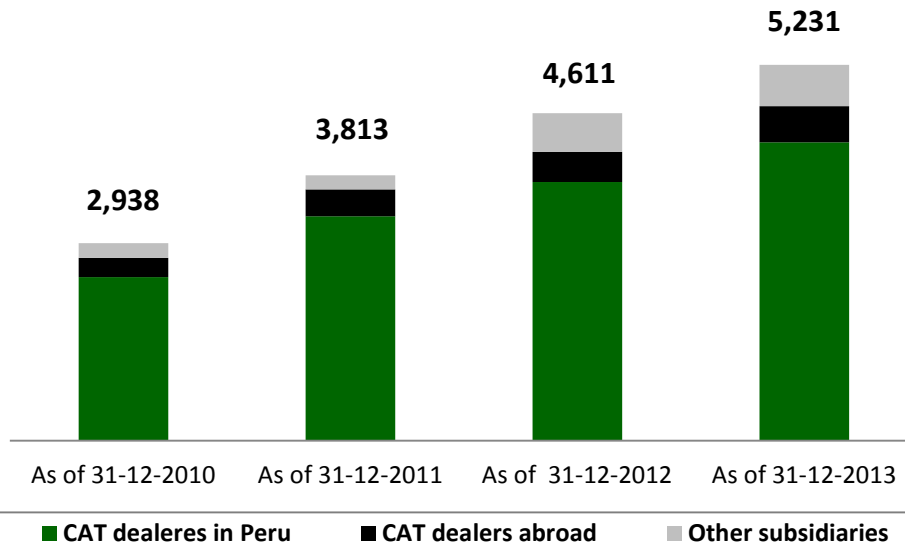


Consolidated Net Sales (S/. Thousands)

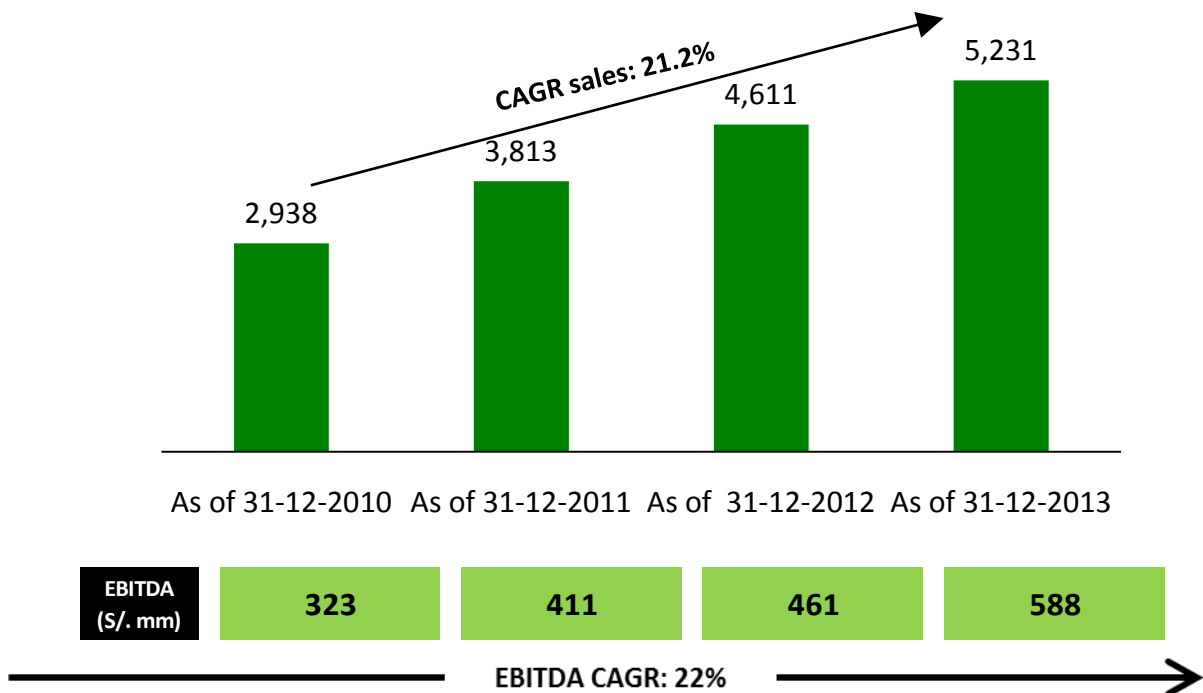
| | 4Q2013 | % | 4Q2012 | % | VAR % | 2013 | % | 2012 | % | VAR % |
|---|------------------|---------------|------------------|---------------|-------------|------------------|---------------|------------------|---------------|--------------|
| Ferreyros | 878,982 | 69.2% | 859,465 | 69.3% | 2.3% | 3,544,099 | 67.7% | 3,155,737 | 68.4% | 12.3% |
| Unimaq | 120,449 | 9.5% | 95,860 | 7.7% | 25.7% | 498,985 | 9.5% | 403,740 | 8.8% | 23.6% |
| Orvisa | 38,046 | 3.0% | 39,980 | 3.2% | -4.8% | 193,738 | 3.7% | 164,020 | 3.6% | 18.1% |
| Total CAT dealers in Perú | 1,037,477 | 81.7% | 995,305 | 80.3% | 4.2% | 4,236,822 | 81.0% | 3,723,498 | 80.7% | 13.8% |
| Total CAT dealers and other businesses abroad | 120,023 | 9.5% | 122,281 | 9.9% | -1.8% | 463,291 | 8.9% | 390,145 | 8.5% | 18.7% |
| Motored | 35,966 | 2.8% | 55,065 | 4.4% | -34.7% | 207,576 | 4.0% | 260,616 | 5.7% | -20.4% |
| Mega Rep. | 47,871 | 3.8% | 33,103 | 2.7% | 44.6% | 195,561 | 3.7% | 126,052 | 2.7% | 55.1% |
| Others (Ferrenergy, Fargoline, Cresko, Fiansa, entre otras) | 28,023 | 2.2% | 33,817 | 2.7% | -17.1% | 127,905 | 2.4% | 110,971 | 2.4% | 15.3% |
| Other Subsidiaries | 111,860 | 8.8% | 121,985 | 9.8% | -8.3% | 531,042 | 10.2% | 497,638 | 10.8% | 6.7% |
| Total Net Sales | 1,269,360 | 100.0% | 1,239,571 | 100.0% | 2.4% | 5,231,155 | 100.0% | 4,611,280 | 100.0% | 13.4% |

