

Union Andina de Cementos S.A.A.

**UN-AUDITED Separate Interim Financial Statements
As of March 31, 2021 and December 31, 2020**

UNIÓN ANDINA DE CEMENTOS S.A.A.

Statement of Financial Position

As of March 31st, of 2021 and December 31st, 2020

(In thousands of Nuevos Soles)

	Notes	As of March 31st, 2021	As of December 31, 2020
Assets			
Current Assets			
Cash and cash equivalents	3	338,629	290,252
Other Financial Assets		0	0
Trade Accounts Receivable and other accounts receivable	4	362,699	375,956
Trade Accounts Receivable , net		74,971	83,320
Other Accounts Receivable , net		14,612	99,158
Accounts Receivable from Related Companies		261,663	183,881
Advanced payments		11,453	9,597
Inventories	5	422,747	387,969
Biological Assets		0	0
Assets by Income Taxes		0	0
Other Non-Financial Assets		6,425	1,791
Total Current Assets different than assets or groups of assets for its classified as held for sale or for distribution to owners		1,130,500	1,055,968
Non-current assets or groups of assets for disposal Classified as Held for Sale		0	0
Non-current assets or groups of assets for its classified as held for distribution to owners		0	0
Non-current assets or groups of assets for disposal Classified as Held for Sale or Held for distribution to owners		0	0
Total Current Assets		1,130,500	1,055,968
Non-Current Assets			
Other Financial Assets		0	0
Investments in subsidiaries, joint ventures and associates	6	3,546,391	3,549,921
Trade Accounts Receivables and other accounts receivables	4	166,967	130,015
Trade Accounts Receivable		0	0
Other Accounts Receivable		82,487	46,086
Accounts Receivable from Related companies		84,480	83,929
Advanced payments		0	0
Biological Assets		0	0
Investment Property		0	0
Property, Plant and Equipment , net	7	3,824,348	3,876,272
Intangible Assets , net	8	29,786	30,262
Assets Deferred Income Tax		0	0
Surplus value		9,745	9,745
Other Assets		107,942	109,672
Total Non-current Assets		7,685,179	7,705,887
TOTAL ASSETS		8,815,679	8,761,855

	Notes	As of March 31st, 2021	As of December 31, 2020
Liabilities and Stocholders' Equity			
Current Liabilities			
Other Financial Liabilities	10	454,060	793,526
Trade accounts payable and other payable accounts		254,598	272,908
Trade Accounts Payable	9	126,586	153,758
Other Accounts Payable	9	69,248	57,019
Accounts payable to related companies	9	39,890	43,657
Diferred Income		18,874	18,474
Provision for Employee Benefits		0	0
Other provisions		0	0
Income Tax Liabilities	9	10,934	641
Other non-financial liabilities		20,637	25,108
Total Current Liabilities different of Liabilities included groups of assets for disposal Classified as Held for Sale		740,229	1,092,183
Liabilities included in asset groups classified as held for sale		0	0
Total Current Liabilities		740,229	1,092,183
Non-Current Liabilities			
Other Financial Liabilities	10	2,722,278	2,377,416
Trade accounts payable and other payable accounts		0	0
Trade Accounts Payable		0	0
Other Accounts Payable		0	0
Accounts payable to related companies		0	0
Deferred Income		0	0
Provision for Employee Benefits		0	0
Other provisions		23,546	28,471
Liabilities Deferred Income Taxes	11	414,710	419,820
Other non-financial liabilities		37,937	43,335
Total Non-Current Liabilities		3,198,471	2,869,042
Total Liabilities		3,938,700	3,961,225
Stockholders' Equity			
Capital Issued	12	1,818,128	1,818,128
Issuance Premiums	12	-38,019	-38,019
Investment shares		0	0
Treasury Shares in portfolio		0	0
Other Capital Reserves	12	363,626	363,626
Accrued Results	12	2,762,767	2,690,224
Other Equity Reserves	12	-29,523	-33,329
Total Stockholders' Equity		4,876,979	4,800,630
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		8,815,679	8,761,855

UNIÓN ANDINA DE CEMENTOS S.A.A.

Statement Income

For the periods ended March 31st, 2021 and 2020

(In thousands of Nuevos Soles)

	Notes	For the specific quarter from January 1, to March 31st, 2021	For the specific quarter from January 1, to March 31st, 2020	For the cummulative period from January 1st to March 31st, 2021	For the cummulative period from January 1st to March 31st, 2020
Incomes from ordinary activities	13	542,844	411,119	542,844	411,119
Cost of Sales	14	-335,731	-274,807	-335,731	-274,807
Profit (Loss) Gross	-	207,113	136,312	207,113	136,312
Sales Expenses		-11,855	-13,784	-11,855	-13,784
Administrative expenses	15	-37,764	-28,582	-37,764	-28,582
Profit (Loss) in the write-off of financial assets carried at amortized cost		-	-	-	-
Other Operating Income	16	38,923	18,994	38,923	18,994
Other Operating Expenses	16	-10,869	-6,334	-10,869	-6,334
Other profit (loss)		-	-	-	-
Profit (Loss) from operating activities		185,548	106,606	185,548	106,606
Financial Income		886	1,148	886	1,148
Financial Expenses	17	-42,708	-41,546	-42,708	-41,546
Exchange differences, net		-17,840	-18,957	-17,840	-18,957
Other income (expense) from subsidiaries, joint ventures and associates		-	-	-	-
Share of Profit (Loss) in net results from Equity-Accounted Joint Ventures and related companies		-	-	-	-
Difference between the book value of the distributed assets and the book value of the divided payable		-	-	-	-
Gains before Income tax		125,886	47,251	125,886	47,251
Income tax expenses	11(b)	-30,112	-14,841	-30,112	-14,841
Profit (Loss) Net of Continued Operations		95,774	32,410	95,774	32,410
Profit (loss) net of the tax to the profit from discontinued operations		-	-	-	-
Profit (loss) net of the year		95,774	32,410	95,774	32,410

UNIÓN ANDINA DE CEMENTOS S.A.A.
Statement of Comprehensive Income
For the periods ended March 31st, 2021 and 2020
(In thousands of Nuevos Soles)

	Notas	For the specific quarter from January 1, to March 31st, 2021	For the specific quarter from January 1, to March 31st, 2020	For the cumulative period from January 1st to March 31st, 2021	For the cumulative period from January 1st to March 31st, 2020
Net Profit (Loss) of the year		95,774	32,410	95,774	32,410
Components of other comprehensive income:					
Net Change for Cash Flow Hedges		0	0	0	0
Hedges of a Net Investment in a Foreign Operation		0	0	0	0
Profit (Loss) in equity instrument investments at fair value		0	0	0	0
Exchange difference on translation of Foreign Operations		0	0	0	0
Net variation of non-current assets or groups of assets held for sale		0	0	0	0
Revaluation Surplus		0	0	0	0
Actuarial Gain (Loss) on defined benefit pension plans		0	0	0	0
Changes in the fair value of financial liabilities attributable to changes in the credit risk of the liability		0	0	0	0
Other Comprehensive Income Pre Tax		-	-	-	-
Income tax relating to components of other comprehensive income					
Net Change for Cash Flow Hedges		3,806	-12,857	3,806	-12,857
Hedges of a Net Investment in a Foreign Operation		0	0	0	0
Profit (Loss) in equity instrument investments at fair value		0	0	0	0
Exchange difference on translation of Foreign Operations		0	0	0	0
Net variation of non-current assets or groups of assets held for sale		0	0	0	0
Gains (Losses) for Financial Assets Measured at Fair Value with Changes in Other Comprehensive Income, net of Taxes		0	0	0	0
Actuarial Gain (Loss) on defined benefit pension plans		0	0	0	0
Changes in the fair value of financial liabilities attributable to changes in the credit risk of the liability		0	0	0	0
Sum of Income Tax-Related Components of other comprehensive income		3,806	-12,857	3,806	-12,857
Other Comprehensive Income		3,806	-12,857	3,806	-12,857
Total Comprehensive Income for the period , net of income tax		99,580	19,553	99,580	19,553

