

introduction

Following the financial recovery achieved by Ferreyros in 2002, the year 2003 represented a solid consolidation of this process, enabling the Company to show very positive figures in most of its indicators + Despite the fact that sales showed a growth of only 4%, as compared with the previous year, the series of measures and actions taken both during previous years and during 2003 helped to double the profits obtained during 2002 +

This outcome is the result of several factors + On the one hand, because of the loyalty of the main customers it has been possible to keep up and increase the sales of spare parts and services, producing a stable income and significantly reducing the variations that are usual in random markets such as those of construction and fisheries +

At the same time, the efforts engaged by the Company over the past several years, through the execution of different improvement programs within what could be defined as a continuing evolution process, have started to show the benefits +

For over four years, the Company's main concern was to improve the financial situation, seriously affected by the long economic crisis that began in 1998 + Different alternative and supplementary measures were applied, bringing about the current results: the reduction of assets, liabilities and financial expenses and the improvement of all financial indicators +

In addition, an administrative restructuring was implemented, aimed at improving the Company's efficiency and profitability control in order to better approach customers with an organizational matrix, and also diminish operating expenses in the face of market changes +

At the same time, an issue that had become high priority due to its impact on profitability and customer satisfaction levels was addressed: workshop services + The expansion that large-scale mining operations generated in the machinery maintenance and repair services, and which has somehow gradually changed the nature of the business, has led Ferreyros to focus on improving the quality and efficiency of its processes + Projects such as Domino Work Flow and subsequently some Sigma Six projects are aimed in that direction +

The adoption of the Sigma Six method to improve the overall management of its business has started to mark a radical change in the Company + The trend observed during 2003 might increase in the years to come, thus producing significant benefits and improved customer satisfaction levels +

Finally, within this process, new initiatives have been taken in the Human Resources Area, not only in training and coaching, but also in the improvement of working relationships +

This series of measures then, designed and executed over the past several years, has enabled Ferreyros to show a solid financial situation at year end,

a leading presence in the markets where it is involved and appreciably higher profitability levels than in previous years for the shareholders +

In contrast with the positive performance the country's macroeconomic figures, this recovery took place in an environment where economic activity continued to be predominantly slow as a result of the existing low levels of private investment +

The inertia caused by Peru's long recession over the past several years, as well as a political environment unattractive to private investment, have continued to considerably affect business in different activities + As a result, the situation for many companies in key sectors of the economy continued to be difficult and, consequently, their demand for machinery, engines and equipment was reduced +

Despite lower sales in sectors traditionally important to the Company, such as civil works construction, agriculture and fisheries, the demand by large-scale mining for machinery, spares and service, as well as the opportunities presented by the Camisea project, allowed Ferreyros to achieve its commercial goals for the year +

Total sales amounted to S/. 694.5 million, equivalent to US\$ 198 million, including direct order sales, representing a 4.1% increase compared to the previous year's sales +

Additionally, the sales of the subsidiary companies reached S/. 110.2 million or its equivalent, US\$ 31.7 million + The total consolidated sales figure for the organization (after deducting inter-company sales) is S/. 776.7 million, equivalent to US\$ 223.2 million, higher than the 2002 figure, which was US\$ 212 million +

As stated above, of the traditional sectors in which Ferreyros operates, large-scale mining has proved to be a key sector from the Company's sales point of view, representing approximately 60% of sales, including machinery, equipment, spare parts and services +

Once more the importance of having a large fleet of Caterpillar machinery and trucks in the market has been confirmed, which has led to an increased demand for spares and services aimed at maintaining such a fleet in operation + In business terms, reaching an absorption ratio higher than 120 means a solid coverage of fixed expenses has been attained, thus reducing the uncertainty traditionally created by the ups and downs in the monthly sales of equipment + The absorption ratio shows how gross profits from spare parts and services cover the Company's fixed expenses + This evident benefit derived from the post-sales business also produces a serious challenge to the Company, as it must strive to be increasingly more efficient and competitive in providing these services +

In spite of the recovery of world metals prices that began during 2003, mining companies kept up the pressure to reduce their costs and increase operating efficiency, placing this pressure on their suppliers of goods and services +

In order to face this challenge, Ferreyros has continued to improve its efficiency levels aimed at providing its clients in the mining industry with the international standards required in their mechanical services + This is a relatively new area of business for Ferreyros and is therefore subject to on-going improvement, both in the case of workshops and industrial installations, as well as in the training of mechanics who will serve these clients better in accordance with maintenance contracts and with respect to major repairs in the Component Repair Center (CRC) + The company is aware of the importance of total client satisfaction and as a result, it has been taking steps towards improving processes, by reducing costs and service times + Six Sigma projects have been aimed at improving the quality and efficiency of its processes + At the same time, the Company has had to hire a considerable number of foreign professionals with wide technical experience, to collaborate with and train Peruvian professionals in this field +

In the construction sector, the Company has made great efforts to meet the requirements of its clients in the construction of the Trans-Andean pipelines for the Camisea project + Through different business formulas, Ferreyros obtained the trust of both the company responsible for the gas pipeline and its main customers, who have requested that Ferreyros S.A.A. meet their requirements for machinery, equipment and spare parts +

Aside from this huge project and the works directly related with the mining industry, the lack of new significant investments in earth movement works was of great concern to many of the traditional construction companies +

In the fisheries industry, financial restructuring increased with the strengthening of some companies which successfully managed their debt to equity ratio from previous years, and with the entry of new entrepreneurs to the industry, to project a sound recovery for this sector + However, there was no significant activity in upgrading engines for fishing vessels, but this did not prevent the Company from keeping the large participation held by Caterpillar engines in the market + It is also worth mentioning the revival of artisanal fishing as a market segment that may create an important demand for engines +

No substantial changes have been observed in the agriculture sector with respect to the trend of the past several years, during which a financially strong and modern exporting industry has been steadily growing, in contrast to the serious prostration of traditional agriculture + This has meant

a modest demand for tractors and other equipment for the Company, although it continues to maintain its large share of the market +

As can be seen from the above, the Company has reached a slightly higher sales level than the previous year and a net profit that doubles that of 2002 +

In summary, and reiterating some of the concepts outlined above, this result has been made possible due to a series of important factors + In the first place, sales levels achieved are very close to the forecasted levels, with predominance of sales of spare parts and services + Secondly, the gross margins achieved are in line with the business and, thirdly, the downward trend in operating expenses has been maintained, particularly in fixed expenses + With regard to variable expenses, a process is being implemented which improves workshop services, reduces client non-billable time and also reduces reception and delivery expenses +

Finally, the positive evolution of the financial expenses account must be pointed out, with a decrease of S/. 12 million + On one hand, the Company continued eliminating unproductive assets, consisting mainly

of the excess machinery and equipment from the rental fleet which was recovered from clients who were unable to meet their commitments, as well as by the restructuring of the inventory of spare parts on a national level + This contributed to reduce the liabilities that exercised pressure on the financial expenses + At the same time, the best use of the different financing offers was made, including the capitals market, in order to lower the cost of money + Due to the large volume of second-hand machinery in the country, as a result of the inactivity of the construction industry, sale prices obtained thus far for this equipment have been lower than book value, leading the Company to make provisions that have increased expenses +

In short, the Board of Directors considers that the Company has finished a year full of challenges on a positive note, overcoming many problems that affected it in previous years, and still maintaining its leadership position in almost all the markets where it operates + It has achieved significant progress in cost reduction, in the increase of productivity and in the consolidation of its finances, presenting a balance sheet that contains better results than in previous years +





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BUSINESS AND FINANCIAL PERFORMANCE

During 2003, the Caterpillar line accounted for 89% of total sales turnover, including the income obtained by the sales of spare parts and services + Thanks to the permanent efforts aimed at maintaining the CAT line of products in a leading position, these have continued to show high market share percentages +

The presence of the Caterpillar trademark, particularly in earth-moving machinery and vehicles for the large-scale mining industry, has been consolidated + The number of large mining Caterpillar trucks currently operating in all the open-pit mines in the country still constitutes the largest fleet of this type of unit +

In general, in earth-moving machinery, the Company reached a 64% market participation in units, with an even larger share in values (US\$) owing to its sale of high value units during 2003, according to customs statistics + A considerable demand for used machinery was seen in the construction market, for clients mainly related to the large-scale mining operations +

The Company began a repair program of 120 units under the sponsorship of Caterpillar, which provided special prices for the spare parts used, enabling Ferreyros to attract new, used and repaired machinery clients, especially in the provinces +

With regard to other equipment, the sales of Ingersoll Rand drilling machines reached a participation of close to 100% during 2003 +

In addition, the Caterpillar machinery line for underground mining, formerly under the Elphinstone trademark, was successfully launched +

In the engines area, a 60% market share was achieved, both in the line for marine use and the power generators + The revival of artisanal fishing, the demand of river boats in Iquitos and Pucallpa, and the sale of an important group of marine engines to the State contributed to the demand + The other line of action was constituted by the upgrading of industrial boats, where a good part of the market was captured +

As indicated above, the need to service and maintain these units, especially for large-scale mining, has lead to an important increase in spare

parts sales and services under the different modalities, including comprehensive contracts + On the other hand, as a result of an aggressive promotion campaign for certain spare parts, involving significant discounts, the sales volume increased +

Thus, the Company achieved a record sales turnover for the fifth consecutive year, due mainly to the growth of the repairs business at the Components Repair Center (CRC), as part of the programs established with the mining companies + Over 1250 major components were repaired altogether, including engines, transmissions, end-drives, etc +

