

Unión Andina de Cementos S.A.A.

**UN-AUDITED Separate Interim Financial Statements
As of June 30, 2020, and December 31, 2019**

UNIÓN ANDINA DE CEMENTOS S.A.A.

Statement of Financial Position

As of June 30th, of 2020 and December 31st, 2019

(In thousands of Nuevos Soles)

	Notes	As of June 30th, 2020	As of December 31, 2019
Assets			
Current Assets			
Cash and cash equivalents	3	116,448	6,280
Other Financial Assets		0	0
Trade Accounts Receivable and other accounts receivable		246,323	340,843
Trade Accounts Receivable , net	4	83,201	68,716
Other Accounts Receivable , net	4	17,418	20,990
Accounts Receivable from Related Companies	4	128,940	236,470
Advanced payments	4	16,764	14,667
Inventories	5	597,505	584,389
Biological Assets		0	0
Assets by Income Taxes	4	17,131	0
Other Non-Financial Assets		13,059	4,628
Total Current Assets different than assets or groups of assets for its classified as held for sale or for distribution to owners		990,466	936,140
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		990,466	936,140
Non-Current Assets			
Other Financial Assets		0	0
Investments in subsidiaries, joint ventures and associates	6	3,549,921	3,544,414
Trade Accounts Receivables and other accounts receivables		227,911	135,522
Trade Accounts Receivable		0	0
Other Accounts Receivable		31,755	32,588
Accounts Receivable from Related companies		196,156	102,934
Advanced payments		0	0
Biological Assets		0	0
Investment Property		0	0
Property, Plant and Equipment , net	7	3,907,873	3,979,191
Intangible Assets , net	8	31,533	31,415
Assets Deferred Income Tax		0	0
Surplus value		9,745	9,745
Other Assets		111,612	112,798
Total Non-current Assets		7,838,595	7,813,085
TOTAL ASSETS		8,829,061	8,749,225

	Notes	As of June 30th, 2020	As of December 31, 2019
Liabilities and Stocholders' Equity			
Current Liabilities			
Other Financial Liabilities	10	753,457	383,762
Trade accounts payable and other payable accounts		187,588	292,809
Trade Accounts Payable	9	86,304	167,485
Other Accounts Payable	9	66,801	59,552
Accounts payable to related companies	9	19,824	49,614
Diferred Income		14,659	16,158
Provision for Employee Benefits		0	0
Other provisions		9,895	27,306
Income Tax Liabilities		0	23,928
Other non-financial liabilities		0	0
Total Current Liabilities different of Liabilities included groups of assets for disposal Classified as Held for Sale		950,940	727,805
Liabilities included in asset groups classified as held for sale		0	0
Total Current Liabilities		950,940	727,805
Non-Current Liabilities			
Other Financial Liabilities	10	2,637,424	2,683,803
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		30,811	30,811
Liabilities Deferred Income Taxes	11	437,196	475,620
Other non-financial liabilities	21.1(i)	50,756	31,264
Total Non-Current Liabilities		3,156,187	3,221,498
Total Liabilities		4,107,127	3,949,303
Stockholders' Equity			
Capital Issued	12	1,818,128	1,818,128
Issuance Premiums		-38,019	-38,019
Investment shares		0	0
Treasury Shares in portfolio		0	0
Other Capital Reserves		363,626	363,626
Accrued Results		2,620,067	2,681,929
Other Equity Reserves		-41,868	-25,742
Total Stockholders' Equity		4,721,934	4,799,922
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		8,829,061	8,749,225

UNIÓN ANDINA DE CEMENTOS S.A.A.

Statement Income

For the periods ended June 30th, 2020 and 2019

(In thousands of Nuevos Soles)

	Notes	For the specific quarter from April 1, to June 30th, 2020	For the specific quarter from April 1, to June 30th, 2019	For the cummulative period from January 1st to June 30th, 2020	For the cummulative period from January 1st to June 30th, 2019
Incomes from ordinary activities	13	184,729	498,569	595,848	977,532
Cost of Sales	14	-151,949	-341,634	-426,756	-652,765
Profit (Loss) Gross	-	32,780	156,935	169,092	324,767
Sales Expenses		-9,904	-19,814	-23,688	-28,627
Administrative expenses	15	-24,830	-33,202	-53,412	-66,851
Profit (Loss) in the write-off of financial assets carried at amortized cost		-	-	-	-
Other Operating Income	16	15,523	12,000	34,517	137,158
Other Operating Expenses	16	-60,147	-3,995	-66,481	-10,588
Other profit (loss)		-	-	-	-
Profit (Loss) from operating activities		-46,578	111,924	60,028	355,859
Financial Income		909	5,722	2,057	15,909
Financial Expenses	17	-42,259	-45,744	-83,805	-93,328
Exchange differences, net		-17,832	9,362	-36,789	28,367
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		-105,760	81,264	-58,509	306,807
Income tax expenses	11(b)	34,306	-26,315	19,465	-61,505
Profit (Loss) Net of Continued Operations		-71,454	54,949	-39,044	245,302
Profit (loss) net of the tax to the profit from discontinued operations		-	-	-	-
Profit (loss) net of the year		-71,454	54,949	-39,044	245,302