UNIÓN ANDINA DE CEMENTOS S.A.A.
Statement of Cash Flow
Direct Method
For the periods ended March 31st, 2021 and 2020
(In thousands of Nuevos Soles)

	Notes	As of January 1st, 2021 to March 31st, 2021	As of January 1st, 2020 to March 31st, 2020
Operating activities cash flows			
Types of cash collections from operating activities			
Sale of Goods and Services		649,131	468,665
Royalties, fees, commissions and other income from ordinary activities		0	0
Contracts held for brokering or trading purposes		0	0
Lease and subsequent sales of such assets		0	0
Other Cash Receipts Related to Operating Activity		0	64,271
Types of cash collections from operating activities			
Suppliers of goods and services		-381,552	-305,359
Contracts held for brokering or trading purposes		0	0
cash payments to and on behalf of employees		-59,186	-54,849
Elaboration or acquisition of assets to be leased and other assets held for sale		0	0
Other Cash Payments Related to Operating Activity		-84,397	-29,868
Cash flows and cash equivalents from (used in) Operating Activities		123,996	142,860
Interests received (not included in the Investment Activities)		0	0
Interests paid (not included in the Investment Activities)		-40,913	-42,743
Dividends Received (not included in the Investment Activities)		53,369	0
Dividends Paid (not included in the Investment Activities)		0	0
Income tax (paid) reimbursed		-24,532	-41,874
Other cash collections (payments)		0	0
Cash flows and cash equivalents from (used in) Operating Activities		111,920	58,243
Cash flows from Investment activities			
Type of cash collections from investment activities			
Reimbursement of loan repayment and loans granted to third parties		0	0
Loss of control of subsidiaries or other businesses		0	0
Loan repayments received from related parties		0	0
Sale of Equity-related Financial Instruments or debt of other entities		0	0
Derivatives contracts (Futures, Forwards or Options)		0	0
Sales of Interest in Joint Ventures, Net of the expropriated cash		0	0
Sale of Property, Plant and Equipment		0	0
Sale of intangible assets		0	0
Sale of other long- term assets		0	0
Government Subventions		0	0
Interests received		0	0
Dividends received		0	0
Type of cash payments from investment activities			
Advances and loans granted to third parties		0	0
Controlling interest of subsidiaries and other businesses		0	0
Loans from related		0	0
Purchase of Financial Instruments of equity or debt of other entities		-764	-5,507
Derivatives contracts (Futures, Forwards or Options)		0	0
Purchase of Subsidiaries, Net of cash acquired		0	0
Purchase of Joint Venture shares, Net of the cash acquired		0	0
Purchase of Property, Plant and Equipment		-27,085	-28,677

UNIÓN ANDINA DE CEMENTOS S.A.A.
Statement of Cash Flow
Direct Method
For the periods ended March 31st, 2021 and 2020
(In thousands of Nuevos Soles)

	Notes	As of January 1st, 2021 to March 31st, 2021	As of January 1st, 2020 to March 31st, 2020
Purchase of intangible assets		-554	-289
Purchase of other long- term assets		0	0
Income tax (paid) reimbursed		0	0
Other cash receipts (payments) relating to Investment activities		4,294	
Cash flows and cash equivalents from (used in) investing activities		-24,109	-34,473
Cash flows from Financing activities			
Type of cash collections from financing activities			
Loan securing		1,300,966	386,296
Loans from related entities		0	0
Changes to the subsidiaries ownership interest not resulting in the loss of control		0	0
Issuance of Shares		0	0
Issuance of Other Equity Instruments		0	0
Government Subventions		0	0
Type of cash payments from financing activities		0	0
Loan Amortization or payment		-1,314,398	-367,108
Financial leasing liabilities		0	0
Loans from related entities		0	0
Changes to the subsidiaries ownership interest not resulting in the loss of control		0	0
Redemption or repurchase of the entities' shares (Shares in the portfolio)		0	0
Acquisition of other equity interest		0	0
Interests paid		0	0
Dividends paid		-22,182	-23,633
Income tax (paid) reimbursed		0	0
Other cash receipts (payments) relating to financing activities		0	0
Cash flows and cash equivalents from (used in) financing activities		-35,614	-4,445
Increase (Decrease) in Net Cash and cash equivalents, before Changes in Foreign Exchange Rates		52197	19325
Effects of Changes in Foreign Exchange Rates on Cash and Cash Equivalents		-3,820	-3,136
Increase (Decrease) in Net Cash and Cash Equivalents		48,377	16,189
Cash and cash equivalents at beginning of year		290,252	6,280
Cash and cash equivalents at end of year	0	338,629	22,469

UNIÓN ANDINA DE CEMENTOS S.A.A.
Statement of change in Stockholder's Equity
For the periods ended March 31st, 2021 and 2020
(In thousands of Nuevos Soles)

	Other Equity Reserves														Total Stockholders' Equity	
	Capital Issued	Issuance Premiums	Investment shares	Treasury Shares in Portfolio	Other Capital Reserves	Accrued Results	Cash Flow Hedges	Investment Hedges, net of foreign businesses	Investments in equity instruments accounted at fair value	Exchange difference on translation of Foreign Operations	Non-current assets or groups of assets for held for sale	Revaluation Surplus	Actuarial Profit (Loss) on defined benefit plans	Reserve on Financial Assets Measured at Fair Value with Changes in Other Comprehensive Income		Subtotal
Balances as of January 1, 2020	1,818,128	-38,019	-	-	363,626	2,681,929	-20,308	-	-	-	-	-	-	-5,434	-25,742	4,799,922
1. Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Correction of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Restated Initial Balance	1,818,128	-38,019	-	-	363,626	2,681,929	-20,308	-	-	-	-	-	-	-5,434	-25,742	4,799,922
4. Changes in Stockholders' Equity:																
5. Comprehensive Income:																
6. Gain (Loss) for the year						32,410										32,410
7. Other Comprehensive Income:							-12,857								-12,857	-12,857
8. Comprehensive Income - Total year						32,410	-12,857								-12,857	19,553
9. Cash Dividends Declared						-23,636										-23,636
10. Equity Issuance (reduction)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11. Reduction or amortization of Investment shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12. Increase (decrease) in Other Contributions by Owners	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13. Decrease (Increase) for Other Distributions to Owners	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14. Increase (Decrease) due to changes in the subsidiaries ownership interest not resulting in the loss of control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15. Increase (decrease) for transactions with Treasury Shares in Portfolio	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16. Increase (Decrease) for Transfer and other Equity Changes	-	-	-	-	405	-	-	-	-	-	-	-	-	-	-	405
Total Equity Increase (decrease)	-	-	-	-	405	8,774	-12,857	-	-	-	-	-	-	-	-12,857	-3,678
Balance as of March 31st, 2020	1,818,128	-38,019	-	-	364,031	2,690,703	-33,165	-	-	-	-	-	-	-5,434	-38,599	4,796,244
Balance as of January 1, 2021	1,818,128	-38,019	-	-	363,626	2,690,224	-30,552	-	-	-	-	-	-	-2,777	-33,329	4,800,630
1. Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Correction of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Restated Initial Balance	1,818,128	-38,019	-	-	363,626	2,690,224	-30,552	-	-	-	-	-	-	-2,777	-33,329	4,800,630
4. Changes in Stockholders' Equity:																
5. Comprehensive Income:																
6. Gain (Loss) for the year						95,774										95,774
7. Other Comprehensive Income:							3,806								3,806	3,806
8. Comprehensive Income - Total year						95,774	3,806								3,806	99,580
9. Cash Dividends Declared						-23,636										-23,636
10. Equity Issuance (reduction)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11. Reduction or amortization of Investment shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12. Increase (decrease) in Other Contributions by Owners	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13. Decrease (Increase) for Other Distributions to Owners	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14. Increase (Decrease) due to changes in the subsidiaries ownership interest not resulting in the loss of control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15. Increase (decrease) for transactions with Treasury Shares in Portfolio	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16. Increase (Decrease) for Transfer and other Equity Changes	-	-	-	-	-	405	-	-	-	-	-	-	-	-	-	405
Total Equity Increase (decrease)	-	-	-	-	-	72,543	3,806	-	-	-	-	-	-	-	3,806	76,349
Balance as of March 31st, 2021	1,818,128	-38,019	-	-	363,626	2,762,767	-26,746	-	-	-	-	-	-	-2,777	-29,523	4,876,979

Union Andina de Cementos S.A.A.