In order to comply with present and future commitments for the repair of its Caterpillar units, the company maintained an investment program for the equipping of workshops and for the training of skilled personnel + As a result, CRC achieved the Caterpillar re-certification for the third consecutive year, after an audit was performed of the repair processes + In addition, it obtained a Certification in Pollution Control, achieving the highest qualifications + The latter included the spare parts warehouse and the hydraulics workshop besides the CRC +

Meanwhile, the spare parts area has been restructured, creating the Spare Parts Distribution Center, with a network of terminals throughout the country + To this effect, the structure of the spare parts warehouse in Lima has been improved, a loading and unloading area has been built, among other investments to improve and facilitate the processes + The use of the bar code system has been implemented for the receiving operations (entry) while that of the dispatching operations (outlets) is in progress + Finally, the DATA MART Computer System has been established, through which information may be easily accessed, both with respect to management for decision making and with respect to operations +

Regarding the agriculture line of business, the sale of Massey Ferguson tractors and harvesting machines maintained its leading position in the market, focusing on the modern segments of agriculture and in the upper jungle expansion areas + At the same time, the Agriculture Sales Department carried out a series of activities to promote the lines the Company represents, with the purpose of disseminating their use and contributing to improve agricultural techniques + An active program was carried out in different regions throughout the country with the support of technicians and experts from the factories Molinos Sacaría, Implementos Tatu, Jacto and Nogueira +

As to the truck business, total sales turnover in the domestic market during 2003 had a 4% growth with respect to the previous year + The sales of the B5 Category Kenworth trucks (over 18 tons GVW) that Ferreyros represents in Peru, showed a 21% increase when compared

to the year 2002, obtaining a large share of the sales of light trucks required by the companies that operate in the mining areas +

The sales of spare parts for vehicles showed an upward trend for the second consecutive year, recording a 17% growth compared to the previous year +

Income from vehicle mechanical services also registered a 30% growth vis-a-vis the year 2000, owing to the expansion of the repair line to lost trucks of different makes and origin, both American and European +

A small workshop for light maintenance jobs is being installed in the District of Ate in order to offer wider services to the clients +

The Company's branches, located in 12 cities nationwide, allowed it to achieve a coverage that enabled Ferreyros to provide sales support for the different lines in the entire country + The branches were responsible for a significant sales turnover of used machinery and equipment, of machinery for agriculture and of different brand spare parts + On the other hand, the workshops throughout the territory constitute a valuable machinery post-sale support +

FINANCIAL PERFORMANCE

As outlined above, the substantial improvement in the Company's profitability shown during 2003, is due to the stability in its operating expenses, the reduction of the financial expenses and the positive result due to inflation exposure (REI) amongst other factors +

Financial expenses decreased by S/. 12 million on account of a better debt structure, giving priority to lower cost financing sources + The reduction in financial expenses is the continuation of the trend started in the year 2000, when they dropped from US\$19.6 million to US\$16.5 million in 2001, US\$ 12.1 in 2002 and US\$9.1 million in 2003 + An important element of the financial strategy was to sustain the debt mainly in the Caterpillar supplier under the system of financing inventory over 12 months and in its financial arm Caterpillar Financial Services, as well as in the capitals market, where the Company was very active +

With the support provided by the acceptance of the market to Ferreyros' financial instruments, it placed two series of its corporate bonds issue for US\$10 million and US\$5 million in April and July respectively, achieving rates of 6.25% and 4.5% per year, respectively + This year, the Company did not issue any commercial papers, as its short-term needs were covered mainly by its suppliers + Nevertheless, it closed the year registering a commercial paper program for US\$ 30 million in the Stock Exchange Registry, to be used in 2004 + It is worth mentioning that



one of the risk rating agencies upgraded the papers' category from CP2 to CP2+, reflecting the improvement shown by the Company's figures +

On examining the total liabilities shown in the balance sheet, it may be seen that they did not diminish + Nevertheless, it must be pointed out that this was due to the payment of a securitization bond for US\$15 million in the month of December and to the repayment of another securitization bond for US\$12 million during the course of the year + By the closing of 2003, the Company's liabilities amounted to US\$143.4 million while keeping a balance in securitization bonds of US\$9 million, as compared to 2002, which closed at US\$ 143.1 million and US\$36 million, respectively, representing a reduction of US\$26 million in the sum of both figures, achieved by the sale of inventory, accounts receivable and other assets, as well as by the overall improvement in the results + The greatest liability, resulting from a change in the securities issuing strategy, is based on a higher level of accounts receivable, now directly financed by the Company and not through the securitization mechanism any more + Consequently, the debt to equity ratio grew slightly to 1.89 by year end, remaining under 2, however, as projected +

In addition, the Company maintained the support of the local financial system, which still offered the credit facilities granted to the Company under different conditions such as short-term financing of working capital, imports financing and guarantees and sureties +

On the assets side, the Company managed once again to lower the inventory level over the year, as it succeeded in placing in the market used units from both, its own rental fleet and from recoveries achieved from credit operations + Furthermore, the spare parts inventory showed greater efficiency, improving turnover from 3.5 to 3.7 + Owing to the success achieved in selling the units withdrawn from the rental fleet, new units could be purchased by year end within the three-year unit replacement policy, as foreseen in the rental business +

The Company continued offering financing to its clients, especially in the short-term credit for spare parts and services + Despite the improvement shown by the portfolio turnover, the operating difficulties found in the performance of such collections, particularly from large clients, due to the complex invoice validation formalities to be complied with, have led the Company to develop a Six Sigma project which has already identified some procedures that will be applied to large clients in order to reduce the collection time +

As to the sales of machinery, the Company maintained its policy of promoting and arranging financing preferably by third parties, particularly by Caterpillar Financial + In the direct financing cases, the Company proposed as a goal to finance not more than 25% of these sales +

The overall delinquency rate (that is, the short-term commercial loans for spare parts and services and the medium-term financing for machinery) was 4% for past due portfolio for over 180 days, net of allowance for doubtful accounts + In recent years the Company has increased its allowance for accounts receivable to face operations incorporated by the National Institute for the Defense of Competition and the Protection of Intellectual Property (INDECOPI) + The Company considers that the allowance covers the expected losses, taking into account the guaranties it has available +

It must be mentioned that in April, the Company informed about the sale of its participation in the company Matreq Ferreyros, the distributor of Caterpillar in Bolivia + The sale of this investment allowed Ferreyros to focus on its operations in the Peruvian market, by releasing its resources for that purpose +

AFFILIATES

Throughout the fiscal period, the Company continued to coordinate the activities of its affiliates, in order to complement and integrate its operations, obtaining advantages from the synergy produced + A brief description of each is included below:

Orvisa, one of the main affiliates of the organization, completed 30 years of activities, as a leading company in the commercialization of capital goods in the Peruvian Amazon region, with headquarters in the city of Iquitos + It has branches in Pucallpa and Tarapoto and sales offices in Nueva Cajamarca and Bagua, serving mainly the forestry, oil, agriculture, river transportation and mining markets. Its sales turnover was S/. 43.2 million with profits of S/.3.45 million +

During 2003, it held a large market share in the sales of marine engines, placing 36 units + At the same time, it actively participated in the sales of machinery for agriculture in the areas of Tarapoto and Pucallpa +

The forestry concessions awarded in 2003, still in the development process, should represent an interesting market for the Caterpillar machinery as of 2004 + Furthermore, the new petroleum exploration contracts generate expectations and business possibilities for ORVISA +

Unimaq S.A. is a company that markets light equipment for the mining, construction, fisheries and industrial sectors, as well as chemical solvents + It continued the expansion of its operations with a sales growth of 18% with respect to the year 2002, emphasizing the line of Caterpillar hoists, as well as the chemical solvents and the Lincoln Electric welding lines, that respectively represented 14%, 11% and

10% of total sales + The sales of these lines reached S/.32.7 million, with S/. 1.1 million profit after taxes +

Fiansa S.A., a company with main headquarters in Trujillo and that has become an important metalworking machine shop, continued to expand its operations in 2003, thereby strengthening its position in the sugar agro-industrial market and in the large-scale mining sector + It ended the year with sales amounting to S/. 8.5 million and S/.140,000 profits after taxes.