UNIÓN ANDINA DE CEMENTOS S.A.A.
Statement of Comprehensive Income
For the periods ended June 30th, 2020 and 2019
(In thousands of Nuevos Soles)

	Notas	For the specific quarter from April 1, to June 30th, 2020	For the specific quarter from April 1, to June 30th, 2019	For the cumulative period from January 1st to June 30th, 2020	For the cumulative period from January 1st to June 30th, 2019
Net Profit (Loss) of the year		-71,454	54,949	-39,044	245,302
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		-1,361	-5,761	-14,218	-8,727
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		-1,908	0	-1,908	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		-3,269	-5,761	-16,126	-8,727
Other Comprehensive Income		-3,269	-5,761	-16,126	-8,727
Total Comprehensive Income for the period , net of income tax		-74,723	49,188	-55,170	236,575

UNIÓN ANDINA DE CEMENTOS S.A.A.
Statement of Cash Flow
Direct Method
For the periods ended June 30th, 2020 and 2019
(In thousands of Nuevos Soles)

	Notes	As of January 1st, 2020 to June 30th, 2020	As of January 1st, 2019 to June 30th, 2019
Operating activities cash flows			
Types of cash collections from operating activities			
Sale of Goods and Services		749,307	1,185,109
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	63,360
Types of cash collections from operating activities			
Suppliers of goods and services		-570,927	-706,692
Contracts held for brokering or trading purposes		0	0
cash payments to and on behalf of employees		-97,905	-100,194
Elaboration or acquisition of assets to be leased and other assets held for sale		0	0
Other Cash Payments Related to Operating Activity		-30,548	-94,608
Cash flows and cash equivalents from (used in) Operating Activities		49,927	346,975
Interests received (not included in the Investment Activities)		0	0
Interests paid (not included in the Investment Activities)		-84,114	-91,660
Dividends Received (not included in the Investment Activities)		0	11,397
Dividends Paid (not included in the Investment Activities)		0	0
Income tax (paid) reimbursed		-51,602	-41,061
Other cash collections (payments)		0	0
Cash flows and cash equivalents from (used in) Operating Activities		-85,789	225,651
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		-5,507	-22,421
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	7	-49,157	-73,346

UNIÓN ANDINA DE CEMENTOS S.A.A.
Statement of Cash Flow
Direct Method
For the periods ended June 30th, 2020 and 2019
(In thousands of Nuevos Soles)

	Notes	As of January 1st, 2020 to June 30th, 2020	As of January 1st, 2019 to June 30th, 2019
Purchase of intangible assets		-1,437	-1,004
Purchase of other long- term assets		0	0
Income tax (paid) reimbursed		0	0
Other cash receipts (payments) relating to Investment activities			
Cash flows and cash equivalents from (used in) investing activities		-56,101	-96,771
Cash flows from Financing activities			
Type of cash collections from financing activities			
Loan securing		708,800	0
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		-431,868	-105,510
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		-23,684	-61,815
Income tax (paid) reimbursed		0	0
Other cash receipts (payments) relating to financing activities		0	26,978
Cash flows and cash equivalents from (used in) financing activities		253,248	-140,347
Increase (Decrease) in Net Cash and cash equivalents, before Changes in Foreign Exchange Rates		111,358	-11,467
Effects of Changes in Foreign Exchange Rates on Cash and Cash Equivalents		-1,190	1,622
Increase (Decrease) in Net Cash and Cash Equivalents		110,168	-9,845
Cash and cash equivalents at beginning of year		6,280	29,956
Cash and cash equivalents at end of year	3	116,448	20,111

UNIÓN ANDINA DE CEMENTOS S.A.A.
Statement of change in Stockholder's Equity
For the periods ended June 30th, 2020 and 2019
(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 hold 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, 2019	1,646,503	-	-	-	329,301	2,457,207	-12,977	-	-	-	-	-	-	-3,730	-16,707	4,416,304
1. Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Correction of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Restated Initial Balance	1,646,503	-	-	-	329,301	2,457,207	-12,977	-	-	-	-	-	-	-3,730	-16,707	4,416,304
4. Changes in Stockholders' Equity:																
5. Comprehensive Income:																
6. Gain (Loss) for the year						245,302										245,302
7. Other Comprehensive Income:							-8,727								-8,727	-8,727
8. Comprehensive Income - Total year						245,302	-8,727								-8,727	236,575
9. Cash Dividends Declared						-45,041										-45,041
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	171,625	-56,125	-	-	24,536	-24,530										115,506
Total Equity Increase (decrease)	171,625	-56,125	-	-	24,536	175,731	-8,727	-	-	-	-	-	-	-	-8,727	307,040
Balance as of June 30th, 2019	1,818,128	-56,125	-	-	353,837	2,632,938	-21,704	-	-	-	-	-	-	-	-26,434	4,723,344
Balance as of January 1, 2020	1,818,128	-38,019	-	-	363,626	2,681,929	-20,308	-	-	-	-	-	-	-5,434	-26,742	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	-26,742	4,799,922
4. Changes in Stockholders' Equity:																
5. Comprehensive Income:																
6. Gain (Loss) for the year						-39,044										-39,044
7. Other Comprehensive Income:							-14,218							-1,908	-16,126	-16,126
8. Comprehensive Income - Total year						-39,044	-14,218							-1,908	-16,126	-55,170
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	-	-	-	-	-	818										818
Total Equity Increase (decrease)	-	-	-	-	-	-61,862	-14,218	-	-	-	-	-	-	-1,908	-16,126	-77,988
Balance as of June 30th, 2020	1,818,128	-38,019	-	-	363,626	2,620,067	-34,526	-	-	-	-	-	-	-7,342	-41,868	4,721,934