UN-AUDITED Separate Interim Financial Statements

As of March 31, 2021 and December 31, 2020

1. Identification and Economic Activity

Union Andina de Cementos S.A.A. (hereinafter "the Company") was incorporated in December 1967.

As of December 31, 2020 and 2019, the Company is a subsidiary of Inversiones JRPR S.A. (hereinafter "Principal" and ultimate parent of the economic group), who owns 42.22 and 42.18 percent, respectively, of direct and indirect participation of its capital stock. Inversiones JRPR S.A. has the control of directing the financial and operating policies of the Company.

The registered office of the Company is located at Av. Atocongo 2440, Villa Maria del Triunfo, Lima, Peru.

The Company's main activity is the production and sale, for local and foreign market, of all types of cement and clinker. For this purpose, the Company owns two plants located at Lima and Junin, whose capacity is 6.7 million tons of clinker and 8.3 million tons of cement.

The separate financial statements as of the first quarter, 2021 have been issued with Management authorization and on April 23, 2021 will be presented for the approval of the Boards of Directors. The Separate financial statements of 2020 were approved on March 16, 2021 by the Annual Shareholders Meeting within the terms established by law.

COVID 19-

One year after the beginning of the health crisis due to the COVID-19 pandemic, we continue in a very difficult situation, facing outbreaks, because of this, the Peruvian government established the extension of the national state of emergency until April 30 and state of health emergency until September 2, 2021, in addition through Supreme Decree No. 080-2020-PCM of March 27, 2021 has provided a series of measures focused to face this "second wave" of pandemic by COVID-19 Among them: the level of alerts and measures (extreme, very high, high and moderate) was established by provinces and departments of the country, compulsory social immobilization, entry restrictions to the national territory and, reduction of capacity of stores and shopping centers.

In addition, the government continues to safeguard the payment chain of the companies, by which it ordered the reprogramming of the credits guaranteed with the Reactiva Peru Program and the Business Support Fund for the MYPE (FAE MYPE), which will allow to have a greater term to recover their income-generating capacity and to be able to comply with the payment of the agreed debts.

Likewise, the Company continues to strengthen measures to preserve the health of its employees and to prevent contagion in its administrative and operational areas, such as remote work, rigorous cleaning of work environments, distribution of personal protective equipment, case tests suspects and body temperature measurement.

Despite this situation, the Company's Board of Directors has been executing its business plan in accordance with the provisions and adjusting the necessary measures in accordance with the evolution of the health crisis in our country, with the aim of protecting liquidity and working capital, which will allow the Company to meet its obligations to workers, suppliers and customers throughout the entire value chain.

Notes to the separate financial statements (continued)

2. Summary of significant accounting policies

The accounting policies adopted in the preparation of the separate interim financial statements are consistent with those applied on December 31, 2020, except when otherwise indicated.

2.1 Basis of preparation -

The Company Separate Interim Financial Statements have been prepared according with the IAS 34 Interim financial information issued by the International Accounting Standards Board (IASB).

The separate interim financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. The separate financial statements are presented in Soles and all values are rounded to the nearest thousand (S/000), except when otherwise indicated.

The interim financial statements provide comparative information for earlier periods, however, does not include all information and disclosures required in the annual financial statements and should therefore be read in conjunction with the audited report as of and for the year ended on December 31, 2020.

3. Cash and cash equivalents

(a) This item is made up as follows:

	As of March 31, 2021 S/(000)	As of December 31, 2020 S/(000)
Petty cash	925	878
Current accounts (b)	327,204	34,093
Term deposits (c)	10,500	255,281
	<hr/>	<hr/>
	338,629	290,252
	<hr/>	<hr/>

(b) Current accounts are maintained in local and foreign currency, kept in domestic and foreign banks and are freely available. These deposits earn interest at market rates.

(c) Corresponds to time deposits in domestic banks denominated in local and foreign currency, earn interest at market rates and have original maturities shorter than 3 months.

Notes to the separate financial statements (continued)

4. Trade and other receivable, net

(a) This item is made up as follows:

	Current		Non-current	
	As of March 31, 2021 S/(000)	As of December 31, 2020 S/(000)	As of March 31, 2021 S/(000)	As of December 31, 2020 S/(000)
Commercial:				
Trade accounts receivable (b)	75,593	83,946	-	-
Related:				
Accounts receivable from related parties	261,663	183,881	84,480	83,929
Various:				
Claims to Tax authority	6,154	6,749	74,641	35,072
Claims to third parties	4,555	5,089	-	-
Advances to suppliers	11,453	9,597	4,167	4,584
Public Works Tax Deduction	1,686	1,680	-	-
Loans to employees	4,719	4,036	6,429	6,430
Loan to a third party (c)	-	83,678	-	-
Other accounts receivable	3,691	4,075	-	-
	<u>32,258</u>	<u>114,904</u>	<u>85,237</u>	<u>46,086</u>
	369,514	382,731	169,717	130,015
Less - Expected credit loss	<u>(6,814)</u>	<u>(6,775)</u>	<u>(2,750)</u>	<u>-</u>
	<u>362,700</u>	<u>375,956</u>	<u>166,967</u>	<u>130,015</u>

(b) Trade accounts receivable are mainly denominated in soles, have current maturity, do not bear interest and do not have significant specific guarantees.

According with the Company Management and its legal advisors, there are sufficient legal arguments to estimate that it is probable to recover such claims in the short and long term.

(c) On December 11, 2020, the Company subscribed, with the Spanish companies Cementos La Unión S.A. and Áridos Jativa Sociedad Limitada and with the Chilean company Inversiones Mel 20 Limitada, a contract for the acquisition of 100 percent of the shares of Cementos La Unión S.A. (CLU Chile) and 100 percent of the social rights of Inversiones Mel 20 Limitada (MEL20). On February 23, 2021, the purchase operation was approved by resolution of Role FNE F-257-2020 by the Chilean National Economic Prosecutor's Office (FNE).

On December 9, 2020, the Company provided a loan for the amount of US \$ 23,128,000 (equivalent to approximately S/ 83,678,000) in order to pay off the balance of the loan maintained with Banco Santander in favor of Cementos La Unión S.A. (CLU Chile). The loan granted by the Company has specific guarantees in its favor and will be paid in a single installment within a period of six months, applying an effective annual interest rate equivalent to 2.42 percent. As of March 31, 2021, the reclassification was made to accounts receivable from related parties.

Notes to the separate financial statements (continued)

As of March 31, 2021 and December 31, 2020, the Company performed the evaluation of credit risk exposure in trade accounts receivable, see note 21.2.

5. Inventories, net

(a) This item is made up as follows:

	As of March 31, 2021	As of December 31, 2020
	S/(000)	S/(000)
Finished goods	19,615	16,731
Work in progress	123,058	112,620
Raw and auxiliary materials	130,633	114,341
Packages and packing	21,428	17,770
Spare parts and supplies	172,692	160,223
Stock to receive	-	8,631
	<u>467,426</u>	<u>430,316</u>
Allowance for impairment of inventories (b)	<u>(44,679)</u>	<u>(42,347)</u>
	<u>422,747</u>	<u>387,969</u>

(b) In opinion of Company's Management the allowance for obsolescence of inventories covers appropriately its obsolescence risk as of March 31, 2021 and December 31, 2020.