Motorindustria, whose main activity is the recovery of parts through metalwork and machine shop processes, and the repair of machinery produced by Ferreyros, the repair of hydraulic components and the recovery service of field pieces, specially for the large-scale mining sector, invoiced close to S/.22 million, with S/.3.066 million in profit after taxes +

Depósitos Efe S.A., a bonded customs warehouse, continued to provide warehousing services to companies within the organization and to third parties, surpassing the anticipated sales and profit levels, reaching S/.1.6 million, with S/.386,000 in profits +

Domingo Rodas S.A. is a company based in Tumbes, dedicated to the cultivation, breeding, extraction, industrialization and marketing of shrimp + It is owned by Ferreyros S.A.A. since the times when it engaged in the export business in order to procure the foreign currency it required to import machinery + Despite the different crises produced by natural disasters, with the effort of its technicians it has been able to control the situation and resume its production and exports levels + It finalized the year with S/.4.9 million in sales and S/.92,000 profits +

ASOCIACIÓN FERREYROS SOCIAL WELFARE PROJECT

For the fifth consecutive year, the Company has given its support to this social work and is its main effort in the social responsibility field +

The Asociación Ferreyros, legally established in 2003, took on the education activities that the Ferreyros Foundation had been carrying out until then, guiding future professionals, promoting national and cultural values as a complement to their professions +

This work was performed in two fields + One, sponsoring the Annual Students Conference, in a joint effort with the Peruvian Institute of Business Administration (IPAE) with its ninth event in 2003, bringing together an average of 500 young participants + The second, more directly, by gathering young people in its Professional Attitude Training Workshops, to discuss and analyze interactively the role of professionals in society +

In 2003, 450 undergraduates of most of the universities in the country participated in the Annual Students Conference and the number of students that attended the workshops increased to 1,088, from 26 universities in 14 cities +

As a complement to these activities, the Association publishes FUTURO, a journal aimed at reaching that same audience and which includes articles on the same issues +

CORPORATE GOVERNANCE

In 2002, the Company participated, through Procapitales, with other public and private entities and associations, in the statement issued by the Peruvian Securities and Exchange Commission (CONASEV) on the convenience of companies adopting corporate governance principles + In 2003, it joined a small group of companies that responded to an invitation of the Stock Exchange to submit information concerning their adherence to such principles, which may be found in that entity's website +

The Board of Directors recognizes the importance of adhering to this statement, and it believes that, throughout its corporate existence, the Company has conducted itself under ethical principles that are now embraced by the corporate governance concept + Respect for the rights of shareholders and their fair treatment, clearly defined duties for the Board of Directors and the Management, and transparent and timely presentation of relevant information to the market, are all practices which the Company has assumed for a very long time +

The Company is aware of Resolution 096-2003 recently published by CONASEV and is ready to issue the reports that will be required as of 2005 in compliance with that provision +

PERSPECTIVES

Although there is no consensus among experts regarding the growth levels of the domestic product forecast for 2004, it is reasonable to believe that the economy should show a moderate growth + Rather than the stability of the macroeconomic figures, it is the great political turbulence that seems to be affecting the investors' attitudes + Nevertheless, the Company has proved that it is able to maintain its operations with acceptable sales levels and without losing its leadership position in most of its lines, even in times of economic hardship + It may be expected that in a much more favorable economic environment, with the announcement of mining and gas projects underway, with encouraging signs regarding the resumption of privatizations and concessions and with an increase in the metals prices that could

encourage the acquisition of equipment by the mining companies, sales may show a slight upward trend, in the hope that the sales achieved for the Camisea project last year may be replaced by other sales for the ongoing projects +

Since the Company has stabilized a significant sales turnover for spare parts and services (absorption ratio) it has greatly reduced its vulnerability to variations in the demand for machinery and equipment, as was traditionally the case + This will allow the programming of resources and activities as well as the management of financial variables to be more rational +

At the same time, the adoption of different programs aimed at further improving the efficiency of our operations and in particular at increasing shareholder dividends, allow the Company to look into the year 2004 with sound optimism +

In almost all the markets where it operates, the Company holds a privileged position of leadership which demands continuous efforts to be maintained + The trust placed on the Company by its main clients creates obligation and represents a permanent challenge to keep improving productivity until these clients, to which the Company is obliged, are fully satisfied +

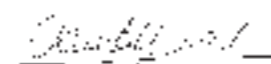
Upon concluding this introduction, the Board of Directors wishes to renew its commitment to its shareholders, clients, suppliers and staff, and to make every effort to fulfill its mission +

We are pleased to submit below, the general and operations information and the analysis and examination of the financial statements to the

consideration of the shareholders, pursuant to Resolution 141.98 EF/94.10 issued in this respect by CONASEV for the presentation of annual reports + The Statement of Liability prescribed by these regulations is attached hereto +

STATEMENT OF LIABILITY

This document contains true and sufficient information regarding the performance of Ferreyros S.A.A. until December 31, 2003 + Without detriment to the responsibility of the issuer, we are hereby responsible for its contents, in compliance with the legal provisions in force +



Oscar Espinosa Bedoya
Managing Director



Hugo Sommerkamp Molinari
Central Administration and Management Control Manager



general information and operations

NAME AND PRINCIPAL PLACE OF BUSINESS

The name of the Company is **Ferreyros Sociedad Anónima Abierta** or **Ferreyros S.A.A.** + Its registered office is located at

Avenida Industrial 675, Province and Department of Lima + Its telephone number is **336-7070** and fax number **336-8331** +

INCORPORATION AND REGISTRATION

Ferreyros was incorporated by notarially recorded instrument dated September 14, 1922, before Agustín Rivero y Hurtado, Esq., Notary Public in and for Lima, under the name of Enrique Ferreyros y Compañía Sociedad en Comandita + It was filed on Entry 1, Page 299, Volume 15 of the Registry of Companies in and for Lima + The corporation Enrique Ferreyros y Compañía Sociedad en Comandita was dissolved, as filed under Entry 10, Page 296, Volume 30 of the Registry of Companies in and for Lima +

The incorporation of Enrique Ferreyros y Compañía S.A. which took over the assets and assumed the liabilities of Enrique Ferreyros Sociedad en Comandita, was executed by registered deed dated September 21, 1931 before Agustín Rivero y Hurtado, Esq. Notary Public in and for Lima, filed under Entry 1, Page 457, Volume 31 of the Registry of Companies in and for Lima + The change of name to Enrique Ferreyros S.A. was executed by registered deed dated November 23, 1981 before Jorge Eduardo Orihuela Iberico, Esq. Notary Public in and for Lima and filed under Entry 213, Page 599, Volume 410 of the Registry of Companies in and for Lima +

The change of name to Ferreyros S.A. was executed by notarially recorded instrument dated May 6, 1996 before Jorge Eduardo Orihuela Iberico, Esq. Notary Public in and for Lima and filed under Entry 2-B, Card 117502 of the Registry of Companies + The present name of Ferreyros S.A.A. was adopted by resolution of the Shareholders' Meeting held on March 24, 1998, filed on Card 11007355 of the Registry of Companies in and for Lima +

PURPOSE AND LINE OF BUSINESS

According to its Bylaws, the purpose of Ferreyros is to engage in the purchase and sale of local and foreign goods and products, the import and export of goods and articles in general, the rendering of services as well as the transaction of investments and dealing of commissions +

The Company may also participate in any and all acts and enter into any and all contracts provided by law and conducive to their execution or that are convenient to its corporate interests, including the incorporation of companies and the purchase of shares of stock and/or share interests of corporations either by direct purchase or by any other means or by participating in increases of capital +

The Company has perpetual existence. Its line of business is classified under Group 5150, Class 51 of the United Nations International Standard Industrial Classification (ISIC) +



CAPITAL STOCK

As at December 31, 2003, the capital stock was represented by 205 million common shares with a face value of S/. 1.10 each, fully subscribed and paid-up, of which 79.68% are held by local investors and 20.32% by foreign investors + The shareholders who hold 5% or more in the capital stock are:

Shareholder	Share	Nationality
La Positiva Seguros y Reaseguros S.A.	11.39%	Peruvian
IN- CARTADM. (Integra)	10.44%	Peruvian
Atlantic Security Bank	8.08%	Foreign
NV-CARTADM (Nueva Vida)	7.00%	Peruvian
Horseshoe Bay Limited	6.46%	Foreign

LETTERS OF GUARANTEE AND SURETY BONDS

As at December 31, 2003, the Company has granted as mortgage, properties totaling US\$25.4 million, chattel mortgages over the rental fleet for a total of US\$10.5 million, pledges and warrants over inventories worth US\$5.7 million, a guarantee against accounts receivable for US\$0.9 million and guarantees against bank deposits for the amount of US\$1.4 million + It is the policy of the Company to issue guarantees for medium-term operations + These guarantees have been issued only for financing transactions that are 3 to 7.5 year terms + Chattel mortgages, pledges and guarantees against inventories, rental fleet assets and accounts receivable have corresponded to financing transactions for the same units + Mortgages have been established for a 7.5-year financing transaction +

In addition, the Company has granted surety bonds to its subsidiaries and to third parties for US\$1.2 million and US\$4.8 million, respectively, and bank letters of guarantee in favor of financial institutions, worth US\$3.9 million + The total amount of surety bonds and letters of guarantees represents 13.1% of its stockholders' equity +

PROFILE

Enrique Ferreyros y Cia was founded in 1922 on the initiative of Enrique Ferreyros Ayulo and three partners who, with a small amount of capital, engaged in the trading of commodities in Lima. In 1942, Ferreyros obtained the representation of Caterpillar Tractor, which meant an overall change in the Company's outlook + As from 1965, the Company's decentralization began, setting up offices in the provinces as well as several affiliates. In 1971, Ferreyros was registered on the Lima Stock Exchange +

At the end of the 1980's, Ferreyros disengaged itself from the commodities business in order to concentrate its efforts on the capital goods business in the 1990's + Thus, during the first few years of this decade it assumed new representations to complement the Caterpillar line and to improve its coverage of the mining, agriculture and transportation sectors + By 1994, the Company initiated the rental of heavy equipment and the sale of used equipment to meet the greater needs of its customers + Simultaneously, the Company began to prepare itself to face the challenge that the large-scale mining sector would represent, after the onset of the privatization process and the entry of new agents into the Peruvian economy + Since 1995, the Company has been making important investments in this direction to improve the infrastructure of its offices and workshops and to train its service personnel to meet the maintenance and repair contracts for large fleets of machinery +

The purpose of the Company is to serve customers from all sectors of the economy and therefore during the last few years, it has created business units to serve the market for small and medium-size constructors and fishermen +

In response to past growth and that to be produced in the future, in 1997, the Company successfully issued and placed shares on the local and international markets, thereby making possible a US\$22 million increase in its stockholders' equity +