Unión Andina de Cementos S.A.A.

UN-AUDITED Separate Interim Financial Statements

As of June 30, 2020, and December 31, 2019

1. Identification and Economic Activity

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

The Company is a subsidiary of Inversiones JRPR S.A. (hereinafter "the Principal" and ultimate parent of the economic group), who owns 42.18 percent direct and indirect participation in 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 María 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 Junín, whose capacity is 6.7 million tons of clinker and 8.3 million tons of cement.

At the Company's board of Directors Meeting held on July 31, 2020, it was approved and informed to the Superintendency of Securities Market (SMV) by means of an important event that the separate financial statements for the second quarter of fiscal year 2020 will be submitted to the approval of the Board of Directors for its immediate presentation to the SMV, within the term extended by Superintendent Resolution No. 046-2020-SMV/02, term that expires on September 30, 2020. The separate financial statements as of the second quarter, 2020 have been issued with Management authorization and on September 25, 2020 will be presented for the approval of the Boards of Directors.

As a consequence of the State of National Emergency, by means of Emergency Decree No. 056-2020-PCM of May 15, 2020 and Resolution No. 050-2020-SMV/02 of June 4, 2020, the character standards were established exceptional that allow companies under the jurisdiction of the Superintendency of the Securities Market (SMV), to convene and hold general meetings of shareholders not in person, even when the statute of the company does not contemplate them. Within this exceptional legal framework, the Board of Directors in a session of June 19, 2020 called the Annual Mandatory Meeting held on July 3, 2020, where the separate financial statements for fiscal year 2019 were approved.

1.1 Mergers in 2019 -

(a) Merger SIA - IASA- PRONTO:

At the General Shareholders' Meeting held on December 28, 2018, was approved the merge the Company as an absorbing company and Sindicato de Inversiones y Administración S.A. (SIA), Inversiones Andino S.A (IASA) and Inmobiliaria Pronto S.A. (PRONTO) as absorbed companies. The Company's merger project was previously approved at the Independent Directors Committee Session of November 29, 2018 and at the Board meeting of November 30, 2018. The effective date of the merger was January 1, 2019.

(b) Merger Cementos Portland (CEMPOR):

At the General Shareholders' Meeting held on May 28, 2019, the simple merger of the Company as an acquiring Company and its subsidiary Cementos Portland S.A.C. (CEMPOR), as an absorbed company, was approved unanimously, The Company's merger project was previously approved at the Board Directors meeting of April 26, 2019. The effective date of the merger was June 1, 2019.

Notes to the separate financial statements (continued)

1.2 Extraordinary event in 2020 - Health Emergency for COVID-19

The COVID-19 coronavirus pandemic, identified for the first time at the end of 2019 in the Chinese city of Wuhan, since the beginning of 2020 has been increasingly and severely affecting health and life worldwide, causing the paralysis of economic and commercial activities in many countries including Peru and affecting the commercial operations of the Company.

In Peru, the first positive case of COVID-19 was reported by the Ministry of Health on March 6, 2020 and caused that on March 11, 2020, the Government declared the National Health Emergency for 90 calendar days, for the purpose of mitigate the effects of COVID-19, declared a "Pandemic" by the World Health Organization (WHO). Immediately after, by Supreme Decree No. 044-2020-PCM, of March 15, 2020, the Government declared a State of National Emergency and mandatory social isolation throughout the national territory, which was later extended up to five times, the last extension being until June 30, 2020, as provided by Supreme Decree No. 094-2020-PCM, of May 23, 2020. Likewise, the Peruvian government declared the extension of the State of National Emergency until September 30 of this year and imposed a quarantine focused on 4 departments and 25 provinces (see note 23).

The declaration of the State of Emergency forced the Company to immediately suspend the production of clinker and cement, as well as the dispatch at our Atocongo and Condorcocha production plants. The priority of the Company from the outset was focused on its sustainability and the protection of the health, integrity and well-being of its employees and their families, as well as the jobs and all its shareholders.