Notes to the separate financial statements (continued)

6. Investments in subsidiaries and other

(a) This item is made up as follows:

	Economic activity	Country	Percentage of Share		Carrying value	
			As of March 31,	As of December 31,	As of March 31,	As of December 31,
			2021 %	2020 %	2021 S/(000)	2020 S/(000)
Investments in subsidiaries -						
Inversiones Imbabura S.A.	Holding	Peru	99.99	99.99	1,516,724	1,516,724
Skanon Investments Inc.	Manufacture and sale of cement Concrete	Unites States	86.55	86.55	1,219,607	1,219,607
Compañía Eléctrica El Platanal S.A.	Electrical energy and power	Peru	90.00	90.00	567,829	567,829
Inversiones en Concreto y Afines S.A.	Holding	Peru	93.38	93.38	67,036	67,036
Transportes Lurín S.A.	Investments in securities	Peru	99.99	99.99	64,250	64,250
Staten Island Co. LLC	Holding	Unites States	100.00	100.00	52,637	52,637
ARPL tecnología Industrial S.A.	Advisory services and technological assistance	Peru	100.00	100.00	32,071	32,071
Prefabricados Andinos S.A.	Production and sale of Precast	Chile	51.00	51.00	20,021	20,021
Prefabricados Andinos Perú S.A.C.	Production and sale of Precast	Peru	50.02	50.02	17,537	17,537
Minera Adelaida S.A.	Holding	Peru	99.99	99.99	3,411	3,210
Vigilancia Andina S.A.A.	Surveillance services	Peru	55.50	55.50	2,308	2,308
Invers Nacionales y Multinacionales Andinas S.A.	Real estate business	Peru	90.90	90.90	1,165	1,165
Depósito Aduanero Conchán S.A.	Warehouse services	Peru	99.99	99.99	3,913	3,383
Generación Eléctrica de Atocongo S.A.	Thermal plant operation services	Peru	99.85	99.85	125	125
Other:						
Ferrocarril Central Andino S.A.	Transport services	Peru	16.49	16.49	3,273	7,567
Ferrocarril Central Andino S.A.	Transport services	Peru	15.00	15.00	2,762	2,762
Compañía Inversiones Santa Cruz S.A.	Real estate business	Peru	8.85	8.85	180	180
Others			99.99	99.99	267	234
					3,575,116	3,578,646
Estimate for devaluation of investments					(28,725)	(28,725)
					3,546,391	3,549,921

Notes to the separate financial statements (continued)

7. Mining concessions and property, plant and equipment, net

(a) This item is made up as follows:

	As of March 31, 2021 S/(000)	As of December 31, 2020 S/(000)
Cost -		
Opening Balance	5,784,523	5,667,302
Additions (b) and (c)	27,085	126,918
Reclassification of spare parts	(17,181)	49,969
Withdrawals and sells (d)	-	(58,121)
Others	(6,587)	(1,545)
Ending Balance	<u>5,787,840</u>	<u>5,784,523</u>
Accumulated depreciation -		
Opening Balance	1,908,251	1,688,111
Period depreciation (e)	55,241	220,342
Withdrawals, sales and others	-	(202)
Ending Balance	<u>1,963,492</u>	<u>1,908,251</u>
Net book value -	<u><u>3,824,348</u></u>	<u><u>3,876,272</u></u>

- (b) The main additions during the year 2021 correspond to disbursements made for the projects of the dedusting system of kiln cooler 2, installation of valve rack, migration of the control system of kiln 2, firefighting system in electrical substations, maintenance major of kiln 2, change of reducer due to the presence of metallic particles, change of sleeves and refractories of kiln 2 and roofing of the clinker field, corresponding to the Condorcocha plant; as well as disbursements made for the projects of structural reinforcement and internal modification of chamber No. 1 of the multisilo and the repair of clinker tower 1, corresponding to the Atocongo plant; for a total of approximately S/ 14,250,000.
- (c) The main additions during 2020 of the Company correspond to disbursements made for the projects of the dedusting system of kiln 2 cooler including the bag filter, migration of the control system of kiln 2, firefighting system in electrical substations, modernization in Carpapata 1 Hydroelectric Power Plant and 2, major maintenance of kiln 2 and roofing of the clinker field, corresponding to the Condorcocha plant; as well as disbursements made for the project of structural reinforcement and internal modification of chamber 1 and 3 of the multisilo, change of variators in the oil press substation 3 and clinker 1, water installations against fire, fire protection system in electrical substations, system of ecological limestone conveyor belts from Manchay to Atocongo, major maintenance of kiln 1, change of gearboxes in clinker roller press 4, change of control panels of line 2 including migration to Siemens industrial control system and repair of clinker tower 1, corresponding to the Atocongo plant for a total of approximately S/ 69,644,000.
- (d) As of December 31, 2020, it mainly includes the disposals of assets for approximately S/ 57,537,000 related to the suspension of the Atocongo thermal plant projects and the integral plan of the Cristina mining concession as a consequence of the pandemic COVID -19.

Notes to the separate financial statements (continued)

- (e) The depreciation was distributed as follows:

	As of March 31, 2021	As of March 31, 2020
	S/(000)	S/(000)
Cost of sales, note 14	51,135	50,950
Administrative expenses, note 15	1,715	1,661
Other expenses	1,977	219
Inventories in process	414	368
	<u>55,241</u>	<u>53,198</u>

8. Intangible assets, net

- (a) As of March 31, 2021 and 2020 Company recognized an expense that amounts to S/1,031,000 and S/. 664,000, respectively.

9. Trade and other payables

- (a) This item is made up as follows:

	As of March 31, 2021	As of December 31, 2020
	S/(000)	S/(000)
Trade payable (b)	126,586	153,758
Related Accounts receivable, note 18(b)	39,890	43,657
Interest payable, note 10 (b) and 10.2 (c)	19,904	18,260
Salaries, bonuses and vacation payable	20,154	17,001
Income tax payable, note 20.2 (e)	10,934	641
General sales tax	7,753	1,485
Dividends payable	5,925	4,877
Contributions and labor contributions payable	3,209	3,560
Contingencies payable	2,651	2,651
Interest on financial instruments payable	2,040	2,198
Board remuneration payable	1,337	526
Other accounts payable	6,275	6,461
	<u>246,658</u>	<u>255,075</u>

- (b) Trade account payables are mainly originated by mining services and procurement of supplies and additives for the production of the Company, as well they are denominated in domestic and foreign currency, have current maturities, do not yield interest and have no specific guarantees.

Notes to the separate financial statements (continued)

10. Other financial liabilities

(a) This item is made up as follows:

	As of March 31, 2021			As of December 31, 2020		
	Portion Current	Portion Non- Current	Total	Portion Current	Portion Non- Current	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Bank overdrafts	132,677	-	132,677	-	-	-
Bank loans (b)	-	-	-	367,440	-	367,440
Interest on bonds and long-term debt, Note 10.1(a)	321,383	2,722,278	3,043,661	426,086	2,377,416	2,803,502
	<u>454,060</u>	<u>2,722,278</u>	<u>3,176,338</u>	<u>793,526</u>	<u>2,377,416</u>	<u>3,170,942</u>

(b) The bank promissory note as of December 31, 2020 corresponds mainly to financing for working capital, has no specific guarantees and is renewed depending on the working capital needs of the Company.

As of March 31 and December 31, 2020, the balance per bank consists of:

	As of March 31, 2021 S/(000)	As of December 31, 2020 S/(000)
Creditor -		
BBVA Banco Continental S.A.	-	217,440
Banco de Crédito del Perú S.A..	-	100,000
Scotiabank Perú S.A..	-	50,000
	<u>-</u>	<u>367,440</u>

As of December 31, 2020, interest payable on bank promissory notes amounted to approximately S/ 2,926,000, respectively, and are recorded in the caption "Trade and other payable" of the separate statement of financial position, see note 9 (a). As of March 31, 2021 and 2020, the interest expenses amounted to approximately S/632,000 and S/916,000, respectively, and are included in the caption "Financial expenses" of the separate statement of income.