In July 1998, Ferreyros made the first issue of securitization bonds in the country for US\$20 million and in 1999 it launched its third issue of corporate bonds for US\$30 million, after launching its first two issues in 1994 and 1996 + In 1999, it executed its first issue for US\$15 million of a securitization program filed before the Peruvian Securities and Exchange Commission (CONASEV) for US\$45 million + In the months of March and September, the Company paid its third issue of corporate bonds + In August of the same year it issued the first series of its fourth issue, for the amount of US\$15 million and in April and July 2003, the second and third series, for US\$ 10 million and US\$ 5 million, respectively, completing the issue of its fourth corporate bond filed for US\$ 30 million +

COMMERCIAL ACTIVITIES

General Information

Ferreyros, recognized as the principal distributor of capital goods in Peru, directs its products to a diversified range of economic sectors, such as mining, construction, agriculture, energy, fisheries and transportation + It has been the exclusive distributor of Caterpillar in Peru since 1942 +

In addition to the Caterpillar machinery and engines, Ferreyros markets a wide range of equipment, including Ingersoll Rand compressors and

drills, Massey Ferguson tractors, and a Kenworth line of heavy trucks + The Company is by far the leader in the market for the majority of the products it offers. In the year 2003, Caterpillar represented approximately 89.1% of its sales +

The Company owns the largest network of workshops in the country for the repair of heavy machinery and equipment and a highly qualified group of technicians, as it believes that its continuous success in heavy machinery and equipment sales will continue to depend on product quality and post-sale service +

General outlook for key economic sectors in Peru

Marketing capital goods in Peru largely depends on the growth level of the Peruvian economy, particularly in sectors such as mining, construction, fisheries, agriculture, transportation and energy, where the Ferreyros products are sold + It is important to consider that the availability of capital goods is the first step towards the country's growth so different timing can exist between the growth of the Peruvian economy and the demand for capital goods + Furthermore, to import capital goods is essential for the development of any industrial sector, taking into account the important role played by technology which is used to attain levels of competitiveness and efficiency required by the market +

The sustained growth, especially of the construction and mining sectors during the five years prior to 1998, motivated the purchase of machinery + This situation was reflected in the aggregate import figures of capital goods which during these years presented an average annual upward trend of 21.5% + The slowing-down of the economy during the years 1998 through 2001 has had negative repercussions on this market's performance + However, given the good medium-term perspectives for development in the economic sectors and the dependence on machinery from abroad, capital goods imports should increase during the next few years, according on the economy's development +

Competition

Few markets, like the Peruvian market, can show such a variety of machines and equipment offered in the country by a large number of suppliers + Given the wide range of lines which it offers, Ferreyros competes in different sectors, with many of these suppliers, who represent a wide variety of brands +

In earth-moving equipment, its main competitors are Komatsu, Volvo, Case, John Deere and Fiat Allis +

In diesel engines, it mainly competes with Wartsila, Man, Detroit Diesel, Cummins FG, Wilson and Volvo +

Several manufacturers of generic spare parts for Caterpillar machinery exist so that small segments of the market can be supplied +

In the agricultural tractor line, the main competitors are John Deere and Ford New Holland +

In portable air compressors, the Ingersoll Rand machines compete with Sullair and Atlas Copco, and in rock drilling for mining, with Sandvik Tamrock and Atlas Copco + The Caterpillar Elphistone low profile loaders compete against Atlas Copco Wagner and Sandvik Tamrock +

In trucks, the Kenworth brand competes with Volvo and Scania, in a market in which Freightliner, Mercedes Benz and others are also competitors.

In almost all these lines, the good quality of the products that Ferreyros distributes, the high-quality post-sales service, the wide network of branch offices and the considerable volume of spare parts have earned the preference of the clients so that almost all products sold by Ferreyros are leaders in their respective markets +

Finance

The year 2003 was characterized by a substantial improvement of the Company's profitability + Thus, at the year's closing, net profits amounted to S/. 20.3 million, compared to the net profit at the closing of the previous year, S/. 10.8 million, an increase of 87.6% + The factors that favored this higher profit were the stability in the Company's operating expenses, the reduction in the financial expenses and the positive Result due to Inflation Exposure (REI) + This higher profit enabled the Company to apply such resources to reducing its debt +

Financial expenses diminished by S/. 12 million, owing to: i) a reduction of US\$ 20.6 million in the average liabilities of the year; ii) lower local and international interest rates; and iii) a better debt structure that favored lower cost financial sources +

By year's closing, the Company showed a debt to equity ratio of 1.89, in line with its purpose of keeping such ratio below 2 +

Financial sources An important element of the financial strategy was to substantiate its indebtedness mainly with its Caterpillar supplier by financing its inventory in 12 months and on its financial arm, Caterpillar Financial Services, as well as on the capital market, in which it was particularly active +

Having achieved important reductions in the inventory levels and hence in the turnover indicators, the Company no longer needs to finance its inventory over 12 months + Therefore, as of January 2004, it will be doing so for 6-month terms, which will result in the financing level by



its Caterpillar supplier to be reduced from US\$56 million, recorded by end 2003, to around US\$ 40 million +

No new financings were made in 2003 with Caterpillar Financial, reducing exposition with this important financing source to US\$37 million, within an approved line of US\$60 million +

As for the participation of Ferreyros as issuer in the local capitals market, in 2003 the Company completed the issue of its fourth corporate bond filed for US\$30 million, through the placement of the B and C series for US\$10 million and US\$5 million in April and July, respectively, achieving annual rates of 6.25% and 4.5%, respectively + The first US\$ 15 million were issued in August 2002 + The Company is currently in the process of listing its first corporate bond program (to date it had operated by listing issues and not programs) for US\$ 50 million, pursuant to a resolution adopted by the 2003 Shareholders Meeting +

Additionally, the Company did not issue any commercial papers, as the short-term needs were covered mainly with suppliers' financing + Nevertheless, it finalized the year with the listing in the Stock Exchange Registry of a commercial paper program for US\$ 30 million, also approved by the 2003 Shareholders Meeting, which shall be used in 2004 + It is worth mentioning that one of the risk rating agencies upgraded the papers' category from CP2 to CP2+, reflecting the improvement shown by the Company's figures +

Finally, with regard to the issue of securitization bonds, the Company did not make any new issue; on the contrary, it effected the final payment of a securitization bond for US\$ 15 million which expired in December and repaid another securitization bond, originally of US\$ 17 million, in US\$ 12 million + Two securitization bonds are in force at the closing of 2003: one for US\$ 5 million (balance of the US\$ 17 million issue that has been repaid) and another for US\$ 4 million, which is due by the end of 2005 +

In addition, the Company maintained the support of the local financial system, which improved the conditions of the credit lines granted to the Company in different modalities such as short-term financing of working capital, imports financing and guarantees and sureties +

The current ratio improved over 2003, from 1.28 in December 2002 to 1.43 in December 2003 +

Main assets During 2003, the Company continued reducing its inventory level (from US\$ 67.8 million as at the closing of 2002 to US\$ 57.8 million as at the end of 2003) successfully placing in the market used units from its rental fleet and from loan operations recoveries + Furthermore, the spare parts inventory showed a greater

efficiency, improving turnover from 3.1 to 4.1 + Owing to the success achieved in the sale of units withdrawn from the rental fleet, towards the end of the year the Company could purchase new units for its fleet, as foreseen in the rental business that requires reposition of the units every three years +

The Company continued offering financing to its clients, especially in the short-term credit for spare parts and services that generate average payment terms of 45 days + The turnover of the portfolio of these lines showed an improvement + As to the sales of machinery, the Company kept its policy of preferably promoting and arranging financing by third parties, in particular by Caterpillar Financial + The Company has proposed an objective not to finance more than 25% of its sales +

The overall delinquency rate (that is, the short-term commercial loans for spare parts and services and the medium-term financing for machinery) was 4.% for past due portfolio for over 180 days, net of allowance for doubtful accounts +

In recent years the Company has increased its allowances for accounts receivable to face operations incorporated by INDECOPI + The Company considers that the allowance covers the expected losses, taking into account the guaranties it has available +

It must be mentioned that in April, the Company informed about the sale of its participation in the company Matreq Ferreyros, the distributor of Caterpillar in Bolivia + The sale of this investment allowed the Company to focus its operations in the Peruvian market, by releasing its resources for that purpose + During 2004, it will continue its efforts to sell some of the properties it no longer requires, in order to take care of the Company's businesses +

With regard to new investments, in 2003 the Company made some improvements both in the Components Repair Center (CRC) and in some of its workshops throughout the country, in the replacement of computer equipment and acquisition of protection components for large mining projects + In 2003, these investments amounted to US\$ 0.8 million + For 2004, it plans to invest US\$ 1.9 million in acquisitions and improvement of fixed assets +

On average, the cash balances represent one week's worth of expenses + The Company's current account is in US Dollars, and it takes care of its obligations and operating expenses predominantly in that currency +

Facilities

The main properties of the Company are the land and buildings where the administrative offices, warehouses, repair workshops, exhibition halls and stock rooms are located +

The head office is located in Lima, with branch offices in the cities of Piura, Chiclayo, Cajamarca, Trujillo, Chimbote, Huaraz, Arequipa and Cusco, which are built on premises owned by the Company + The Company also has offices in Ica, Huancayo, Ayacucho and Huaypetuhe + The Ica and Ayacucho offices operate in leased premises and those of Huancayo and Huaypetuhe in premises owned by the Company +

LEGAL PROCEEDINGS

The Company has taken part in certain legal proceedings which have arisen during the normal course of business, none of which may, individually or collectively, be considered important + It must be pointed out, however, that as at the end of the fiscal period, the Company was involved in three claims, totaling US\$ 1.95 million in trials seeking indemnity for tort liability, filed by third parties + Based on the advise of its legal counsels, the Company's management considers that the complaint will not be admitted and that the final result will favor the Company +