In mid-April 2020, the Company restarted in a very limited way the dispatch of bulk cement, exclusively to serve the mining subsector in the execution of its critical activities, under strict security measures and new protocols with complementary measures to protect the health of its employees, which are constantly reviewed. Subsequently, Supreme Decree No. 080-2020-PCM, of May 3, 2020, approved the gradual and progressive resumption of economic activities within the framework of the declaration of the State of National Emergency, which allowed the Company to resume clinker grinding activities and bagged and bulk cement dispatch in the third week of May 2020, taking into account all the recommendations of the health authorities, in order to safeguard the well-being of its workers and the value chain.

Despite the aggressive package of measures launched in successive stages by the Government and the BCR to inject liquidity into the population and employers and prevent the payment and supply chain from being cut off, the suspension of many productive and commercial activities severely affected the economy, especially employment and the sustainability of hundreds of thousands of SMEs (Small and medium-sized enterprises), drastically reducing the capacity to consume essential goods of millions of entrepreneurs and underemployed and informal workers who represent 70% of the EAP (Economically Active Population) in the country. This serious health and economic crisis significantly reduced the activity of self-construction, the main support of the Company's bagged cement dispatches, from March to May 2020.

The stoppage of the Company's economic activities in Peru between March 17 and May 19, 2020, generated a deterioration in the financial results of the second quarter of 2020, which led the Board of Directors to adopt a series of preventive and extraordinary measures, applicable throughout the year 2020, to preserve the liquidity and working capital, which are allowing the Company to meet its commitments with workers, suppliers and clients throughout the entire value chain. The main measures adopted are:

1. Consume existing inventories before restarting the operation of the kilns, to protect the Company's liquidity.

Notes to the separate financial statements (continued)

2. Suspend all investments (CAPEX), with the exception of projects in execution to be completed this year.
3. Suspend all expenses on goods and services, including maintenance expenses, that are not critical for this emergency stage, within a policy of strict austerity.
4. Suspend the quarterly dividends distribution to shareholders.
5. Suspend of shares distribution to the board.
6. Suspend advances for profit sharing to workers in general.
7. Accept and thank the solidarity proposal of UNACEM officials to voluntarily and temporarily reduce their salaries between 10% and 25%.
8. Suspend salary increases and bonuses during 2020 for all administrative staff.
9. Manage agreements with workers to suspend salary increases and bonuses in 2020 under to collective agreements.
10. Continue through Asociación UNACEM, with the policy of supporting the basic needs of the most vulnerable population in the areas surrounding the Atocongo and Condorcocha production plants.
11. Obtaining short-term financing from various institutions of the local financial system to guarantee the required liquidity in 2020.

In January and February 2020, the Company's monthly cement shipments exceeded those of the same months of 2019. However, due to the COVID-19 pandemic and the subsequent Declaration of the National State of Emergency, which led to the mandatory suspension of cement production and dispatch activities, as of June 30, 2020, the volume of cement dispatched by the Company in Peru it has decreased by 41.5% compared to the same period of the previous year. The Company's Management is cautiously optimistic of the recovery of cement dispatch in the remainder of 2020.

Precisely to guarantee the continuity and sustainability of all the operations and the liquidity of the Company in this year of serious impact due to lower dispatches and revenues, between the months of March and June 2020, bank financing has been arranged with the main local financial entities , with terms of no less than one year and with very reasonable interest rates, for a total amount of US\$80 million and S/ 160 million (see note 10).

The Company, through the Board of Directors and General Management, as well as the Crisis Committee, installed immediately after the declaration of National Emergency, has been constantly evaluating and updating various scenarios of the process of reactivation of the economy and the impact on our operations, considering its financial capacity and determining the emergency strategies to follow, in order to ensure the quickest recovery of the level of activities and income generation prior to the pandemic, prioritizing at all times the sustainability, liquidity and profitability of the Company and the recovery of value for its shareholders.

Notes to the separate financial statements (continued)

2. Summary of significant accounting policies

The accounting policies adopted to prepare the separate financial statement are consistent with those applied on December 31, 2019, 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, 2019.

3. Cash and cash equivalents

(a) This item is made up as follows:

	As of June 30, 2020	As of December 31, 2019
	S/ (000)	S/ (000)
Petty cash	851	828
Current accounts (b)	8,597	5,452
Term deposits (c)	107,000	-
	<hr/>	<hr/>
	116,448	6,280
	<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 June 30, 2020 S/ (000)	As of December 31, 2019 S/ (000)	As of June 30, 2020 S/ (000)	As of December 31, 2019 S/ (000)
Trade accounts receivable, (b)	83,201	69,918	-	-
Accounts receivable from related parties, note 18(b)	128,940	236,470	196,156	102,934
Claims to third parties	4,521	3,271	2,922	2,922
Loans to employees	230	2,440	-	-
Advances to suppliers	16,764	14,667	4,583	5,416
Other accounts receivable	8,834	10,429	-	-
	<u>242,490</u>	<u>337,195</u>	<u>203,661</u>	<u>111,272</u>
Claims to Tax authority, note 20.3	6,969	5,951	24,250	24,250
Advance payments of income tax	17,131	-	-	-
Tax Credit due to General sales tax	-	2,473	-	-
	<u>24,100</u>	<u>8,424</u>	<u>24,250</u>	<u>24,250</u>
Less - Expected credit loss (c)	(3,136)	(4,776)	-	-
	<u>263,454</u>	<u>340,843</u>	<u>227,911</u>	<u>135,522</u>