Notes to the separate financial statements (continued)

10.1 Bank bonds and loans

(a) The table below presents the components of the long-term bonds and debt to banks, which do not have associated guarantees:

	As of March 31, 2021 S/(000)	As of December 31, 2020 S/(000)
Bonds -	60,000	60,000
Bank loans -	2,983,661	2,743,502
Total	3,043,661	2,803,502
Less - Current portion	321,383	426,086
Non- Current Portion	2,722,278	2,377,416

(b) As of March 31, 2021 and December 31, 2020, the balance of the corporate bonds is detailed below:

	Annual interest rate %	Maturity rate	As of March 31, 2021 S/(000)	As of December 31, 2020 S/(000)
Bonds -				
Second issuance of the second program	5.16	March 2023	60,000	60,000
Total			60,000	60,000

On April 7, 2010, the General Shareholders' Meeting approved the "Second Program of Issuance of Debt Instruments up to a maximum outstanding amount of US\$150,000,000 or its equivalent in Soles". As of March 31, 2021 and December 31, 2020, the Company still pays the amount of the second issuance for S/ 60,000,000

Notes to the separate financial statements (continued)

10.2 Bank bonds and loans

(a) The table below presents the components of the long-term bonds and debt to banks, which do not have associated guarantees:

	Maturity rate	Guarantee	As of March 31, 2021 S/(000)	As of December 31, 2020 S/(000)
Bonds -				
Second issuance of the second program	March 2023	No guarantees	60,000	60,000
			<u>60,000</u>	<u>60,000</u>
Bank loans (b) -				
Banco Internacional del Perú S.A.A.	Between March 2022 and March 2027	No guarantees	488,385	498,385
Banco de Crédito del Perú S.A..	March 2022, November 2025 and October 2026	No guarantees	845,356	866,260
BBVA Banco Continental S.A.	January 2027	No guarantees	533,357	323,357
Scotiabank Perú S.A..	October 2024, March 2025 and January 2027	No guarantees	671,547	621,547
Citibank	October 2025	No guarantees	187,900	181,200
Bank of Nova Scotia	September 2025,	No guarantees	101,466	103,284
Santander S.A.	November, 2023	No guarantees	169,110	163,080
			<u>2,997,121</u>	<u>2,757,113</u>
Amortized cost			(13,460)	(13,611)
			<u>2,983,661</u>	<u>2,743,502</u>
Total			<u>3,043,661</u>	<u>2,803,502</u>
Less - Current portion			<u>321,383</u>	<u>426,086</u>
Non- Current Portion			<u>2,722,278</u>	<u>2,377,416</u>

Notes to the separate financial statements (continued)

- (b) The applicable financial safeguards to the local financial liabilities are of quarterly follow-up and it must be calculated on the bases of the separate financial information and the calculation methodologies by each financial entity.

As of March 31, 2021 December 31, 2020, the main financial safeguards that the Company maintains with each financial entity fluctuate between the following rates and indexes:

- To maintain an index debt minor or equal to 1.5 times.
- To maintain a debt service coverage ratio greater or equal to 1.2 times.
- To maintain an interest coverage ratio major o equal to 3.0 times.
- To maintain an index of hedge of debt of financial debt/EBITDA minor to 6.5 times.

Additionally, the following financial safeguard has been established, which is calculated based on the consolidated quarterly financial information of the Company:

- To maintain an index debt minor or equal to 1.5 times.
- To maintain a debt coverage ratio or financial debt / EBITDA less than or equal to 4.75 times for 2021, 4.00 times for 2022 and 3.75 times from 2023 onwards.
- To maintain a debt service coverage ratio greater than 1.10 times for the year 2021 and 1.20 times from 2022 onwards

As of December 31, 2020, the Company did not comply with the debt coverage ratio; however, the Company obtained the waivers duly approved and granted by the creditor banks, so that the breach of the financial covenant does not constitute "Default" or "Event of default", (as established in the respective loan contracts). The compliance for new levels in the following years were defined in the first quarter of 2021. In Management's opinion, the Company has complied with the financial covenants as of March 31, 2021.

- (c) As of March 31, 2021 and December 31, 2020, interests' payable related to bonds and long and medium-term debt are amounted to approximately S/19,904,000 and S/15,334,000, respectively and are recorded in the caption "Trade and other payable", of the separate statement of financial position, note 9(a).

Interest generated by bonds and debt with medium and long-term banking entities maintained for the years ended on March 31, 2021 and 2020, amounted to approximately S/ 30,693,000 and S/ 34,834,000, respectively.

- (d) As of March 31, 2021, and December 31, 2020, the Company maintains bank loans in soles with effective annual interest rates in soles that fluctuate between 2.10 to 5.80 percent. The Bank loans in dollars are at a variable rate plus a margin (3-month Libor rate plus a margin that fluctuates between 1.75 and 2.60 percent) and at a fixed rate of 3.40 percent.
- (e) The Company acquired a long-term loan during the month of May 2020 for S/ 10,000,000, through the Reactiva Peru program created by Legislative Decree No. 1457 in order to respond quickly and effectively to liquidity needs in the face of the impact of COVID-19. Said loan had an interest rate of 0.79 percent per annum and was canceled on February 24, 2021.

Notes to the separate financial statements (continued)

11. Deferred income tax liability, net

(a) The following table presents the composition of the caption, in accordance to the difference:

	As of March 31, 2021	As of December 31, 2020
	S/(000)	S/(000)
Deferred liability -		
Opening Balance	457,696	503,754
Separated income statement impact	(6,335)	(46,058)
Ending Balance	<u>451,361</u>	<u>457,696</u>
Deferred asset -		
Opening Balance	(37,876)	(28,134)
Separated income statement impact	(367)	(3,173)
Charges to comprehensive income	1,592	(6,569)
Ending Balance	<u>(36,651)</u>	<u>(37,876)</u>
Total net liability for deferred income tax	<u>414,710</u>	<u>419,820</u>

(b) The current and deferred income tax expense are comprised as follows:

	As of March 31, 2021	As of March 31, 2020
	S/(000)	S/(000)
Current	(36,735)	(21,478)
Deferred	6,702	6,715
Royalty Expenses	(79)	(78)
Total	<u>(30,112)</u>	<u>(14,841)</u>

12. Net Equity

(a) Capital issued-

As of March 31, 2021 and December 31, 2020 capital stock is represented by 1,818,127,611 common shares totally subscribed and paid at a nominal value of S/1 per share. The common shares representing the Company's capital stock are traded on the Lima Stock Exchange.

Notes to the separate financial statements (continued)

The shareholding composition of the Company is as follows:

Shareholders	As of March 31, 2021	
	Number of shares	Percent of participation %
Inversiones JRPR S.A.	456,669,897	25.12
Nuevas Inversiones S.A.	459,129,497	25.25
AFP's	427,822,795	23.53
Others	474,505,422	26.10
	<u>1,818,127,611</u>	<u>100.00</u>

As of March 31, 2021, the share price of each common share has been S/1.72 (S/1.55 as of December 31, 2020).

- (c) **Additional share-**
Corresponds to the variation between the capital increase carried out by the merger of the Company with Sindicato de Inversiones y Administración S.A., Inversiones Andino S.A. and Inmobiliaria Pronto S.A. and registered equity.
- (c) **Legal reserve-**
Under the terms of the General Corporation Law, it is required that at least 10 percent of the distributable profit for each year, less income tax, has to be transferred to a legal reserve until such reserve equals to 20 percent of the share capital. The legal reserve may offset any losses or may be capitalized, existing in both cases the obligation to replenish it. As of March 31, 2021, the legal reserve reached the top of 20 percent of the issued capital.
- (d) **Unrealized results-**
Corresponds to changes in the fair value of hedging financial instruments and the reserve on financial assets measured at fair value, both net of their tax effect.

Notes to the separate financial statements (continued)

e) Dividend distributions –

The information on the dividends distributed as of March 31, 2021 and December 31, 2020 is as follows:

2021 dividends:

Directors Board session date	Dividends declared and paid S/(000)	Payment date	Dividends per common share S/.
February 24th, 2021	23,636	30.03. 2021	0.013
	<u>23,636</u>		

2020 dividends:

Directors Board session date	Dividends declared and paid S/(000)	Payment date	Dividends per common share S/.
January 1, 2019	23,636	04.03. 2020	0.013
	<u>23,636</u>		

As part of the measures to face the COVID-19 emergency, the Company in April 2020 decided to suspend the quarterly distribution of dividends to shareholders.