At the same time, as at the 2003 year end, the Company has the following tax contingencies:

a In the month of November 2001, the Company filed a motion before the Tax Court in relation to a Peruvian Tax Authority (SUNAT) Resolution which had determined that the tax debt caused by the timely application of the Special Tax Splitting System, was almost S/. 1 million more than expected + In February 2003, the Tax Court decided to declare the aforementioned Resolution null and void, therefore it will settle the debt, subject matter of the application of Law 27334, ordering the Tax Administration to issue a new ruling +

b A stock decrease for S/. 2 million (including interest) for taxes allegedly omitted in the payment of the 2000 income tax regularization, currently being claimed before the Tax Court +

c Tax assessments for S/. 3.3 million (including fines and interest) for Income Tax and Value Added Tax, currently being claimed before the Peruvian Tax Authority (SUNAT) +

In the opinion of our tax advisors, such assessments are egroundless and the final result should be favorable to the Company +

SUBSIDIARIES

The Company has made investments in several subsidiaries + As at 31.12.03, its share of their capital stock is as follows:

Orvisa S.A.	99.00%
Heavy Machinery and Services Ltd.	100.00%
Fiansa S.A.	99.00%
Depósitos Efe S.A.	99.78%
Motorindustria S.A.	99.99%
Domingo Rodas S.A.	75.01%
Unimaq S.A.	99.99%

Orvisa S.A.

Orvisa, incorporated in 1973, is one of the Company's subsidiaries which carries out operations in Iquitos, Tarapoto, Pucallpa, Bagua Chica and Nueva Cajamarca, cities located in the Peruvian Amazon Jungle Region + Orvisa offers the same line of products as Ferreyros and is the leader in the market for the three product lines and the greatest demand in the Region is for agricultural machinery, marine engines and forestry equipment +

Since it is located in the Jungle Region, Orvisa currently enjoys certain tax and customs tariff advantages which allow it to be more competitive in terms of prices +

In 2003, Orvisa attained S/. 43.2 million worth of revenues, with a net profit of S/. 3.5 million +

Heavy Machinery Services Ltd.

Heavy Machinery is a wholly-owned subsidiary, incorporated abroad. It is engaged in the sale of heavy machinery to large companies operating in Peru, which are usually subsidiaries of multinational corporations funded abroad, and which import directly from the manufacturers + No significant business was generated during 2003 +

Fiansa S.A.

Fiansa is a subsidiary incorporated in 1968 and its place of business is in the City of Trujillo + Its original activity was to manufacture and sell agricultural tools, industrial tools and electrical panels, which represent a small portion of its current production + In recent years, it has engaged in metal engineering works, assembly and electrical installations +

In the year 2003, Fiansa recorded revenues of S/.8.5 million with a net loss of S/0.14 million +



Depósitos Efe S.A.

Depósitos Efe is a subsidiary incorporated in 1983 + It is engaged in providing simple storage services and bonded customs warehousing +

In the year 2003, Depósitos Efe obtained revenues for S/. 1.6 million and a net profit of S/. 0.38 million +

Motorindustria S.A.

Motorindustria S.A. is a subsidiary incorporated in 1987 + It was originally engaged in the production of motor vehicles as well as in the sale of spare parts and services + In 1995, the Shareholders' Meeting resolved to temporarily suspend its activities, entrusting its management, since 1995, to Ferreyros + On July 1, 1998, the Shareholders' Meeting approved its reactivation; and at present, its main activity is supplying services for machinery and recovering machine components + Its business is very much related to the Ferreyros Component Repair Center (CRC) +

In 2003, Motorindustria generated revenues of S/. 22 million and a net profit of S/. 3 million +

Domingo Rodas S.A.

Domingo Rodas S.A. is a subsidiary incorporated in 1979 in the City of Tumbes + Its main line of business is the cultivation, breeding, extraction, industrialization and marketing of shrimp +

In 2003, Domingo Rodas produced revenues of S/4.9 million and a net profit of S/.0.1 million + Upon its incorporation, this Company was part of a diversification strategy aimed at export trade, due to the existing need at the time to create foreign currency + Today this has lost its meaning since the Company is concentrating on the capital goods business and, therefore, its existence within the organization is under review +

Unimaq S.A.

Unimaq is a company incorporated in February 1999 + It mainly participates in the marketing of light equipment for the mining and construction industries and industry in general, as well as in the sale of spare parts and in supplying workshop services +

In 2003 it produced revenues of S/30.5 million and a net profit of S/.1.1 million +

Other Investments

Ferreyros also has a share of 13.6% in La Positiva Seguros y Reaseguros S.A., a corporation duly organized and existing in Peru in 1937, mainly offering life and property and casualty insurance +

STOCK EXCHANGE ISSUES

At the end of 2003, the Company had listed shares and corporate bonds and commercial papers in the Stock Exchange Registry +

Common Shares

The Company's capital stock is made up of 205 million outstanding common shares with a face value of S/. 1.10 each + The opening price was S/0.46 and the closing price was S/.0.75, reaching a high of S/.1.20 in May and a low of S/.0.46 in January + The average share price in 2003 was S/.0.76 +

Monthly average share prices during the year 2003 are shown in Exhibit 1 +

Corporate Bonds

The Ferreyros Bonds + The Ferreyros Bonds-Fourth Issue were registered by CONASEV Resolution 056-2002-EF/94.11 +

The features of the bonds, as described in the issuance agreement and information prospect, are as follows:

Instrument	Ferreyros Bonds – Fourth Issue
Class	Registered and indivisible and listed at CAVALI ICLV S.A.
Registered amount	US\$30 million
Face value	US\$1,000 each
Series	One or more
Term	Three years
Interests payment schedule	quarterly in arrears
Repayment	100% of the principal upon three-year term maturity

In August 2002, the first issue for US\$15 million was placed, as follows:

Outstanding amount	US\$15 million
Date of issue	August 29, 2002
Maturity date	August 29, 2005
Interest rate	7.5% nominal per year, with a 360-day base year

In April 2003, the second issue for US\$10 million was placed as follows:

Outstanding amount	US\$10 million
Date of issue	April 7, 2003
Maturity date	April 7, 2006
Interest rate	6.25% nominal per year, with a 360-day base year

In July 2003, the second issue for US\$5 million was placed as follows:

Outstanding amount	US\$5 million
Date of issue	July 25, 2003
Maturity date	July 25, 2006
Interest rate	4.5% nominal per year, with a 360-day base year

Monthly prices of Ferreyros Bonds – Fourth 2003 Issue are shown in Exhibit 2 +

Negotiable Instruments

Following the expiry of the first negotiable instruments program in January 2003, by Resolution 083-2003-EF/94.11 of CONASEV, dated October 22, 2003, the Second Ferreyros Short-Term Instruments Program was filed with the Stock Exchange Registry, for a maximum amount of US\$ 30 million + The first issue is currently undergoing the listing process +

MANAGEMENT

The Board of Directors consists of:

Carlos Ferreyros Aspíllaga	Chairman
Eduardo Montero Aramburú	Vice-Chairman
Luis Moreyra Ferreyros	Director
Enrique Normand Sparks	Director (until April 2003)
Juan Manuel Peña Roca	Director
Carlos Muñoz Torcello	Director
Jorge Picasso Salinas	Director
Andrea Von Wedemeyer Knigge	Director (as from July 2003)
Oscar Espinosa Bedoya	Managing Director

The following persons are the Executive Staff of the Company:

Oscar Espinosa Bedoya	Managing Director
Gustavo Moreno Barrera	Central Operations Manager
Hugo Sommerkamp Molinari	Central Administration and Management Control Manager
José Miguel Salazar	Mining Division Manager
Mariela García de Fabbri	Finance Division Manager
Víctor Astete Palma	Manager of the Comptroller Division
Andrés Gagliardi Wakeham	Human Resources Division Manager
Raúl Vásquez Erquicio	Internal Auditing Division Manager
Luis Bracamonte Loayza	Branch Offices and Agriculture Division Manager
José López Rey Sánchez	Spare Parts and Service Division Manager

RESUMES

Oscar Espinosa Bedoya

Oscar Espinosa has held the position of General Manager in Ferreyros S.A.A. since 1983 + He began working with the Company in 1981 + He was formerly the Chairman of Interbank, the Finance Development Corporation (COFIDE) and other financial institutions, as well as Executive Director of the World Bank + He is a civil engineer with graduate studies in economics, finance and business administration +

Gustavo Moreno Barrera

Since 1990 Gustavo Moreno has held the position of Caterpillar Machinery and Engines Division Manager + As at December 31, 1998, he became Machinery Central Manager + He has worked for the Company for 35 years, 20 of which were in the sales area + He is a graduate in mechanical and electrical engineering of the National University of Engineering (UNI) and has participated in different courses and seminars organized by Caterpillar +

Hugo Sommerkamp Molinari

Hugo Sommerkamp holds the position of Central Administration and Management Control Manager since July 1, 2001 + Formerly, he had been the Central Administration and Finance Manager since December 1998 and the Finance Division Manager since March 1996, when he returned to work at Ferreyros + Between 1985 and 1990 he held the position of Comptroller General in the subsidiaries of the Ferreyros Group. Between 1990 and 1996 he worked in Paraguay as Finance Director for the different subsidiaries of the ECOM Group (Lausanne, Switzerland) + He is a Certified Public Accountant graduated from the Peruvian Catholic University, with advanced courses in auditing and finance, both in Peru and abroad +