As of December 31st, 2013, sales showed by **Caterpillar dealers in Peru** increased by 13.8% mainly explained by sales of new equipment, spare parts and services to clients from different economic sectors they serve, as well as the rental business and sale of used equipment. Regarding **Caterpillar dealers and other businesses abroad**, the sales increased by 18.7% increase in sales was basically due to the acquisition of new businesses, such as the distribution of Exxon Mobil lubricants in Genfrac Guatemala and Mercalsa Nicaragua, which have contributed to an increase in sales of S/. 73.1 as of December 31st, 2013. Likewise, sales of the **other subsidiaries** in Peru showed an increase of 6.7% due to higher demand in the economic sectors they serve, such as mining, construction and logistics; higher market coverage; as well as the incorporation of the industrial safety products line in Mega Representaciones, which resulted in an increase of 55.1% in the subsidiary's sales as of December 31st, 2013. The increase in these businesses have offset the decline in the automotive operations line market in the subsidiary Motored, caused by the fall of the transport market in the second half of the year.

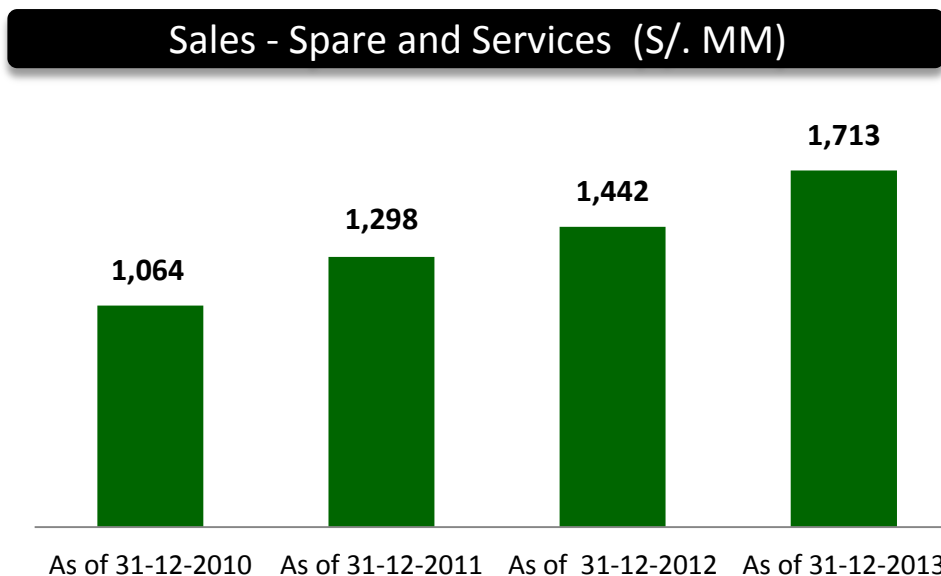
Sales (S/. MM)



Sales and EBITDA (S/. MM)



Sales during 4Q 2013 reached S/. 1,269 million, an increase of 2.4% compared to the same period of 2012. This moderate growth is explained mainly by the very good performance in some lines than offset the drop in sales to certain sectors which contracted their demand in the second half. First of all, we should point out the increase of 64% in sales of the rental business of Ferreyros (Rentafer), Unimaq CAT Rental Store and dealers abroad, as well as used equipment sales. Furthermore, sales of allied brands equipment reported a growth of 132%, due to an increase in sales of light equipment handle by Unimaq. During this quarter, sales of spare parts and services continued their growth trend, showing an increase of 12% compared to the same period of 2012. This growth is mainly due to the increasing number of units (machinery and equipment) sold during the last years in countries where Ferreycorp operates. It is well known that one of the main characteristics of the corporation is its high quality aftersales 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.



In addition, there was an important growth in sales of the other commercial lines handled by the other local subsidiaries, showing an increase of 50% during 4Q 2013, compared to 4Q 2012.

It should be noticed the increase in sales of lubricants, which reported a growth of 169%, mainly caused by the acquisition of new businesses, such as the distribution of ExxonMobil lubricants in Genfrac Guatemala and Mercalsa Nicaragua.