- (b) Trade account receivables are mainly denominated in Soles, have current maturities, do not bear interest, have no significant specific guarantees and do not present significant overdue balances.
- (c) As of June 30, 2020, the expected credit loss has not undergone significant changes in relation to December 31, 2019 and, in Management's opinion, the estimate of expected credit loss adequately covers the risk of uncollectible as of June 30, 2020 and December 31, 2019.
- (d) As of June 30, 2020, and December 31, 2019, the Company performed the evaluation of exposure in trade and other receivables, see note 21.2.

Notes to the separate financial statements (continued)

5. Inventories, net

(a) This item is made up as follows:

	As of June 30,	As of December 31,
	2020	2019
	S/ (000)	S/ (000)
Finished goods	19,347	18,787
Work in progress	284,381	271,796
Raw and auxiliary materials	139,030	109,170
Packages and packing	29,611	43,298
Spare parts and supplies	156,364	165,462
	<hr/>	<hr/>
	628,733	608,513
Allowance for impairment of inventories (b)	(31,228)	(24,124)
	<hr/>	<hr/>
	597,505	584,389
	<hr/>	<hr/>

(b) In opinion of Company's Management, the allowance for obsolescence of inventories covers appropriately its obsolescence risk as of June 30, 2020 and December 31, 2019.

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 Share participation		Value Books	
			As of June 30, 2020	As of December 31, 2019	As of June 30, 2020	As of December 31, 2019
			%	%	S/ (000)	S/ (000)
Investments in subsidiaries -						
Inversiones Imbabura S.A.	Holding	Peru (subsidiary in Ecuador)	99.99	99.99	1,516,724	1,516,724
Skanon Investments Inc.	Cement and Concrete	Unites States	86.55	86.55	1,219,607	1,219,607
Compañía Eléctrica El Platanal S.A.	Electrical energy	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.	Services	Peru	99.99	99.99	64,250	64,250
Staten Island Co. LLC	Holding	Unites States	100.00	100.00	52,637	47,130
ARPL tecnología Industrial S.A.	Services	Peru	100.00	100.00	32,071	32,071
Prefabricados Andinos S.A.	Precast	Chile	51.00	51.00	20,021	20,021
Prefabricados Andinos Perú S.A.C.	Precast	Peru (subsidiary in Colombia)	50.02	50.02	17,537	17,537
Minera Adelaida S.A.	Holding	Peru	99.99	99.99	3,210	3,210
Vigilancia Andina S.A.A.	Services	Peru	55.50	55.50	2,308	2,308
Invers Nacionales y Multinacionales Andinas S.A.	Services	Peru	90.90	90.90	1,165	1,165
Depósito Aduanero Conchán S.A.	Services	Peru	99.99	99.99	3,383	3,383
Generación Eléctrica de Atocongo S.A.	Services	Peru	99.85	99.85	125	125
Other:						
Ferrocarril Central Andino S.A.	Services	Peru	16.49	16.49	7,567	7,567
Ferrovías Central Andina S.A.	Services	Peru	15.00	15.00	2,762	2,762
Cia. Inversiones Santa Cruz S.A.	Services	Peru	8.85	8.85	180	180
Others					234	234
					<u>3,578,646</u>	<u>3,573,139</u>
Provision for impairment of investments					(28,725)	(28,725)
					<u>3,549,921</u>	<u>3,544,414</u>

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 June 30, 2020	As of December 31, 2019
	S/ (000)	S/ (000)
Cost -		
Opening Balance	5,667,302	5,396,565
Additions (b)	49,157	165,516
Merger, note 1.1	-	124,413
Withdrawals, sales and others (d)	(14,042)	(19,192)
Ending Balance	<u>5,702,417</u>	<u>5,667,302</u>
Accumulated depreciation -		
Opening Balance	1,688,111	1,462,246
Depreciation of the period (c)	106,471	227,533
Merger, note 1.1	-	4,689
Withdrawals, sales and others	(38)	(6,357)
Ending Balance	<u>1,794,544</u>	<u>1,688,111</u>
Net book value -	<u>3,907,873</u>	<u>3,979,191</u>

(b) The main additions during the first semester of 2020 correspond to disbursements made for the project to dedust the coolers of kiln 2, migration of the control system of kiln 2 and roofing of the clinker field, corresponding to the Condorcocha plant; as well as disbursements made for the purchase of land, the structural reinforcement and internal modification of chamber 3 of the multisilo, the fire detection and alarm system and the Manchay ecological belt project corresponding to the Atocongo plant; for approximately S/ 22,589,000.