José Miguel Salazar

José Miguel Salazar holds the position of Mining Division Manager, created in the year 2001 + From 1996 and until he joined the Company in January 2001, he held the position of General Manager of Matreq Ferreyros S.A., the exclusive distributor of Caterpillar in Bolivia and a subsidiary of Ferreyros until April 2003 + Formerly, he worked at Ferreyros between 1969 and 1990, carrying out different functions in the commercial and administrative areas, after which he was appointed the Finance Division Manager in 1988 + Between 1990 and 1995 he occupied similar positions in other companies in the market + He has participated in different courses in the country as well as in seminars organized by Caterpillar +

Mariela García de Fabbri

Mariela García de Fabbri holds the position of Finance Division Manager since July 2001 + She joined the Company in 1988 and has



held different positions in the Finance Division + She was Treasury Manager until June 2001 + At present, she is the Vice-Chairman of the Procapitales Association and a Director at IPAE + She has been a researcher and a member of the editorial committee of publications of the Consortium La Moneda + She holds a degree in economics from the University of the Pacific +

Víctor Astete Palma

Víctor Astete has worked in Ferreyros since 1977 and has held the position of Manager of the Comptroller Division since 1996 + Formerly, he worked in the accounting, budget, accounting advisory and investment comptroller departments + He is a Certified Public Accountant graduated from the San Marcos National University and has attended several advanced courses, both in Peru and abroad +

Andrés Gagliardi Wakeham

Andrés Gagliardi holds the position of Personnel Division Manager since 1986 and has 32 years of experience + Formerly he has held similar positions in other well-recognized companies + He has a Bachelor's Degree in Industrial Relations from the San Martín de Porres University and has attended several courses, seminars and congresses on the specialty +

Raúl Vásquez Erquicio

Raúl Vásquez has been the Internal Audit Division Manager since 1978 + Formerly, he was Administration and Finance Manager of Compañía Pesquera Estrella del Perú and Auditing Manager at Arthur Andersen & Co. + He has a Bachelor's Degree in Economics and Commercial Sciences and a Certified Public Accountant Degree from the San Marcos Major National University +

Luis Bracamonte Loayza

Luis Bracamonte has held the position of Branch Offices Division Manager since 1997 + He has worked for Ferreyros for 20 years and formerly held different positions at the branch offices management departments and in the credit and collection departments + He pursued studies in business administration at the University of Lima and postgraduate courses at the Graduate Business School (ESAN) +

José López Rey Sánchez

José López has held the position of Spare Parts and Service Division Manager since 1999 + He has worked for the Company for 18 years + Previously he was the Service Manager from 1994 to 1998 + He is a graduate in mechanical engineering at the National University of Engineering + He has pursued courses in administration and management accounting at the Graduate Business School (ESAN) +

HUMAN RESOURCES

Aspects concerning the management of the Company's personnel are the responsibility of the Personnel Management + At the end of the year 2003, the Company had 1,144 employees, both in its main and provincial branch offices +

Personnel changes in the last two years were as follows:

	Variation				
	2003	2002	2001	03/02	02/01
Permanent					
Executives	33	28	29	5	-1
Technical personnel	376	342	415	34	-73
Employees and sales representatives	143	135	169	8	-34
Workers	592	565	638	27	-73
Sub-total	1144	1070	1251	74	-181
Temporary staff	25	28	23	-3	5
Total	1169	1098	1274	71	-176

The working environment at Ferreyros is very harmonious + Employees identify with the Company's objectives; Company-employee relations are good, and no strikes or significant controversies have occurred + The Employees' Union, which existed for many years, was dissolved in 1993 + The Workers' Union has 98 affiliated members + The Company bargains collectively with the representatives of the workers in January of each year +

The Company continues to maintain social welfare and housing programs for the benefit of its workers and employees +

ANALYSIS AND DISCUSSION OF FINANCIAL STATEMENTS

The most important variations in the Company's financial statements as at December 31, 2003 and 2002 are presented below + To this effect, some figures have been re-classified in the profit and loss statement shown below, to include direct sales orders in net sales and cost of sales +

Profit and Loss Statement

(in millions of constant Nuevos Soles)

	2003		2002		Variation %
	Amount	%	Amount	%	
Net sales	694.5	100.0	667.1	100.0	4.1
Cost of sales	530.7	76.4	504.8	75.7	5.1
Profit from sales	163.8	23.6	162.3	24.3	0.9
Other operating income	3.2	0.5	3.2	0.5	
Gross profit	166.9	24.0	165.5	24.8	0.8
Selling and administration expenses	123.0	17.7	116.9	17.5	5.2
Operating profits	43.9	6.3	48.7	7.3	-9.7
Financial income	15.2	2.2	21.2	3.2	-28.1
Financial expenses	-31.5	-4.5	-43.5	-6.5	-27.6
Dividends	7.0	1.0	5.6	0.8	26.2
Other income (expenses), net	5.3	0.8	2.4	0.4	124.5
Profit (loss) before results due to inflation exposure	40.0	5.8	34.2	5.1	16.7
Result due to inflation exposure	10.6	1.5	-8.3	-1.2	
Profit sharing	50.2	7.3	26.0	3.9	94.6
Profit (loss) before profit sharing and taxes	-4.2	-0.6	-1.8	-0.3	130.8
Income tax	46.3	6.7	24.1	3.6	91.8
Profit before non-recurring expenses	-14.3	-2.1	-6.2	-0.9	130.9
Non-recurring expenses	32.0	4.6	17.9	2.7	78.3
Profit (loss), net	-11.7	-1.7	-7.1	-1.1	64.1
	20.3	2.9	10.8	1.6	87.6

Net Sales

Sales of existing stock and direct order sales made by the Company (all of them in the domestic market) during 2003 and 2002, are as follows:

Net sales in the year 2003 amounted to S/.694.5 million, compared to S/. 667.1 million

(in thousands of constant Nuevos Soles)

	2003		2002		Variation %
	Amount	%	Amount	%	
Caterpillar Division	119,448		131,021		-8.8
Equipment Division	29,329		29,388		-0.2
Automotive Division	10,338		3,820		170.6
Spare parts and services	32,385		37,753		-6.8
Rentals	26,188		23,443		11.7
	217,688		222,425		-2.1
Used vehicles	476,780		444,683		7.2
Total	694,468		667,108		4.1

in the previous year, a 4.1% growth + In 2003, the sales of its main products (Caterpillar, Equipment, Vehicles and Used Units) and the Rental of Equipment were slightly lower than the previous year (-2.1%), mainly due to the fact that in 2002 a US\$ 18.8 million worth sale was made to a company in charge of the development works of the Camisea Project + Such a sale was not repeated in 2003 + Nevertheless, in 2003, the sales of spare parts and services were 7.2% higher than the previous year, on account of the demand generated by the Caterpillar machinery sold in the previous years, especially to the large-scale mining companies +

Profit from sales

Profit from sales in 2003 amounted to S/.163.8 million (23.6% of net sales) as compared to S/.162.3 million (24.3% of net sales) obtained the previous year, representing a 0.9% increase + In percentage terms, the figure for 2003 is slightly lower than that of 2002 on account of: i) greater sales to large-scale mining companies, which due to their large volume have smaller gross margins than sales to clients of other economic sectors; and ii) greater sales of recovered equipment which, on average, produce small losses +

Other Operating Income

Both in the year 2003 and 2002, this item includes revenues obtained from a partnership agreement entered into between the Company and a supplier abroad + The revenues received by this partnership are determined by the number of units shipped and invoiced by the foreign supplier to a client doing business in the country + Revenues from such partnership in 2004 are similar to those received in the previous year +

Selling and Administration Expenses

Selling and administration expenses for the year 2003 totaled S/.123 million, compared to S/.116.9 million in the previous year, a 5.2% increase, explained by: i) the rise in salaries to restore part of the purchasing power lost on account of the inflation of the last five years, during which salaries were frozen; ii) the increase of variable expenses as a result of the substantial growth in the sale of spare parts and services; iii) the augmentation of on-site expenses to support clients in the large-scale mining sector, in order to promote higher sales of spare parts and services; and iv) the upward trend reflected in expenses for the training of mechanics, to comply with the quality standards required mainly by the large-scale mining clients +

Financial Income

Financial income during 2003 amounted to S/.15.2 million, compared with S/. 21.2 million during the previous year, a negative variation of 28.1%, as a result of the reduction in the sales of machinery and equipment financed by the Company + In this respect, it must be mentioned that as of 2003, the Company has established stricter



requirements for granting loans to clients, in order to keep a low delinquency rate in its accounts receivable portfolio + The drop suffered by the financial income in 2003 will be compensated in the coming years with reduced expenses for the allowance for bad debts +

Financial Expenses

Financial expenses for 2003 amounted to S/.31.5 million, compared to S/.43.5 million in the previous year, a 27.6% drop, explained by: i) a reduction of the average liability of S/. 71.8 million (the average liabilities in the year 2003 amounted to S/.496.5 million as compared to S/.568.3 million in the year 2002); and ii) the lower local and international interest rates +

Subsidiaries Profit Sharing

Revenues for subsidiaries profit sharing in 2003 amounted to S/. 7 million, as compared to S/. 5.6 million in the previous year, an increase of 26.2%, owing mainly to the fact that a subsidiary that had suffered a loss in 2002, of S/. 3.1 million, obtained in 2003 a profit of S/.0.1 million +