13. Net sales

(a) This item is made up as follows as of March 31 of:

	2021 S/(000)	2020 S/(000)
Cement Sales -	509,734	368,080
Exports of Clinker (b)	15,723	28,638
Sale of blocks, pavers and concrete pavement (c)	17,387	14,401
	<u>542,844</u>	<u>411,119</u>
Moment of revenue recognition		
Goods transferred at a point in time	542,844	411,119
	<u>542,844</u>	<u>411,119</u>

(b) The sale of clinker corresponds to the export of the raw material to customers located in South America.

(c) Corresponds mainly to sales made to UNICON and CONCREMAX, related companies, see note 18 (a).

Notes to the separate financial statements (continued)

14. Cost of sales

This item is made up as follows as of March 31:

	2021 S/(000)	2020 S/(000)
Beginning balance of finished goods and work in process, note 5(a)	129,351	290,583
Cost of production:		
Fuel	85,672	61,775
Depreciation, note 7(e)	51,135	50,950
Personnel expenses	38,384	32,912
Consumption of raw material	31,938	23,210
Kiln, machinery and equipment maintenance	22,199	20,386
Electrical Energy	26,590	19,993
Transport of raw material	18,910	15,499
Packaging	21,003	15,917
Stripping costs (clearing)	1,853	1,839
Depreciation of deferred asset for stripping	1,730	1,186
Other manufacturing expenses	47,307	59,005
Ending balance of finished goods and work in process, note 5(a)	(142,673)	(318,448)
	<u>333,399</u>	<u>274,807</u>
Provision for inventory obsolescence- note 5(b)	2,332	-
	<u>335,731</u>	<u>274,807</u>

15. Administrative expenses

This item is made up as follows as of March 31:

	2021 S/(000)	2020 S/(000)
Personnel expenses	18,212	14,771
Services rendered by third parties	5,530	5,899
Donations	5,649	2,261
Taxes	4,886	1,590
Depreciation, note 7(e)	1,715	1,661
Others	1,772	2,400
	<u>37,764</u>	<u>28,582</u>

Notes to the separate financial statements (continued)

16. Other income and other expenses

As of March 31, 2021, dividends were declared from the subsidiaries Ferrocarril Central Andino S.A. for approximately S/ 8,741,000 and Inversiones Imbabura S.A. for approximately US\$ 4,790,000 (equivalent to S/ 17,272,000) see note 18 (a). As of March 31, 2020, no dividends were declared from said subsidiaries.

17. Financial expenses

Corresponds mainly to the interest generated by the debt with banks in the medium and long term. As of March 31, 2021 and 2020, they amount to approximately S/ 31,325,000 and S/ 35,750,000, respectively, see note 10 (b) and 10.2 (c).

18. Related parties' transactions

(a) The main transactions with related entities as of March 31 were as follows:

	2021 S/(000)	2020 S/(000)
Income:		
Cement sales -		
La Viga S.A.	120,162	92,815
Unión de Concreteras S.A.	35,191	29,844
Concremax S.A.	10,730	10,027
Prefabricados Andinos Perú S.A.C.	54	43
Asociación UNACEM	21	67
Dividends income, note 16 -		
Inversiones Imbabura S.A.	17,272	-
Ferrocarril central Andino S.A.	8,741	-
Income from sale of blocks, pavers, pavements and concrete -		
Unión de Concreteras S.A.	16,719	14,099
Concremax S.A.	133	33
Licenses - Intellectual property and trademarks - Abroad		
UNACEM Ecuador S.A.	5,331	3,846
Administrative, technology and management support -		
UNACEM Ecuador S.A.	-	2,749
Prefabricados Andinos Perú S.A.C.	136	131
Drake Cement LLC.	167	81
Generación Eléctrica Atocongo S.A.	41	41
Depósito Aduanero Conchán S.A.	2	65
Compañía Eléctrica El Platanal S.A.	463	334
Vigilancia Andina S.A.A.	33	30
Others	16	4

Notes to the separate financial statements (continued)

Income from royalties -		
Compañía Eléctrica El Platanal S.A.	1,798	1,538
Leases of plant, equipment and facility -		
Unión de Concreteras S.A.	316	302
Cia. Eléctrica El Platanal S.A.	141	132
ARPL tecnología Industrial S.A.	79	84
Depósito Aduanero Conchán S.A.	72	76
Prefabricados Andinos Perú S.A.C.	47	47
La Viga S.A.	46	45
Others	28	33
Income from Cement sales -		
Unicon Chile S.A.	10,666	4,421
Cementos Portland S.A.	5,057	-
Drake Cement LLC.	152	-
Other income -		
Unión de Concreteras S.A.	82	-
Cementos Portland S.A.	10	-
La Viga S.A.	9	-
Vigilancia Andina S.A.A.	7	15
Others	12	50
Purchases and costs:		
Purchases of electric energy -		
Compañía Eléctrica El Platanal S.A.	24,711	17,453
Maquila Service -		
Unión de Concreteras S.A.	7,790	7,285
Concremax S.A.	80	21
Commissions and freight costs of cement sales -		
La Viga S.A.	7,086	5,507
Concremax S.A.	-	194
Surveillance services		
Vigilancia Andina S.A.A.	6,018	5,945
Technical assistance and engineering services -		
ARPL tecnología Industrial S.A.	4,339	4,437

Notes to the separate financial statements (continued)

Purchases of additional material-		
Unión de Concreteras S.A.	1,388	1,051
Engineering services and project management-		
ARPL tecnología Industrial S.A.	552	365
Warehouse management services-		
Depósito Aduanero Conchán S.A.	558	351
Expense reimbursements -		
Unión de Concreteras S.A.	1,210	802
ARPL tecnología Industrial S.A.	135	-
Others -		
Generación Eléctrica Atocongo S.A.	722	722
Depósito Aduanero Conchán S.A.	240	180
Prefabricados Andinos Perú S.A.C.	69	17
Unión de Concreteras S.A.	87	80
Drake Cement LLC.	36	34
Inv. Nacionales y Multinacionales Andinas S.A.	30	20
Master Builders Solutions Peru S.A.	-	30
Cia. Inversiones Santa Cruz S.A.	5	3

Notes to the separate financial statements (continued)

- (b) As a result of these and other minor transactions, as of March 31, 2021 and December 31, 2020, the Company had the following balances with its related entities:

	As of March 31, 2021	As of December 31, 2020
	S/(000)	S/(000)
Accounts receivable		
Unión de Concreteras S.A.	57,372	56,247
La Viga S.A.	29,802	29,428
Unicon Chile S.A.	14,656	8,936
Concremax S.A.	11,459	9,254
Compañía Eléctrica El Platanal S.A.	7,414	5,172
UNACEM Ecuador S.A.	3,989	4,245
Cementos Portland S.A.	3,730	-
Prefabricados Andinos Perú S.A.C.	2,111	1,509
Drake Cement LLC.	1,740	1,430
Others	505	793
	<u>132,778</u>	<u>117,014</u>
Dividends receivable		
Inversiones Imbabura S.A.	35,371	60,176
Compañía Eléctrica El Platanal S.A.	36,476	36,476
Inversiones en Concreto y Afines S.A.	27,909	27,909
ARPL tecnología Industrial S.A.	8,273	8,273
	<u>108,029</u>	<u>132,834</u>
Loans receivable		
Cementos Portland S.A.	86,824	-
Prefabricados Andinos Perú S.A.C.	18,321	17,771
Inversiones en Concreto y Afines S.A.	191	191
	<u>105,336</u>	<u>17,962</u>
Total accounts receivable, note 4 (a)	<u>346,143</u>	<u>267,810</u>
By term -		
Current Portion	261,663	183,881
Non- Current Portion	84,480	83,929
	<u>346,143</u>	<u>267,810</u>
Payable Accounts		
Compañía Eléctrica El Platanal S.A.	15,089	18,115
Unión de Concreteras S.A.	11,938	9,124
ARPL tecnología Industrial S.A.	6,246	8,122
La Viga S.A.	2,651	3,849
Vigilancia Andina S.A.A.	2,005	1,984
Transporte Lurin S.A.	623	623

Notes to the separate financial statements (continued)

	As of March 31, 2021	As of December 31, 2020
	S/(000)	S/(000)
Depósito Aduanero Conchán S.A.	498	142
Drake Cement LLC.	319	272
Generación Eléctrica Atocongo S.A.	250	533
Concremax S.A.	83	595
Prefabricados Andinos Perú S.A.C.	76	158
Others	112	140
	<hr/>	<hr/>
Total accounts payable, note 9 (a)	39,890	43,657

The Company conducts its operations with related entities under the same conditions as those made with third parties, therefore there is no difference in pricing policies or the settlement of tax base, in relation to the payment, and they do not differ with the policies issued to third parties.