The success of the business lines referred to above has offset lower sales of Caterpillar equipment to the construction sector and to a lesser extent the mining sector, as well as the fall of sales to the automotive sector

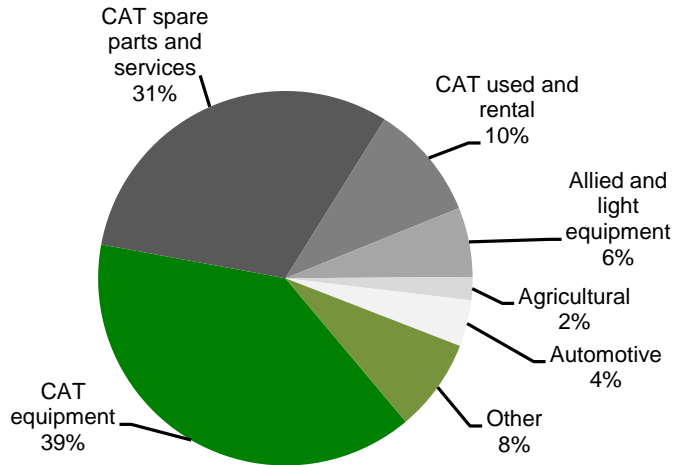
In nuevos soles (Thousand):

| | 4Q 2013 | % | 4Q 2012 | % | Var % |
|---|--------------|--------------|--------------|--------------|-------------|
| MACHINERY AND EQUIPEM | | | | | |
| Mining trucks and Caterpillar machines (GM) | 251 | 19.7 | 269 | 21.7 | -6.9 |
| Machines and engines for other sectors | 174 | 13.7 | 309 | 24.9 | -43.7 |
| Rental and used | 164 | 12.9 | 100 | 8.1 | 64.3 |
| Allies equipment | 110 | 8.7 | 48 | 3.8 | 132.1 |
| Automotive | 30 | 2.3 | 50 | 4.1 | -40.9 |
| Agricultural equipment | 19 | 1.5 | 19 | 1.5 | 2.6 |
| SUB TOTAL MACHINERY AND EQUIPMENT | 748 | 58.9 | 794 | 64.1 | -5.8 |
| SPARE PARTS AND SERVICES | 427 | 33.6 | 382 | 30.8 | 11.7 |
| OTHER LINES | | | | | |
| Lubricants | 42 | 3.3 | 16 | 1.3 | 169.4 |
| Metal-mechanics | 13 | 1.0 | 17 | 1.4 | -23.0 |
| Tires | 22 | 1.7 | 21 | 1.7 | 7.3 |
| Security implements | 8 | 0.7 | 0 | - | |
| Logistic Services | 7 | 0.5 | 7 | 0.6 | -5.3 |
| Other | 2 | 0.2 | 3 | 0.2 | -18.2 |
| SUB TOTAL OTHER LINES | 95 | 7.5 | 63 | 5.1 | 49.8 |
| TOTAL | 1,269 | 100.0 | 1,240 | 100.0 | 2.4 |

As of December 31st, 2013, sales from the Caterpillar line accounted for 80% of total income, including machinery and equipment (new, used and rental units) as well as spare parts and services.

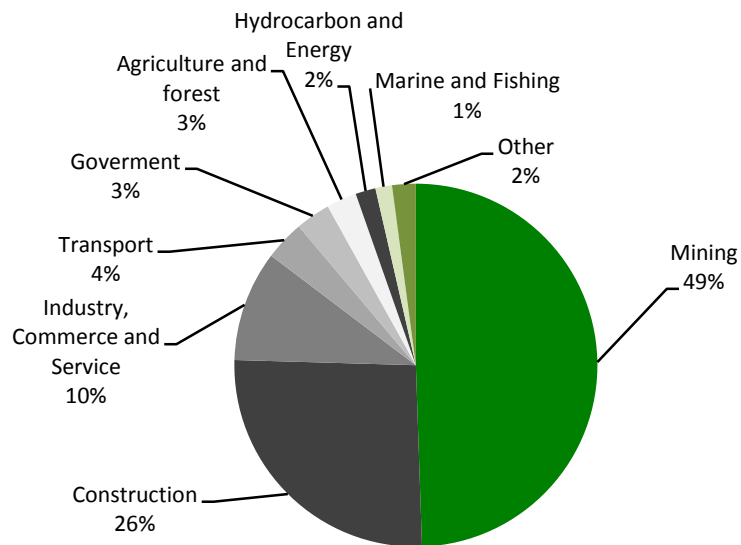
It should be highlighted that sales of Caterpillar spare parts and services continued to represent 31% of total sales, thus being the lines generating the highest profit and EBITDA margins in the Corporation. One of the hallmarks of the Corporation is its high quality aftersales service offered to all its clients.

Sales by Business lines (as of december 2013)



Regarding the sales breakdown by economic sectors, it should be noted that sales to the mining and construction sectors continued to explain the largest volume of sales, having 49.5% and 26%, respectively, in the total sales as of December 31st, 2013. Sales to both sectors represent 75.5% of total sales, similar to 2012.

Sales by Economic sectors (as of december 2013)



FINANCIAL INFORMATION - ANALYSIS

Sales

| Million of soles | 4Q13 | 4Q12 | %Var. | 2013 | 2012 | %Var. |
|------------------|---------|---------|-------|---------|---------|-------|
| Net Sales | 1,269.3 | 1,239.6 | 2.4 | 5,231.2 | 4,611.4 | 13.4 |

(See explanation of this variation in section: Commercial Management)

Gross Profit

| Million of soles | 4Q13 | 4Q12 | %Var. | 2013 | 2012 | %Var. |
|------------------|-------|-------|-------|---------|-------|-------|
| Gross profit | 282.5 | 217.5 | 29.9 | 1,107.6 | 920.3 | 20.4 |

Gross profit and gross margin were positive. In percentage terms, gross margin in 4Q13 was 22.3%, higher than 17.5% reported during the same period of the previous year. Since 4Q12, gross margin has been showing continuous improvements (17.5% during that period, 18.7%, 20.6% and 22.8% during the first, second and third quarters of 2013, respectively).