Other Income (expenses), net

In 2003, this category represented a net expense of S/. 5.3 million, compared to the net income of S/. 2.4 million of the previous year + The difference is mainly due to the recovery of an income tax paid for the account of a non-domiciled supplier and to the recovery of allowances made in previous years for doubtful accounts +

Results Due to Inflation Exposure (REI)

According to the procedure established in Peru to adjust financial statements for inflation, when devaluation is greater than inflation, a loss due to inflation exposure is produced, since the exchange loss related to debts in US Dollars cannot be fully offset by the adjustment for inflation of the respective non-monetary assets + At the same time, when inflation exceeds devaluation, a profit due to inflation exposure is produced because the adjustment due to the adjustment of non-monetary assets is greater than that of the liabilities in US Dollars +

In 2003, the Result Due to Inflation Exposure (REI) rendered a profit of S/.10.6 million in comparison to S/.8.3 profit of the previous year + The 2003 profit is explained by: i) a 1.51% negative devaluation that in turn produced a profit in the conversion to Soles of the net liabilities in foreign currency; and ii) a 2% inflation that produced a profit in the adjustment of non-monetary assets + The loss incurred in 2002 is explained by a 2.06 % devaluation causing an exchange loss higher than the profit generated by the 1.67% inflation in the adjustment of non-monetary assets +

Profit Sharing and Income Tax

Profit sharing and Income Tax registered in December 31, 2003 and 2002 have been calculated according to the tax and accounting provisions in force +

Non-Recurring Expenses

The amount of S/.11.7 million recorded under this item in the year 2003 reflects a provision for the devaluation of machinery and equipment over one year old, as well as of units recovered for lack of payment + The amount recorded for this item in 2002 was of S/. 7.1 million +

Net Profit

The net profit for 2003 amounted to S/.20.3 million as compared to S/.10.8 million in the previous period + The lower financial expenses are mostly accountable for the greater net profit in 2003, added to the increase of the subsidiaries' profits and the profits produced by the readjustment due to inflation effects, which allowed the Company to compensate for the larger sales and overhead expenses and the non-recurring expenses incurred as well as the lower financial income, and permitted the increase of net profit by S/. 9.5 million (87.6%) +

Analysis of the Balance Sheet

Total liabilities as to December 31, 2003, amounted to S/.496.6 million, similar to that recorded for total liabilities as to the previous year's closing, which totaled S/.496.4 million + Additionally, total assets as to December 31, 2003 was equivalent to S/.7630.2 million in comparison to the S/.746.4 million obtained at the end of the previous year, equivalent to a rise of S/.16.8 million + The main variations between the assets accounts as at December 31, 2001 and 2002, are as follows:

+ An increase in Trade Accounts Receivable (with current and long-term expiration dates) of S/.41.4 million, mainly due to the following transactions: i) rise of S/. 16.2 million for the recovery of the portfolio pledged as trust assets; ii) augmentation of S/. 32.4 million for sales made during the fiscal period; and iii) reduction of S/.7.2 million owing to the increase of the allowance for doubtful accounts and an upward trend evidenced by deferred interests +

+ Increase of Other Accounts Receivable for S/. 32.4 million, due to: i) rise of S/. 52.2 million for transfer of funds to trust assets for payment to the shareholders; ii) decrease of S/. 16.2 million for transfer to Trade Accounts Receivable from the portfolio pledged to trust assets; iii) drop of S/. 4.8 million due to the rise in allowance for doubtful accounts; and iv) other increases for S/. 1.2 million +

+ A decrease in Stock for S/. 34.9 million, attributable to the following operations: i) a reduction of S/.22.7 million in the inventory of used units on account of the application of a special sales program of

machinery and equipment recovered, over one year old; and ii) a drop of S/. 18.1 million in the spare parts inventory, owing to the improvements introduced in the stock replacement systems and to the increase of the sales to the large-scale mining sector; and iii) augmentation of S/.5.9 million in the inventory of other lines +

+ A reduction in Investments in Securities for S/. 20.2 million, attributable to the following operations: A stock decrease for S/. 20.6 million for the sale of the Matreq Ferreyros S.A. stock, a Company incorporated in Bolivia, where Ferreyros had a 99% participation; ii) a reduction of S/. 10.1 million in the investment value in a subsidiary, due to a distribution of dividends made by the same subsidiary for the same amount; iii) a rise of S/. 7 million for subsidiaries' profit recognition through the application of the equity participation accounting system; and iii) other increases for S/. 3.7 million +

+ Net increase in Fixed Assets for S/.6.8 million, because of the following transactions: a) net increase of S/. 14.8 million for acquisition of new units to renew the old rental fleet (as foreseen in the equipment rental business, the fleet must be renewed every three years to avoid the higher maintenance and repair expenses and hence, the lower profitability); ii) a downward trend of S/. 14.4 million due to depreciation of fixed assets recorded during the year and iii) a drop of S/. 1.5 million for the sale of land property; and iv) other increases for S/. 2.3 million +

+ Decrease of Other Assets for S/.17.7 million because of the removal of the commercial capital gain related to the investment in Matreq Ferreyros, due to the sale of the shares of such Company +

Liquidity of the Company

Current ratio as at December 31, 2003 is of 1.43, higher than the current ratio of 1.28 as at December 31, 2002 +

The financial leverage ratio as at December 31, 2003 is of 1.75, as compared to the ratio of 1.92 as at December 31, 2002 and 2.62 as at December 31, 2001 +

The substantial improvement in the financial ratios has been possible due to the considerable decrease of assets and liabilities in the last few years, as well as to the net profit produced during the fiscal period +

Changes in the Persons Responsible for the Preparation and Revision of the Financial Information

No changes have occurred during the years 2003 and 2002 in the persons responsible for the preparation and revision of the financial information of the Company +

Upon concluding this Annual Report, the Board of Directors wishes to express its gratitude to all the Company's clients, whose preference has made it possible to achieve significant sales levels in 2003, which obliges our organization to continue providing the best service + We furthermore thank the banking institutions in Peru and abroad for the financial support received + And last but not least, we wish to thank the shareholders for the trust vested in the Board of Directors and Management and the personnel, whose effort and dedication have been essential in the Company's important achievements in 2003 +

Carlos Ferreyros Aspillaga
Chairman

Exhibit 1

Quotation of common shares of Ferreyros S.A.A. in the year 2003

CODE ISIC	NEMONIC	Month	Quotations 2003				Average Price
			Opening	Closing	Maximum	Minimum	
PEP73600104	FERREYC1	200301	0.46	0.57	0.73	0.46	0.62
PEP73600104	FERREYC1	200302	0.57	0.72	0.72	0.57	0.66
PEP73600104	FERREYC1	200303	0.70	0.86	0.86	0.70	0.81
PEP73600104	FERREYC1	200304	0.87	1.08	1.09	0.87	0.99
PEP73600104	FERREYC1	200305	1.12	1.00	1.20	1.00	1.09
PEP73600104	FERREYC1	200306	1.00	0.73	1.01	0.73	0.99
PEP73600104	FERREYC1	200307	0.73	0.62	0.73	0.62	0.65
PEP73600104	FERREYC1	200308	0.64	0.65	0.66	0.63	0.65
PEP73600104	FERREYC1	200309	0.64	0.68	0.70	0.62	0.63
PEP73600104	FERREYC1	200310	0.68	0.65	0.73	0.64	0.66
PEP73600104	FERREYC1	200311	0.65	0.72	0.72	0.63	0.65
PEP73600104	FERREYC1	200312	0.70	0.75	0.77	0.67	0.73

Exhibit 2

Quotation of bonds issued by Ferreyros S.A.A. in the year 2003

ISIC CODE	NEMONIC (NAME)	Month	Quotations 2003				Average Price
			Opening	Closing	Maximum	Minimum	
PEP73600V109	FERR1CP3B	200304	0.0000	0.0000	0.0000	0.0000	96.7920
PEP73600A012	FERRE0BC4A	200301	101.3799	101.3607	103.7448	101.3607	101.4227
PEP73600A012	FERRE0BC4A	200302	0.0000	0.0000	0.0000	0.0000	102.8494
PEP73600A012	FERRE0BC4A	200303	101.8378	100.7259	101.8378	100.7259	101.6055
PEP73600A012	FERRE0BC4A	200304	103.4078	103.3134	103.4078	101.2122	103.3299
PEP73600A012	FERRE0BC4A	200305	104.3394	103.2092	104.3394	101.1920	103.2510
PEP73600A012	FERRE0BC4A	200306	102.1684	105.1491	105.1491	102.1339	103.0448
PEP73600A012	FERRE0BC4A	200307	107.1890	103.9308	107.1890	104.4344	104.9630
PEP73600A012	FERRE0BC4A	200308	106.8364	104.7411	106.8364	104.3331	105.5783
PEP73600A012	FERRE0BC4A	200309	107.1352	106.6838	107.1352	104.6118	106.0182
PEP73600A012	FERRE0BC4A	200310	104.5444	104.3861	106.3241	104.3861	105.7055
PEP73600A012	FERRE0BC4A	200311	104.6122	107.6500	107.6500	104.2592	105.2402
PEP73600A012	FERRE0BC4A	203312	104.1803	103.9997	105.7227	102.1905	105.4479
PEP73600A020	FERRE0BC4B	200304	99.4805	99.4805	99.4805	99.4805	99.4805
PEP73600A020	FERRE0BC4B	200305	100.7738	100.7692	101.2944	100.7692	101.0379
PEP73600A020	FERRE0BC4B	200306	100.7482	100.4288	100.7482	98.8838	100.6810
PEP73600A020	FERRE0BC4B	200307	105.1939	102.5402	105.8048	101.9567	103.8597
PEP73600A020	FERRE0BC4B	200308	105.6311	102.4753	105.6311	102.4753	103.9286
PEP73600A020	FERRE0BC4B	200309	105.5070	103.0174	105.5070	102.4479	104.7880
PEP73600A020	FERRE0BC4B	200310	104.1588	102.3537	104.1588	102.3537	102.8460
PEP73600A020	FERRE0BC4B	200311	102.2872	102.2802	102.2872	102.2802	102.2813
PEP73600A020	FERRE0BC4B	200312	102.2500	104.3654	104.9694	102.2179	104.4332
PEP73600A038	FERRE0BC4C	200308	100.0000	100.0000	100.0000	100.0000	100.0000
PEP73600A038	FERRE0BC4C	200309	100.1278	100.1278	100.1278	100.1278	100.1278
PEP73600A038	FERRE0BC4C	200311	100.0280	100.0280	100.0280	100.0280	100.0280

financial statements

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REPORT OF THE INDEPENDENT AUDITORS

February 19, 2004

To the Shareholders and the Directors of
Ferreyros S.A.A.