- (c) The total remuneration received by the directors and key officers of the Management as of March 31, 2021 amounted to approximately S/ 5,108,000 (as of March 31, 2020 of approximately S/ 5,296,000), which include short-term benefits and compensation for service time.

19. Earnings per share

Basic earnings per share amounts are calculated by dividing net income for the year by the weighted average number of common shares outstanding during the year.

Calculation of the weighted average number of shares and the basic and diluted earnings per share is presented below:

	As of March 31, 2021	As of March 31, 2020
	S/(000)	S/(000)
Numerator		
Net income attributable to common shares	95,774	32,410
	<hr/>	<hr/>
	In thousands	In thousands
Denominator		
Weighted average number of common shares	1,818,128	1,818,128
	<hr/>	<hr/>
Basic and diluted earnings per share (stated in thousands of Soles)	0.053	0.018
	<hr/>	<hr/>

Notes to the separate financial statements (continued)

20. Commitments and contingencies

20.1 Financial commitments -

As of March 31, 2021, the Company has the following main financial commitments:

- Letter of guarantee in favor of the Ministry of Energy and Mines (MEM), issued by the Banco de Credito del Peru, for a total of approximately US\$ 1,905,000, equivalent to S/. 7,159,000 due in January 2022, in order to guarantee compliance with the Mine Closure Plan for its mining concessions (US\$ 1,678,000 equivalents to S/ 6,071,000 maturing in January 2021 to December 31, 2020).
- Letter of guarantee in favor of the Ministry of Production, issued by the Banco de Credito del Peru, for an approximate total of US \$ 4,456,000 equivalents to S/ 2,172,000 maturing in December 2021 and S/ 14,574,000 maturing in January 2022, in order to ensure compliance with the Mine Closure Plan of its mining concessions (US \$ 4,123,000 equivalents to S/ 14,917,000, expiring in January 2021 to December 31, 2020).
- Guarantee letters in favor of third parties for a total of S/ 1,141,000 maturing during 2021 S / 458,000 and maturing during 2022 S/ 682,000.

20.2 Tax situation-

- (a) The Company is subject to the Peruvian tax system. The applicable income tax rate on taxable income is 29.5 percent.

Legal entities not domiciled in Peru and natural persons are subject to withholding an additional tax on dividends received or any other form of profits distribution. In this regard, in accordance with Legislative Decree No. 1261, the withholding of the additional tax on dividends received will be 5 percent for the profits generated as of 2017, the distribution of which will be made as of said date.

- (b) For purposes of determining the Income Tax, the transfer prices for transactions with related entities and entities domiciled in territories with little or no taxation must be supported by documentation and information on the valuation methods used and the criteria considered for their determination.

Based on an analysis of the Company's operations, management and its legal advisors believe that the application of this rule would not result in material contingencies for the Company as of March 31, 2021 and December 31, 2020.

- (c) The Tax Authority has the power to review and, if applicable, correct the Income Tax calculated by the Company in the four years after the year in which the tax return was filed, also during the limitation period, the initiation of a review by the Tax Authority or the presentation of a rectifying declaration interrupts the prescriptive period, starting a new period of four years. The sworn statements of the Income Tax for the years 2013, 2016 to 2020, as well as the monthly sworn statements of the General Sales Tax for the periods December 2016 to March 2021 are open to inspection by the Tax Authority.

Notes to the separate financial statements (continued)

- (d) Due to the interpretations likely to be given by the Tax Authority on current legal regulations, it is not possible to determine, as of this date, whether the reviews to be conducted will result or not in liabilities for the Company, therefore, any increased tax or surcharge that could arise from possible tax reviews will be applied to the results of the year in which it is determined. In the Management's and its legal advisors' opinion, any additional tax settlement would not be significant for the separate financial statements as of March 31, 2021 and December 31, 2020.
- (e) As of March 31, 2021, the Company recorded an income tax provision for S/ 35,177,000 and made payments on account for S/ 24,243,000 (S / 58,320,000 and S / 57,679,000 as of December 31, 2020). As of March 31, 2021 and December 31, 2020, the net balance payable for S/ 10,934,000 and S/ 641,000 respectively, are presented in the caption "Trade and other accounts payable" of the separate statement of financial position.

20.3 Contingencies -

In the normal course of business, the Company has received several complaints of such tax, legal (labor and management) and regulatory, which are recorded and disclosed in accordance with International Financial Reporting.

(a) Tax processes:

As a result of the audits carried out in previous years, the Company has been notified by the Superintendence of Tax Administration (SUNAT) with various resolutions for alleged omissions to income tax and other taxes. In some cases, the Company has filed appeals with superior instances for not finding that said resolutions are in accordance with the law and in others it proceeded to pay the assessments received under protest. These tax processes are related to:

- Income tax for the years 2000 and 2001
- Income tax for the years 2004 and 2005
- Penalty Income tax for the year 2013
- Interest penalties for payments on account for the year 2014 -
- Contribution to the mining, metallurgical and iron and steel retirement compensation fund for the year 2013
- Contribution to the mining, metallurgical and iron and steel retirement compensation fund for the year 2015
- Mining Royalties, Ex Cementos Lima, years 2008 and 2009
- Mining Royalties, Ex Cemento Andino, Year and 2008

As of March 31, 2021 December 31, 2020, the Company maintains receivables related to certain tax processes, see note 4 (d), because, in the opinion of the Company's Management and its legal advisors, there are arguments to obtain a favorable result to the interests of the Company.

20.4 Mining royalties -

This information has not changed as described in the note to the separate annual financial statements as of December 31, 2020.

Notes to the separate financial statements (continued)

20.5 Environmental commitments -

The activities of the Company are subject to environmental protection standards. This information has not changed as described in the note to the separate annual financial statements as of December 31, 2020.

21. Financial risk management, objectives and policies

The Company's principal financial liabilities comprise – aside derivative instruments – bank loans, trade and others payables, and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company has cash and trade and others receivables that arise directly from its operations. The Company also holds derivative financial instruments.

The Company is exposed to market risk, credit risk and liquidity risk.

The Company's Senior Management oversees the management of these risks. The Company's Senior Management is supported by the Financial Management that advises on financial risks and the appropriate financial risk governance framework for the Company. The Financial Management provides assurance to the Company's senior executives that the Company's financial risk-taking activities are regulated by appropriate corporate policies and procedures and that financial risks are identified, measured and managed in accordance with these corporate policies, and the Company's preferences when taking risks. All activities comprising risk management related derivative instruments are handled by a team of experts with suitable capabilities, experience and oversight.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:

21.1 Market risk –

The sensitivity analyses shown in the following sections relate to the position as of March 31, 2021 and December 31, 2020.

The sensitivity analyses have been prepared on the basis that the amount of net debts, the ratio of fixed to floating interest rate of the debt and the proportion of financial instruments in foreign currencies are all constant as of March 31, 2021 and December 31, 2020.