The main additions during 2019 correspond to disbursements made for the projects for the cooler dedusting system of kiln 2, change of rollers and bearings of the cement press 5 and migration of the kiln control system corresponding to the Condorcocha plant; as well as the plan for Cristina concession, clinker court roofing, firefighting system, pavers and the thermal plant project corresponding to the Atocongo plant for approximately S/ 74,011,000.

(c) Depreciation has been distributed as follows:

	As of June 30, 2020	As of June 30, 2019
	S/ (000)	S/ (000)
Cost of sales, note 14	96,290	108,330
Administrative expenses, note 15	3,316	3,398
Other expenses	914	695
Inventories in process	5,951	291
	<u>106,471</u>	<u>112,714</u>

Notes to the separate financial statements (continued)

- (d) As of June 30, 2020, adjustments of assets for approximately S/ 57,537,000 related to the Atocongo thermal plant and the Cristina mining concession integral plan of the projects are included. As a consequence of the COVID-19 pandemic, the Company's Management has decided to postpone these projects until the financial conditions of the company allow them to be carried out.

8. Intangible assets, net

- (a) As of June 30, 2020 and 2019 Company recognized an expense that amounts to S/1,319,000 and S/ 1,713,000, respectively.

9. Trade and other payables

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

	As of June 30, 2020	As of December 31, 2019
	S/ (000)	S/ (000)
Trade payable (b)	86,304	167,485
Related Accounts receivable, note 18(b)	19,824	49,614
Interest payable, note 10 (b) 10.1 (c)	22,504	23,877
Salaries, bonuses and vacation payable	24,238	19,218
Value Added to Tax payable	9,039	-
Board compensation payable	-	2,583
Dividends payable	5,727	6,594
Other accounts payable	5,293	7,280
	<u>172,929</u>	<u>276,651</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 June 30, 2020			As of December 31, 2019		
	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	13,300	-	13,300	58,095	-	58,095
Bank loans (b)	486,395	-	486,395	116,095	-	116,095
Interest on bonds and long-term debt, Note 10.1(a)	253,762	2,637,424	2,891,186	209,572	2,683,803	2,893,375
	<u>753,457</u>	<u>2,637,424</u>	<u>3,390,881</u>	<u>383,762</u>	<u>2,683,803</u>	<u>3,067,565</u>

(b) The bank promissory note 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 June 30, 2020, and December 31, 2019, the balance per bank consists of:

	2020 S/(000)	2019 S/(000)
Creditor -		
Citibank N.A. New York	123,935	116,095
BBVA Banco Continental S.A.	212,460	-
Banco de Crédito del Perú S.A.	100,000	-
Scotiabank Perú S.A.A.	50,000	-
	<u>486,395</u>	<u>116,095</u>

As of June 30, 2020, and December 31, 2019, the interest payable amounts to approximately S/1,923,000 and S/603,000, respectively, and are recorded in the caption "Trade and other payable" of the separate statement of financial position, see note 9(a). As of June 30, 2020, and 2019, the interest expenses amounted to approximately S/3,411,000 and S/7,973,000, respectively, and are included in the caption "Financial costs" of the separate statement of income, see note 17.

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:

	Maturity rate	Guarantee	As of June 30, 2020 S/ (000)	As of December 31, 2019 S/ (000)
Bonds -				
Second issuance of the second program	March 2023	No guarantees	60,000	120,000
			<u>60,000</u>	<u>120,000</u>
Bank loans (b) -				
Banco Internacional del Perú S.A. A	September 2022, April 2023, October 2024 and March 2025	No guarantees	534,160	654,160
Banco de Crédito del Perú S.A.	March 2022, November 2025 and October 2026	No guarantees	874,530	838,640
BBVA Banco Continental S.A.	February 2022 and November 2024	No guarantees	340,500	349,071
Scotiabank Perú S.A.A.	March 2022, October 2024, March 2025 and October 2025	No guarantees	655,200	533,771
Citibank	October 2025	No guarantees	177,050	165,850
Bank of Nova Scotia	September 2025	No guarantees	106,230	99,510
Santander S.A.	November 2023	No guarantees	159,345	149,266
			<u>2,847,015</u>	<u>2,790,268</u>
Amortized cost			(15,829)	(16,893)
			<u>2,831,186</u>	<u>2,773,375</u>
Total			2,891,186	2,893,375
Less - Current portion			253,762	209,572
Non- Current Portion			<u>2,637,424</u>	<u>2,683,803</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 June 30, 2020, the main financial safeguards that the Company maintains with each financial entity fluctuate between the following rates and indexes:

- Maintain an index debt ratio minor or equal to 1.5 times.
- Maintain a debt service coverage ratio greater or equal to 1.2 times.
- Maintain an interest coverage ratio major or equal to 3.0 times.
- Maintain an index of debt of financial debt/EBITDA minor or equal to 4.10 times.