We have audited the attached balance sheet of Ferreyros S.A.A. as to December 31, 2003 and December 31, 2002 and the respective profit and loss statements, statements of changes in stockholders' equity and cash flow statements for the years ended on those dates. The preparation of the financial statements is the responsibility of the Management of the Company. Our responsibility is to issue an opinion on the financial statements, based on the audit we performed.

Our audits were carried out in accordance with the generally accepted auditing standards in Peru, that require us to plan and execute our work in order to obtain a reasonable assurance that the financial statements do not contain material errors. An audit comprises the analysis of the evidence supporting the amounts and the disclosures exposed in the financial statements, all based on selective verification. An audit also includes the assessment of the accounting principles applied and of the most important estimates considered by the Management of the Company and an evaluation of the overall presentation of the financial statements. We consider that the audits performed constitute a reasonable basis to substantiate our report.

In our opinion, the abovementioned financial statements, prepared for the purposes outlined below, reasonably show the financial standing of Ferreyros S.A.A., in all material aspects, as to December 31, 2003 and December 31, 2002, their operating results and their cash flows for the years then ended, in accordance with the generally accepted accounting principles in Peru.

The financial statements of Ferreyros S.A.A. have been prepared in compliance with the legal provisions in force in Peru for the presentation of financial information and not on a consolidated basis. These financial statements must be considered together with the consolidated financial statements of Ferreyros S.A.A. and its subsidiaries, submitted separately and on which we already stated our opinion, without exceptions.

Approved by:

Félix U. Homa (associate)
Certified Public Accountant

**BALANCE SHEET (Notes 1, 2, 3 and 27)**

At constant values

ASSETS	As at December 31,	
	2003	2002
	S/.000	S/.000
Current assets		
Cash and deposits (Note 4)	35,337	27,386
Trade accounts receivable (Notes 5 and 25)	69,703	46,455
Other accounts receivable (Note 6)	83,598	51,206
Stocks (Note 8)	200,165	235,024
Prepaid expenses	2,258	3,271
Total current assets	391,061	363,342
Long- term trade accounts receivable (Notes 5 and 25)	36,406	18,224
Deferred income tax and profit sharing (Note 14)	5,921	3,943
Investment in securities (Note 9)	101,605	121,766
Property, plant and equipment (Note 10)	227,692	220,901
Other assets	536	18,232
	763,221	746,408

LIABILITIES AND NET STOCKHOLDERS' EQUITY	As at December 31,	
	2003	2002
	S/.000	S/.000
Current Liabilities		
Overdrafts and bank loans (Note 11)	26,243	19,354
Current maturities of long-term debts (Note 12)	19,653	38,316
Trade accounts payable (Note 13)	194,362	199,572
Other accounts payable	33,180	27,249
Total current liabilities	273,438	284,491
Long- term debts (Note 12)	223,132	211,923
Deferred income	4,564	5,692
Net stockholders' equity (Note 15)		
Capital stock	230,010	184,683
Additional capital stock	0	41,434
Revaluation surplus	10,416	11,766
Legal reserve	1,335	253
Accumulated results	20,326	6,166
	262,087	244,302
Tax situation (Note 16)		
Contingencies and commitments (Note 17)		
Subsequent event (Note 28)		
	763,221	746,408

The accompanying notes form part of the financial statements

**PROFIT AND LOSS STATEMENT (Notes 1, 2 and 7)**

At constant values

	For the year ended on December 31,	
	2003	2002
	S/.000	S/.000
Net sales:		
Third parties	679,230	585,144
Affiliate companies	10,130	8,440
	689,360	593,584
Other operating income	5,091	12,080
	694,451	605,664
Cost of sales (Note 18):		
Third parties	-517,445	-432,323
Affiliate companies	-10,082	-7,797
	-527,527	-440,120
Administration overheads (Note 19)	-54,096	-54,160
Selling expenses (Note 20)	-68,880	-62,693
	-650,503	-556,973
Operating profits	43,948	48,691
Other income (expenses):		
Financial income (Note 21)	15,212	21,166
Financial expenses (Note 22)	-31,546	-43,548
Result due to exposure to inflation	10,580	-8,269
Miscellaneous, net (Note 23)	-4,898	-2,573
	-10,652	-33,224
Profit prior to profit sharing and income tax:	33,296	15,467
Profit sharing:		
Current (Note 16)	-3,471	-2,878
Deferred (Note 14)	501	1,815
Income tax:		
Current (Note 16)	-11,716	-9,710
Deferred (Note 14)	1,689	6,124
Net profit	20,299	10,818
Basic profit per share (Note 24)S/.	0.099	0.053

The accompanying notes form part of the financial statements

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (Note 15)

At constant values

	For the years ended on december 31, 2003 and december 31, 2002					
	Capital	Additional	Revaluation	Legal	Accumulated	
	Stock	Capital Stock	Surplus	Reserve	Results	Total
	S/.000	S/.000	S/.000	S/.000	S/.000	S/.000
Balance as at January 1, 2002	179,814	46,303	11,766	253	-4,652	233,484
Capitalization of stockholders' equity accounts	4,869	-4,869	0	0	0	0
Net profit	0	0	0	0	10,818	10,818
Balance as at December 31, 2002	184,683	41,434	11,766	253	6,166	244,302
Profits distribution	0	0	0	0	-2,514	-2,514
Capitalization of equity accounts	45,327	-41,434	-1,350	0	-2,543	0
Transfer to legal reserve	0	0	0	1,082	-1,082	0
Net profits	0	0	0	0	20,299	20,299
Balance as at December 31, 2003	230,010	0	10,416	1,335	20,326	262,087

The accompanying notes form part of the financial statements.

**CASH FLOW STATEMENT (Notes 2 and 26)**

At constant values

	For the year ended on December 31,	
	2003	2002
	S/.000	S/.000
Operating activities		
Collection from customers	645,762	624,436
Other business-related collections	16,523	18,417
Payment to suppliers	-537,569	-295,653
Payment of salaries and fringe benefits	-80,122	-69,922
Tax payments	-7,826	-4,810
Other business - related payments	-9,380	-17,215
Net cash from operating activities	27,388	255,253
Investing activities		
Sale of investments in securities	34,584	0
Sale of property, plant and equipment	2,188	6,527
Purchase of machinery and equipment	-5,203	-5,977
Purchase of investments in securities	-1,117	-23
Collection from other investments in securities	1,619	1,066
Dividends received	9,586	3,424
Net cash from investing activities	41,657	5,017
Financing activities		
Securitization of accounts receivable, net	-35,534	14,027
Overdrafts and bank loans, net	6,889	-133,002
Long-term debts, net	-7,454	-86,045
Interest on overdrafts and bank loans and long-term debts	-33,083	-40,303
Dividends paid	-2,492	0
Net cash applied to financing activities	-71,674	-245,323
Net cash increase (decrease)	-2,629	14,947
Result due to exposure to inflation	10,580	-8,269
Opening cash balance	27,386	20,708
Closing cash balance	35,337	27,386

CASH FLOW STATEMENT (Continuation)

At constant values

	For the year ended on December 31,	
	2003	2002
	S/.000	S/.000
Reconciliation of the net results with cash flow from operating activities		
Net profit	20,299	10,818
Adjustments to reconcile net profit with cash flow from operating activities		
Allowance for bad debts	12,256	14,021
Recovery of allowance for bad debts	-1,814	0
Provision for devaluation of stocks	16,888	9,381
Recovery of provision for devaluation of stocks	-13,828	-1,405
Equity share value of investments in securities	-7,006	-5,551
Equity holding in trust equity	-2,763	-5,762
Loss in the sale of investments in securities	2,357	0
Provision (recovery) for fluctuation in investments in securities	-168	144
Dividends earned, not collected	547	0
Loss (profit) from the sale of property, plant and equipment	158	-1,024
Depreciation and amortization	30,774	33,645
Financial expenses	31,546	43,548
Remuneration to Board of Directors	1,698	800
Profit sharing	3,471	2,878
Deferred income tax and profit sharing	-2,190	-9,171
Result due to exposure to inflation	-10,580	8,269
Miscellaneous	-8,681	-3,310
Net changes in assets and liabilities:		
Trade accounts receivable	-47,105	26,884
Other accounts receivable	-1,625	8,019
Stocks	31,799	64,148
Prepaid expenses	763	1,054
Trade accounts payable	-5,210	75,694
Other accounts payable	-24,198	-17,827
Net cash from operating activities	27,388	255,253

The accompanying notes form part of the financial statements

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