The increase in gross margin is mainly explained by:

- Increase of spare parts and services sales in the total sales mix (4Q 2013: 33.6%; 4Q 2012: 30.8%), which have higher margin than other commercial lines.
- Devaluation trend of nuevo sol since the beginning of 2013 (exchange rate at the beginning of this year: S/.2.578; at the end of December: S/. 2.796) has had an impact in gross profit. During the 4Q 2013 the average exchange rate was S/. 2.785, compared to S/. 2.585 during 4Q12, representing a variation of 7.7% and having an impact in gross profit. The increase in gross profit is the result of the partial offset of the foreign exchange loss recorded in previous quarters.
- Improvement in the margins of the sales of mining trucks in US\$ dollars.

Selling and Administrative Expenses

| Million of soles | 4Q13 | 4Q12 | %Var. | 2013 | 2012 | %Var. |
|-------------------------------------|-------|-------|-------|-------|-------|-------|
| Selling and Administrative expenses | 204.6 | 176.7 | 15.6 | 747.9 | 652.4 | 14.6 |

During 2013, selling and administrative expenses increased by 14.6%, in line with sales increase (13.4%). Operating expenses, which also include depreciation, amortization and provision, represented 16.1% of sales in 4Q13, compared to 14.3% reported in 4Q12, due to certain expenses that were not recorded in the year 2012.

The increases in operating expenses are mainly explained by:

- Higher personnel expenses, due to increases in salaries in line with the Peruvian labor market and the incorporation of new employees from the new businesses acquired.

| Ferreycorp and subsidiaries | Set-12 | Dic-12 | Dic-13 |
|------------------------------------|---------------|---------------|---------------|
| Executive | 139 | 139 | 154 |
| Administrative and sales | 3,106 | 3,169 | 3,518 |
| Technicians | 3,076 | 2,929 | 2,847 |
| Total | 6,321 | 6,237 | 6,519 |

- Recording of higher sales promotion expenses of the commercial areas (S/. 4.5 million), due to commercial awards granted to clients from the mining industry as part of negotiations for future sales.
- Increase in the operating expenses explained by the incorporation of new businesses : Tecseg in the subsidiary Mega Representaciones (S/. 7.2 million) and the acquisition of the Exxon Mobil distribution in Guatemala and Nicaragua (S/. 3.8 million).

Other expenses (income), net

| Million of soles | 4Q13 | 4Q12 | %Var. | 2013 | 2012 | %Var. |
|------------------------------|------|------|-------|------|------|-------|
| Other expenses (income), net | 8.7 | 31.0 | -72 | 30.4 | 35.1 | -13.4 |

Other income in 4Q13 included the following:

- Recording of S/. 5.9 million to Caterpillar in relation to warranty claims and discounts.
- Recovery of S/. 4.5 million of doubtful receivable accounts corresponding to 2012.

Other income in 4Q 2012 includes S/. 29.6 million of an investment made by the subsidiary INTI.

Financial income

| Million of soles | 4Q13 | 4Q12 | %Var. | 2013 | 2012 | %Var. |
|------------------|------|------|-------|------|------|-------|
| Financial income | 5.5 | 5.5 | -0.3 | 21.7 | 23.1 | -5.9 |

The variation of financial income in 4Q 2013 has not been significant.

Financial expenses

| Million of soles | 4Q13 | 4Q12 | %Var. | 2013 | 2012 | %Var. |
|--------------------|------|------|-------|-------|------|-------|
| Financial expenses | 26.2 | 24.6 | 3.4 | 102.9 | 89.7 | 14.7 |

The variation of these expenses has not being significant during the 4Q13.

For the full year 2013, the increase of the financial expenses is explained by the liabilities restructured by the \$300 million bond 7 year bullet. The issuance has allowed an improvement in the average duration of the debt, with a consequent increase of the interest rate (short term debt with lower interest rate has been replaced).

However, it is expected a future rise in interest rates, with which the company has managed to fix its financial cost for a great part of its debt.

Foreign exchange gain (loss)

| Million of soles | 4Q13 | 4Q12 | %Var. | 2013 | 2012 | %Var. |
|------------------------------|--------|------|-------|---------|------|-------|
| Foreign exchange gain (loss) | (15.4) | 25.2 | | (146.1) | 79.1 | |

The slightly 0.50% devaluation of nuevo sol compared to US dollar as well as the currency position during 4Q 2013 caused loss in exchange rate in 4Q 2013. On the other hand, during 4Q 2012, there was an appreciation of 1.81% of nuevo sol compared to US dollar, which resulted in gain in exchange rate. The variations of nuevo sol compared to US dollar have caused a lower net profit of S/. 28 million. On the other hand, if we consider annual results, the impact of the foreign exchange loss is very important due to the difference of S/. 160 million (net of tax) between the gain during last year and the loss in 2013, which explain the decrease in the net income.

It is important to highlight that the company has a natural hedge considering that sales are made in foreign currency (US dollars), as well as machinery import, invoices to clients and financing. The net currency position is widely covered by inventories, which are recorded in US dollars but registered in the balance sheet using the exchange rate at the date of acquisition.

Thus, the exchange losses are recovered by gross profit, in the same way, the exchange gains impact subsequently the gross margin downward. In this way, during 2013, the company had a recovery of a great part of the foreign exchange loss of S/. 146 million, but also a negative effect due to the gain in exchange rate for S/. 79 million reported in 2012.