As mentioned in note 1.2, in March of this year the Government first declared a state of health emergency and, later, a state of national emergency and compulsory social isolation throughout the national territory. Pursuant to the foregoing, by legal mandate, the Company was forced to paralyze its economic activity by ceasing to produce and sell cement, due to this extraordinary, unpredictable and irresistible event.

Certainly, this event of major force has been generating a negative economic impact on the Company, such that, as a consequence, it is unable to comply with one of the aforementioned financial safeguards.

In this regard, the Peruvian Civil Code in its article 1315 ° expressly establishes the following:

"Act of God or major force is the non-imputable cause, consisting of an extraordinary, unpredictable and irresistible event, which prevents the execution of the obligation or determines its partial, late or defective fulfillment."

In the present case, the declaration of the State of National Emergency, which led the Company to suspend the production and sale of cement, and with it, that it affects its economy, prevents it from being able to comply with the obligation to maintain an index of debt of financial debt / EBITDA within the limits established according to the respective financing contracts, a fact that was duly informed to all counterparties of the obligations that the Company maintains. Besides the level of the aforementioned financial ratio, the Company has been complying with the payment of the debt service in accordance with those established in each of its financing contracts.

Likewise, the Company's Management has been coordinating with the financial entities the waivers for the compliance of their financial covenants in 2020, as well as the determination of the new levels of compliance for the following years, the same ones that it is expected to be define before the closing of 2020.

- (c) As of June 30, 2020 and December 31, 2019, interests payable related to bonds and long and medium-term debt are amounted to approximately S/20,581,000 and S/23,274,000, respectively and are recorded in the caption "Trade and other payable", of the separate statement of financial position, note 9(a).

The interest generated by bonds and debt with banking entities in the medium and long term maintained for the years ended on June 30, 2020 and 2019, amounting approximately S/ 68,589,000 and

Notes to the separate financial statements (continued)

S/ 74,666,000, respectively, and are included in the item "Financial costs" of the separate income statement, see note 17.

- (d) As of June 30, 2020, the Company maintains bank loans in soles with effective annual interest rates in soles that fluctuate between 2.10 to 5.80 percent. 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.

As of December 31, 2019, the Company maintains bank loans in soles with effective annual interest rates in soles that fluctuate between 3.85 to 5.90 percent. Bank loans in dollars are at a variable rate plus a margin (3-month Libor rate plus a margin that fluctuates between 1.75 to 2.60 percent).

11. Deferred income tax liability, net

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

	As of June 30, 2020	As of December 31, 2019
	S/ (000)	S/ (000)
Deferred liability -		
Opening Balance	503,754	524,061
Separate income statement impact	(13,462)	(20,307)
Ending Balance	<u>490,292</u>	<u>503,754</u>
Deferred asset -		
Opening Balance	(28,134)	(28,133)
Separate income statement impact	(18,215)	3,779
Charges to comprehensive income	(6,747)	(3,780)
Ending Balance	<u>(53,096)</u>	<u>(28,134)</u>
Total net liability for deferred income tax	<u>437,196</u>	<u>475,620</u>

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

	As of June 30, 2020	As of June 30, 2019
	S/ (000)	S/ (000)
Current	(12,097)	(75,079)
Deferred	31,677	14,303
Royalty Expenses	(115)	(729)
Total	<u>19,465</u>	<u>(61,505)</u>

Notes to the separate financial statements (continued)

12. Net Equity

(a) Capital issued-

As of June 30, 2020, and December 31, 2019 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.

Shareholders	Number of shares	Percentage of participation %
Nuevas Inversiones S. A	459,129,497	25.25
Inversiones JRPR S. A	456,669,897	25.12
AFPs	423,401,134	23.29
Others	478,927,083	26.34
	<hr/> 1,818,127,611 <hr/>	<hr/> 100.00 <hr/>

As of June 30, 2020, the share price of each common share has been S/1.60 (S/2.60 as of December 31, 2019).

(b) Additional share-

Corresponds to the variation between the capital increase made by the merger of the Company with SIA, IASA and PRONTO and the registered equity, see note 1.1 (a).

(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 June 30, 2020, and December 31, 2019, 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.

(e) Dividend distributions -

At the Board of Directors meeting held on January 31, 2020, the Company agreed to distribute dividends with charge to retained earnings for approximately S/ 23,636,000 (S/ 0.013 per common share), such payment was made on March 4, 2020.

Due to the situation of a National State of Emergency declared in the country and the restrictions on the operation of the cement industry, the Board of Directors agreed in a remote session on April 14, 2020, to suspend the quarterly distribution of dividends to shareholders as stipulated in the current dividend policy, which empowers the Board of Directors to agree on the distribution of dividends in cash between S/ 0.01 and S/ 0.02, provided that the

Notes to the separate financial statements (continued)

Company's liquidity situation allows it and subject to the Company having complied with its covenants "Financial (contractual financial obligations) and has sufficient liquid resources to cover its costs and operating and administrative expenses, the planned disbursements for its investments in fixed assets and other assets, as well as to pay the maturities of the period for capital and interest of the financial obligations.