Notes to the separate financial statements (continued)

(i) Interest rate risk -

(a) Derivative Financial instruments from hedge -

As of March 31, 2021 and December 31, 2020, the Company has three contracts interest rate swap designated as cash flow hedges and are recorded at their fair value. The details of these operations are as follows:

Counterparty	Reference value	Maturity rate	Receive variable to:	Payments set to:	Fair value	
					As of March 31, 2021	As of December 31, 2020
	US\$(000)				S/(000)	S/(000)
Liabilities -						
Citibank N.A.	50,000	October 2025	Libor to 3 months + 1.75%	5.70%	18,746	21,488
Bank of Nova Scotia	30,000	September 2025,	Libor to 3 months + 2.60%	5.66%	6,095	7,272
Santander S.A.	45,000	November, 2023	Libor to 3 months + 1.85%	5.03%	13,096	14,575
					37,937	43,335

The effective portion of changes in the fair value of financial instruments that qualify as hedges is recognized as assets or liabilities and with impact on equity. As of March 31, 2021 and December 31, 2020, the Company has recognized under "Unrealized net profit (loss) of the separate statement of comprehensive income amounts to approximately S/ 3,806,000 and S/ 10,244,000, respectively, which are presented net of the effect in the income tax, respectively.

As of March 31, 2021, the Company recognized an expense on these derivative financial instruments amounting to approximately S/3,564,000 (S/1,698,000 as of March 31, 2020), whose amounts were actually paid during the year and are presented as "Finance costs" in the separate statement of income.

Sensitivity to interest rate -

The following table shows the sensitivity to a reasonably possible change in interest rates on the portion of the loans, after the impact of hedge accounting. With all other variables remaining constant, the income before income tax would be affected by the impact on variable rate loans, as follows:

Increase / decrease in basis points	Effect on profit before tax	
	As of March 31, 2021	As of December 31, 2020
%	S/(000)	S/(000)
-10	(214)	(103)
+10	214	103

The movement course in the basics related to the analysis of sensitivity to interest rate is based on the current market environment.

Notes to the separate financial statements (continued)

(ii) Foreign currency risk–

The result of maintaining balances in foreign currency for the Company as of March 31, 2021 and 2020 were a net loss of approximately S/ 17,840,000 (a loss of approximately S/ 95,528,000 and a gain of approximately S/ 77,688,000), and a net loss of approximately S/ 18,957,000 (loss of approximately S / 26,415,000 and gain of approximately S/ 7,458,000), respectively, which are presented in the caption “Exchange difference, net” in the separate statement of income.

As of March 31, 2021 and December 31, 2020, the Company had the following assets and liabilities in U.S. Dollars:

	As of March 31, 2021	As of December 31, 2020
	US\$(000)	US\$(000)
Asset		
Cash and cash equivalents	-	5,592
Trade and other receivable, net	46,789	56,142
	<u>46,789</u>	<u>61,734</u>
Liabilities		
Trade and other payables	(20,768)	(14,354)
Other financial liabilities	(177,044)	(203,500)
Derivative financial instruments of exchange rate	(10,095)	(11,958)
	<u>(207,907)</u>	<u>(229,812)</u>
Net liability position	<u>(161,118)</u>	<u>(168,078)</u>

Foreign currency sensitivity -

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Company’s profit before income tax (due to changes in the fair value of monetary assets and liabilities, including derivative financial instruments in foreign currency not classified as hedge).

Change in US Dollars rate In American Dollars	Effect on profit before tax	
	As of March 31, 2021	As of December 31, 2020
%	S/(000)	S/(000)
+5	(30,283)	(30,475)
+10	(60,567)	(60,951)
-5	30,283	30,475
-10	60,567	60,951

Notes to the separate financial statements (continued)

21.2 Credit risk -

As of March 31, 2021, no significant impact on the Company's credit behavior has been identified as a consequence of the economic crisis generated by the Covid-19 pandemic. The Company's Management will continue to evaluate its exposure to credit risk, considering the impacts of said pandemic on the Peruvian economy and the actions that the Government may take.

21.3 Liquidity risk -

As of March 31, 2021, in Management's opinion, the Company has sufficient financial strength to meet its short-term obligations in case the Government extends the state of national emergency and the state of health emergency, considering that we have S/ 338,629,000 of cash and cash equivalents that are freely available and available overdraft lines of credit.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	As of March 31, 2021			
	Up to 12 month S/(000)	From 2 to 3 years S/(000)	From 4 to 8 years S/(000)	Total S/(000)
Trade and other payables	246,658	-	-	246,658
Other financial liabilities:				
Amortization of capital	454,060	1,749,581	972,697	3,176,338
Flow of interest payments	134,945	277,170	46,040	458,155
Total liabilities	835,663	2,026,751	1,018,737	3,881,151
	As of December 31, 2020			
	Up to 12 month S/(000)	From 2 to 3 years S/(000)	From 4 to 8 years S/(000)	Total S/(000)
Trade and other payables	255,075	-	-	255,075
Other financial liabilities:				
Amortization of capital	793,526	1,886,985	490,431	3,170,942
Flow of interest payments	140,178	228,382	18,455	387,015
Total liabilities	1,188,779	2,115,367	508,886	3,813,032

21.4 Capital management-

No changes were made in the objectives, policies or processes for managing capital during the years ended on March 31, 2021 and December 31, 2020.

Notes to the separate financial statements (continued)

22. Fair values

(a) Financial instruments measured at fair value and fair value hierarchy -

The following chart shows an analysis of the financial instruments that are recorded at fair value according to the level of the hierarchy of their fair value. The amounts are based on balances presented in the separate statement of financial position:

	Level 2 S/(000)	Total S/(000)
As of Wednesday, March 31, 2021		
Financial assets		
Dividends receivable	<u>108,029</u>	<u>108,029</u>
Total current assets	<u>108,029</u>	<u>108,029</u>
Financial liabilities		
Derivative financial instruments	<u>37,937</u>	<u>37,937</u>
Other financial liabilities	<u>37,937</u>	<u>37,937</u>
	Level 2 S/(000)	Total S/(000)
As of December 31, 2020		
Financial assets		
Dividends receivable	<u>132,834</u>	<u>132,834</u>
Total current assets	<u>132,834</u>	<u>132,834</u>
Financial liabilities		
Derivative financial instruments	<u>43,335</u>	<u>43,335</u>
Other financial liabilities	<u>43,335</u>	<u>43,335</u>

(b) Financial instruments not measured at fair value -

Other financial instruments are carried at amortized cost and their estimated fair value. The level of the fair value hierarchy is described as follows:

Notes to the separate financial statements (continued)

Level 1 –

- Cash and cash equivalents do not represent a credit risk or a significant interest rate; therefore, their carrying amounts are close to their fair value.
- Accounts receivable, as they are net of provision for loan losses and most have maturities of less than three months; Management deems their fair value is not materially different from its carrying value.
- Trade and others payables, due to its current maturity, Management deems that its accounting balances are close to its fair value.

Level 2 –

- Other financial liabilities have been determined by comparing the fair value market interest rates at the time of initial recognition with current market rates offered for similar financial instruments. The following is a comparison between the carrying value and the fair value of these financial instruments.

	As of March 31, 2021		As of December 31, 2020	
	Carrying value S/(000)	Fair value S/(000)	Carrying value S/(000)	Fair value S/(000)
Bank notes	-	-	367,440	362,295
Other financial liabilities (*)	3,043,661	2,702,576	2,803,502	2,644,876

(*) As of March 31, 2021, the balance does not include bank overdrafts, see note 10.

23. Subsequent events

On April 17, 2021, the Peruvian Government extended the State of National Emergency for a period of 31 days as a result of COVID-19. Likewise, it has established a series of measures focused on extreme, very high, high and moderate alert levels by province and department, where certain economic activities are restricted, compulsory social immobilization, entry into the national territory, reductions in capacity of premises and shopping centers. These provisions do not affect the Company's activities since it is in the construction-related sector, which continues to be developed as an authorized activity.

The Company's Management continues to monitor the evolution of the situation and the guidance of national and international authorities, as events beyond Management's control may arise that require the business plan to be adjusted. A new outbreak or further spread of COVID-19 and the consequent measures taken to limit the spread of the disease could affect the Company's ability to conduct business in the usual way and therefore affect the financial situation and operating result.