Net profit

| Million of soles | 4Q13 | 4Q12 | %Var. | 2013 | 2012 | %Var. |
|------------------|------|------|-------|-------|-------|-------|
| Net profit | 31.7 | 58.8 | -46.0 | 100.3 | 220.4 | -54.5 |

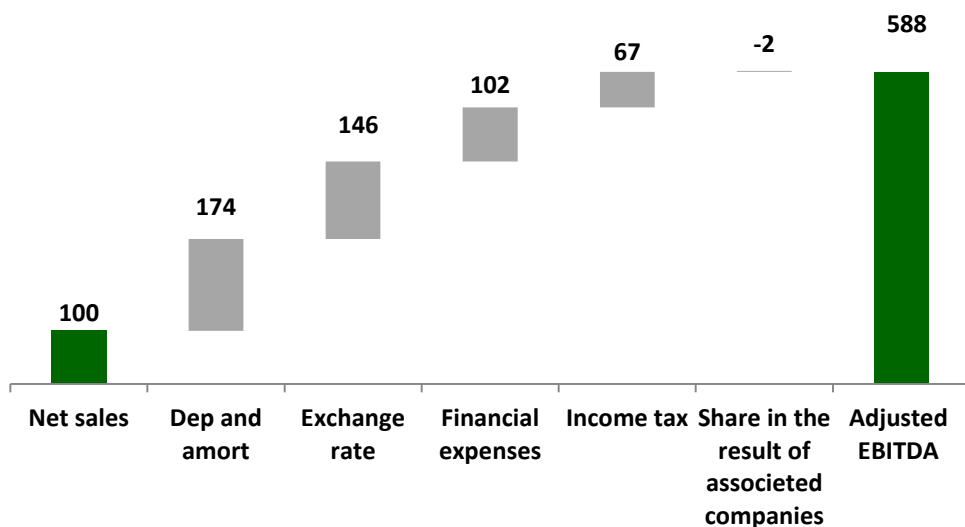
As mentioned before, the lower net profit is due to loss in exchange rate generated during 4Q 2013, while, during 4Q 2012, there was an important gain in exchange rate.

EBITDA

| Million soles | 4Q13 | 4Q12 | 2013 | 2012 |
|--|-------|--------|-------|--------|
| Net profit | 31.7 | 58.8 | 100.3 | 220.4 |
| + Financial expenses | 26.2 | 24.6 | 102.9 | 89.7 |
| +/- Foreign exchange gain (loss) | 15.4 | (25.2) | 146.1 | (79.1) |
| + Income tax | 20.4 | 18.0 | 66.2 | 94.8 |
| +/- Share in the results of associated companies through the equity method | (0.1) | 1.1 | (2.0) | 0.4 |
| + Depreciation and amortization | 40.2 | 40.3 | 176.2 | 134.9 |
| EBITDA | 132.3 | 117.6 | 588.1 | 461.0 |

In 2013, EBITDA showed an important increase of 28%, which amounted to S/. 588 million, compared to S/. 461 million reported during 2012. In foreign currency, the increase amounted to 25%, from US\$ 175 million in 2012 to US\$ 217 million in 2013.

EBITDA as of December 31, 2013 (S/. Million)



89% 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, 8% of the EBITDA is generated by Caterpillar dealers in Central America, while 3% comes from local subsidiaries aimed to offer capital goods and services for the different economic sectors, in accordance with sales distribution.

CONSOLIDATED FINANCIAL INFORMATION - ANALYSIS

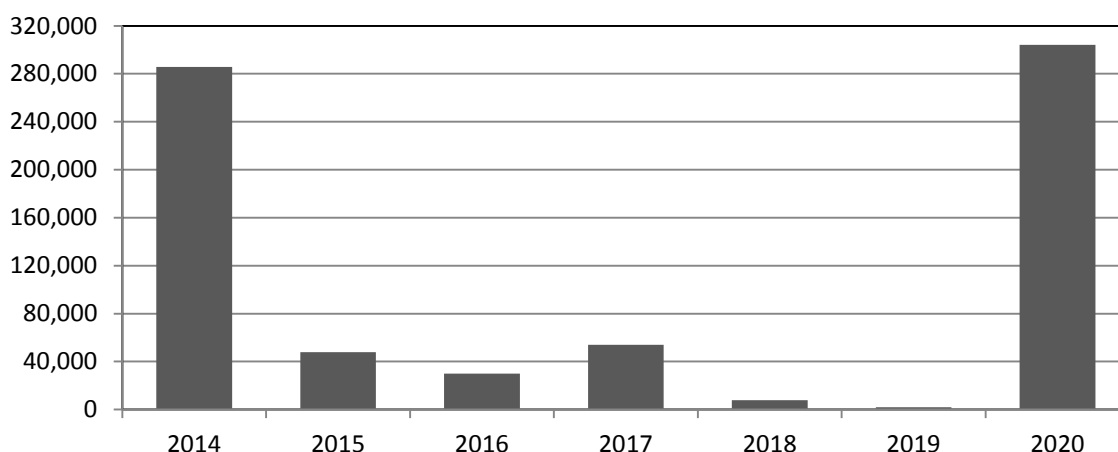
As shown in Appendix 2, total assets as of December 31st, 2013 amounted to S/. 4,454.6 million, compared to S/. 4,145.4 million as of December 31st, 2012, an increase of S/. 309.2 million (7.5%). It is important to point out that the assets increase is lower than the sales increase showing a better assets turnover

This variation was mainly caused by an increase of S/. 133.8 million due to the revaluation of lands (S/. 111.7 million); an increase of S/. 72.4 million (9.6%) in account receivables - trade as a result of sales increase; an increase of S/. 47.1 million in inventories (3.1%); and an increase in intangible assets, net assets and goodwill generated by the acquisition of Exxon Mobil distribution business in Guatemala (\$ 12 million) and the subsidiary Mercalsa in Nicaragua, which has also the Exxon Mobil distribution business (\$ 2.7 million).

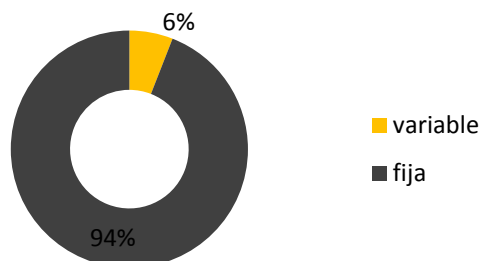
Financial liabilities as of December 31st, 2013 amounted to S/. 2.046 million, or US\$ 732 million, which represented an increase of 10% in soles and 0.4% in US dollars, compared to the debt balance as of December 2012 of S/. 1,860 million, or US\$ 729 million.

29.8% of financial liabilities (S/. 609 million) is short-term debt, while other liabilities (S/. 1,438 million) represent long-term debt. The maturity structure of consolidated liabilities of Ferreycorp and subsidiaries, which are recorded in US dollars and 94% of them at fixed rate, is shown below.

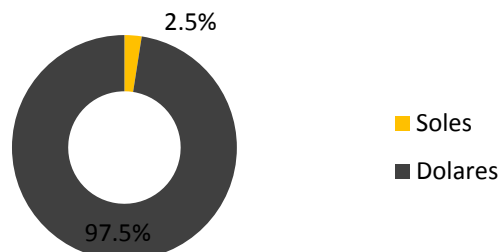
Maturity Structure of Liabilities (US\$ Thousand)



Gross debt by rate



Gross debt by currency



Investment in Fixed Assets (Capex)

| Million of soles | 2013 | 2012 |
|-------------------------|-------|-------|
| Infraestructure (1) | 45.6 | 36.7 |
| Machinery and equipment | 37.9 | 56.3 |
| Rental feet | 75.0 | 74.4 |
| Other (2) | 14.7 | 13.6 |
| Total | 173.0 | 181.0 |

Note: In the Financial Statements, reported to the Superintendencia del Mercado de Valores (SMV), the above items have the following nomenclature:

- (1) Buildings and other constructions
- (2) Transport units, furniture and appliances

Capital expenditure (Capex) as of December 31st, 2013 was S/. 173 million (US\$ 62 million), 4.4% lower if compared to the same period of 2012. The amount is divided as follows: 22% on machinery and equipment, 43% on rental fleet, 26% on infrastructure and 8% on other items.

Investment in infrastructure for S/. 46 million is mainly explained by the construction and expansion of workshops and facilities in Ferreyros and subsidiaries, which have increased their local branches aimed to have better market coverage and to improve aftersales service to their clients.

Regarding Ferreyros and Unimaq rental fleet, it is important to point out the beginning of the "Rental Acceleration Program". Having more than 1,100 units in the rental fleet has an impact in the financial ratios, because it implies additional debt in order to acquire the units. As a result, Caterpillar, Ferreyros and Unimaq started the "Rental Acceleration Program" aimed to diminish the effect in the liabilities, transfer the risk and the assets to Caterpillar International Services del Perú.

| | 2013 | 2012 |
|-------------------------------------|------|------|
| Current ratio | 1.83 | 1.39 |
| Financial debt ratio ⁽¹⁾ | 1.23 | 1.19 |
| Total debt ratio | 1.84 | 1.91 |
| Financial debt net /Ebitda | 3.28 | 3.66 |
| Financial debt adjusted /Ebitda | 2.46 | 2.39 |
| Financial coverage ratio | 5.71 | 5.14 |
| Assets turnover | 1.18 | 1.11 |
| Inventory turnover | 2.61 | 2.41 |
| Earning per share | 1.66 | 1.77 |

(*) Excludes short term debt related to inventory.

Current ratio is higher due to the composition of liabilities, which as of December 1st, 2013 included lower amount of short-term liabilities due to changes in the structure of liabilities (transference from short-term to long-term liabilities), as a result of funding obtained by Ferreycorp due to the international bond issuance.

Income Statement (NOTE)

(In thousands of nuevos soles)

| | 4Q 2013 | % | 4Q 2012 | % | Var | As of | % | As of | % | Var |
|---|----------------|-------------|----------------|-------------|--------------|------------------|-------------|----------------|-------------|--------------|
| | | | | | % | 31.12.2013 | | 31.12.2012 | | % |
| Net Sales | 1,269,459 | 100.0 | 1,239,612 | 100.0 | 2.4 | 5,231,313 | 100.0 | 4,611,421 | 100.0 | 13.4 |
| Cost of goods sold | -987,004 | -77.7 | -1,022,120 | -82.5 | -3.4 | -4,123,715 | -78.8 | -3,691,175 | -80.0 | 11.7 |
| Gross profit | 282,455 | 22.3 | 217,492 | 17.5 | 29.9 | 1,107,598 | 21.2 | 920,246 | 20.0 | 20.4 |
| Selling and administrative expenses | -204,577 | -16.1 | -176,695 | -14.3 | 15.8 | -747,857 | -14.3 | -652,352 | -14.1 | 14.6 |
| Other income (expenses), net | 8,695 | 0.7 | 31,048 | 2.5 | -72.0 | 30,412 | 0.6 | 35,115 | 0.8 | -13.4 |
| Operating profit | 86,573 | 6.8 | 71,845 | 5.8 | 20.5 | 390,153 | 7.5 | 303,010 | 6.6 | 28.8 |
| Financial income | 5,450 | 0.4 | 5,465 | 0.4 | -0.3 | 21,737 | 0.4 | 23,111 | 0.5 | -5.9 |
| Gain (loss) to exchange rate | -15,382 | -1.2 | 25,168 | 2.0 | -161.1 | -146,129 | -2.8 | 79,081 | 1.7 | |
| Financial expenses | -26,155 | -2.1 | -24,636 | -2.0 | 6.2 | -102,864 | -2.0 | -89,655 | -1.9 | 14.7 |
| Share in the net result of associated through the equity method | 127 | 0.0 | -1,051 | -0.1 | -112.1 | 2,048 | 0.0 | -364 | -0.0 | -662.8 |
| Profit before income tax | 50,613 | 4.0 | 76,790 | 6.2 | -34.1 | 164,945 | 3.2 | 315,183 | 6.8 | -47.7 |
| Income tax | -18,871 | -1.5 | -17,996 | -1.5 | 4.9 | -64,616 | -1.2 | -94,760 | -2.1 | -31.8 |
| Net profit | 31,742 | 2.5 | 58,794 | 4.7 | -46.0 | 100,329 | 1.9 | 220,423 | 4.8 | -54.5 |
| Earning per share | 0.036 | | 0.074 | | | 0.115 | | 0.278 | | |
| EBITDA | 132,253 | 10.4 | 117,619 | 9.5 | 12.4 | 588,097 | 11.2 | 461,000 | 10.0 | 27.6 |

NOTE: Some figures have been reclassified in this document to include the assignment in gross profit of purchase orders transferred by CAT to Ferreyros, as sales and cost of sales. This assignment was part of the purchase agreement of the former Bucyrus business acquired from Caterpillar. In the income statement presented to the SMV, only the gross profit obtained from such operations is included in Other operating profit.

State of Financial Position

(In thousand of nuevos soles)

| | al 31-12-2013 | al 31-12-2012 | Variación % |
|---|------------------|------------------|----------------|
| Cash and banks | 119,337 | 172,724 | -30.9 |
| Account receivables - Trade | 823,969 | 751,565 | 9.6 |
| Inventories | 1,581,779 | 1,534,684 | 3.1 |
| Account receivables - Other | 126,836 | 119,653 | 6.0 |
| Prepaid expenses | 32,985 | 20,516 | 60.8 |
| Current Assets | 2,684,906 | 2,599,142 | 3.3 |
| Long-term account receivables - Trade | 37,469 | 29,126 | 28.6 |
| Long-term account receivables - Other | 5,874 | 6,811 | -13.8 |
| Rental Fleet | 558,817 | 533,331 | 4.8 |
| Other fixed assets | 1,242,610 | 1,061,009 | 17.1 |
| | 1,801,427 | 1,594,340 | 13.0 |
| Accrued depreciation | -507,333 | -434,063 | 16.9 |
| Property, plant and equipment, net | 1,294,094 | 1,160,277 | 11.5 |
| Investments | 85,316 | 74,750 | 14.1 |
| Intangible assets, net and goodwill | 234,466 | 188,532 | 24.4 |
| Tax asset deferred income | 112,482 | 86,805 | |
| Non current Assets | 1,769,701 | 1,546,301 | 14.4 |
| Total Assets | 4,454,607 | 4,145,443 | 7.5 |
| Short-term debt | 178,203 | 368,804 | -51.7 |
| Other current liabilities | 1,292,076 | 1,503,902 | -14.1 |
| Current Liabilities | 1,470,279 | 1,872,706 | -21.5 |
| Long-term debt | 1,257,266 | 727,917 | 72.7 |
| Other payables | 3,381 | 3,450 | -2.0 |
| Liabilities due to taxes to deferred earnings | 157,637 | 117,977 | 33.6 |
| Total Liabilities | 2,888,563 | 2,722,050 | 6.1 |
| Equity | 1,566,044 | 1,423,393 | 10.0 |
| Total Liabilities and Equity | 4,454,607 | 4,145,443 | 7.5 |

Other financial information

NET SALES

(In thousand of nuevos soles)

| | 4Q 2013 | % | 4Q 2012 | % | Variation % | As of 31.12.2013 | % | As of 31.12.2012 | % | Variation % |
|---|------------------|--------------|------------------|--------------|----------------|---------------------|--------------|---------------------|--------------|----------------|
| MACHINERY AND EQUIPEMT | | | | | | | | | | |
| Mining trucks and Caterpillar machines (GM) | 250,508 | 19.7 | 269,002 | 21.7 | -6.9 | 955,345 | 18.3 | 733,247 | 15.9 | 30.3 |
| Machines and engines for other sectors | 173,697 | 13.7 | 308,580 | 24.9 | -43.7 | 1,088,562 | 20.8 | 1,350,070 | 29.3 | -19.4 |
| Rental and used | 164,014 | 12.9 | 99,805 | 8.1 | 64.3 | 514,916 | 9.8 | 339,631 | 7.4 | 51.6 |
| Allies equipment | 110,367 | 8.7 | 47,553 | 3.8 | 132.1 | 314,400 | 6.0 | 192,607 | 4.2 | 63.2 |
| Automotive | 29,707 | 2.3 | 50,298 | 4.1 | -40.9 | 181,266 | 3.5 | 227,914 | 4.9 | -20.5 |
| Agricultural equipment | 19,399 | 1.5 | 18,903 | 1.5 | 2.6 | 78,500 | 1.5 | 95,253 | 2.1 | -17.6 |
| SUB TOTAL MACHINERY AND EQUIPEMT | 747,692 | 58.9 | 794,141 | 64.1 | -5.8 | 3,132,989 | 59.9 | 2,938,721 | 63.7 | 6.6 |
| SPARE PARTS AND SERVICES | 426,532 | 33.6 | 381,984 | 30.8 | 11.7 | 1,713,444 | 32.8 | 1,441,905 | 31.3 | 18.8 |
| OTHER LINES | | | | | | | | | | |
| Lubricants | 42,065 | 3.3 | 15,611 | 1.3 | 169.4 | 157,842 | 3.0 | 76,051 | 1.6 | 107.5 |
| Metal-mechanics | 13,148 | 1.0 | 17,074 | 1.4 | -23.0 | 62,199 | 1.2 | 41,848 | 0.9 | 48.6 |
| Tires | 22,053 | 1.7 | 20,558 | 1.7 | 7.3 | 69,703 | 1.3 | 68,355 | 1.5 | 2.0 |
| Security implements | 8,484 | 0.7 | - | - | - | 52,710 | 1.0 | - | - | - |
| Logistic Services | 6,975 | 0.5 | 7,368 | 0.6 | -5.3 | 34,187 | 0.7 | 23,129 | 0.5 | 47.8 |
| Other | 2,352 | 0.2 | 2,876 | 0.2 | -18.2 | 8,081 | 0.2 | 21,412 | 0.5 | -62.3 |
| SUB TOTAL OTHER LINES | 95,077 | 7.5 | 63,488 | 5.1 | 49.8 | 384,722 | 7.4 | 230,795 | 5.0 | 66.7 |
| TOTAL | 1,269,301 | 100.0 | 1,239,612 | 100.0 | 2.4 | 5,231,155 | 100.0 | 4,611,421 | 100.0 | 13.4 |

SALES DISTRIBUTION BY ECONOMIC SECTOR

| | 4Q 2013 | 4Q 2012 | As of 31/12/13 | As of 31/12/12 |
|---------------------------------|---------------|---------------|-------------------|-------------------|
| Mining | 45.9% | 49.5% | 49.5% | 48.2% |
| Construction | 25.7% | 27.0% | 26.0% | 27.6% |
| Government | 4.1% | 5.0% | 3.1% | 4.0% |
| Transport | 3.0% | 6.1% | 3.5% | 6.1% |
| Industry, commerce and services | 12.5% | 4.3% | 9.9% | 5.3% |
| Agriculture and forest | 3.0% | 2.2% | 2.7% | 2.9% |
| Fishing and marine | 1.2% | 1.8% | 1.5% | 2.3% |
| Hydrocarbons and energy | 1.7% | 1.6% | 1.8% | 2.2% |
| Others | 2.9% | 2.4% | 2.1% | 1.4% |
| Total | 100.0% | 100.0% | 100.0% | 100.0% |

Total Liabilities as of December 31, 2013

(In thousand of US\$ Dollars)

| | | (A) | | | |
|---------------------------------------|---------------------|-------------------------|-----------------------------|------------------|--------------------------|
| | Total Pasivo | Pasivo corriente | Pasivo a largo plazo | | Pasivo Financiero |
| | | | Parte corriente | Largo plazo | |
| Local banks (short term) | 119,505 | 119,505 | - | - | 119,505 |
| Foreign banks (short term) | 39,157 | 39,157 | - | - | 39,157 |
| Local banks (long term) | 36,866 | - | 25,244 | 11,622 | 36,866 |
| Foreign banks (long term) | 20,206 | - | 2,531 | 17,675 | 20,206 |
| Local banks (long term)-Leasing | 15,735 | - | 9,334 | 6,401 | 15,735 |
| Suppliers: | | | | | |
| Accounts payable to Caterpillar (Inv) | 50,414 | 50,414 | - | - | - |
| Accounts payable to Caterpillar | 56,091 | 56,091 | - | - | 56,091 |
| Others | 38,918 | 38,918 | - | - | 2,951 |
| Corporate bonds | 325,410 | - | 9,256 | 316,155 | 325,410 |
| Caterpillar Financial | 111,032 | - | 16,860 | 94,172 | 111,032 |
| Other liabilities | 219,771 | 158,030 | 511 | 61,230 | 4,880 |
| Total (US\$) | 1,033,106 | 462,116 | 63,735 | 507,255 | 731,833 |
| Total (S/.) | 2,888,563 | 1,292,076 | 178,203 | 1,418,284 | 2,046,204 |

(A) Generate interest payment

Cash Flow Statement

(In thousand of nuevos soles)

As of 12-31-2013
Cash flows from operating activities

| | |
|----------------------------|------------|
| Trade accounts receivables | 4,740,076 |
| Suppliers | -4,154,730 |
| Employees and others | -356,225 |
| Taxes | -11,934 |

Net Cash provided by operating activities 217,187
Cash flows from investing activities

| | |
|--|----------|
| Sale of property, machinery and equipment | 5,756 |
| Acquisition of property, machinery and equipment | -244,780 |
| Acquisition of investments | -8,802 |
| Businesses acquisitions | -76,189 |
| Intangibles acquisitions | -4,991 |

Net cash used in investing activities -329,006
Cash flow from financing activities

| | |
|-----------------|---------|
| Borrowings, net | 189,362 |
| Interests payed | -95,527 |
| Dividends payed | -48,194 |

Net cash used in financing activities 45,641

| | |
|--|----------------|
| Net increase (decrease) in cash and cash equivalents | -66,178 |
| Cash at the beginning of the year | 172,724 |
| Result by traslation | 12,107 |
| Cash and cash equivalentes transfered by fusion | 684 |
| Cash and cash equivalents at end of year | 119,337 |