At the Board of Directors meetings held on January 25, May 2, July 26 and October 23, 2019, the Company agreed to distribute dividends with charge to retained earnings for approximately S/ 92,312,000 (S/ 0.051 per share), such payments were made on February 28, Jun 4, August 28 and November 27, 2019 respectively which have been paid in full.

13. Net sales

(a) This item is made up as follows as of June 30:

	2020	2019
	S/ (000)	S/ (000)
Cement	548,733	912,772
(-) Sales commission	(21,159)	(34,481)
	<hr/>	<hr/>
Cement Net sales	527,574	878,291
Concrete blocks, bricks and pavers, note 18(a)	15,384	43,312
Exports of Clinker	52,890	55,929
	<hr/>	<hr/>
	595,848	977,532
	<hr/>	<hr/>

Notes to the separate financial statements (continued)

14. Cost of sales

This item is made up as follows as of June 30:

	2020	2019
	S/ (000)	S/ (000)
Beginning balance of finished goods and work in process, note 5(a)	290,583	216,835
Cost of production:		
Fuel	61,775	134,923
Depreciation, note 7(c)	96,290	108,330
Personnel expenses	55,709	67,684
Electrical Energy	23,359	46,071
Consumption of raw material	25,066	53,425
Kiln, machinery and equipment maintenance	25,201	63,508
Packaging	23,624	35,991
Transport of raw material	15,986	38,421
Stripping costs (clearing)	1,839	3,600
Depreciation for stripping cost	1,186	2,239
Other manufacturing expenses	102,762	86,796
Ending balance of finished goods and work in process, note 5(a)	(303,728)	(206,819)
	<hr/> 419,652	<hr/> 651,004
Provision for inventory obsolescence, note 5(b)	7,104	1,761
	<hr/> 426,756	<hr/> 652,765

15. Administrative expenses

This item is made up as follows as of June 30:

	2020	2019
	S/ (000)	S/ (000)
Personnel expenses	25,745	34,212
Services rendered by third parties	10,458	14,255
Donations	5,216	5,452
Taxes	3,797	4,465
Depreciation, note 7(c)	3,316	3,398
Others	4,880	5,069
	<hr/> 53,412	<hr/> 66,851

Notes to the separate financial statements (continued)

16. Other income and other expenses

(a) Other Incomes -

As of June 30, 2020, dividends were received from the subsidiary ARPL Tecnología Industrial S.A. for approximately S/ 8,944,000. As of June 30, 2019, dividends were received from the subsidiaries Inversiones Imbabura S.A. for approximately US \$ 33,205,000 (equivalent to S/ 110,207,000) and Ferrocarril Central Andino S.A. for approximately S/ 3,547,000, see note 18 (a).

(b) Other Expenses-

As of June 30, 2020, corresponds mainly to the adjustments of assets of the Atocongo termal plant and de Cristina integral plant mining concession, see note 7(d).

17. Finance cost

Corresponds mainly to the interest generated by the debt with banks in the medium and long term. As of June 30, 2020, and 2019, they amount to approximately S/ 72,000,000 and S/ 82,639,000, respectively, see note 10 (b) and 10.1 (c).

18. Related parties' transactions

(a) The main transactions with related companies for the periods ended on June 30 were the following:

	2020	2019
	S/ (000)	S/ (000)
Cement sales –		
La Viga S.A.	137,542	226,497
Unión de Concreteras S.A.	34,241	95,531
Concremax S.A.	10,165	24,718
Prefabricados Andinos Perú S.A.C.	54	257
Asociación UNACEM	67	114
Blocks, bricks, pavers and HCR sales –		
Unión de Concreteras S.A.	14,765	40,120
Concremax S.A.	33	2,699
Clinker sell		
Unicon Chile S.A.	12,814	-
Drake Cement LLC.	587	-
Dividends income, note 16 -		
ARPL tecnología Industrial S.A.	8,944	-
Inversiones Imbabura S.A.	-	110,207
Inversiones Santa Cruz S.A.	-	34
Ferrocarril Central Andino S.A.	-	3,547
Income from royalties –		
Compañía Eléctrica el Platanal S.A.	2,577	3,174
Licenses - Intellectual property and trademarks – Abroad		
UNACEM Ecuador S.A.	5,524	8,305
Leases of plant, equipment and facility –		
Unión de Concreteras S.A.	596	415
Cia. Eléctrica el Platanal S.A.	263	257

Notes to the separate financial statements (continued)

ARPL tecnología Industrial S.A.	142	110
Depósito Aduanero Conchán S.A.	145	161
Prefabricados Andinos Perú S.A.C.	93	93
La Viga S.A.	88	89
Others	53	35
Administrative, technology and management support -		
Unacem Ecuador S.A.	690	2,189
Compañía Eléctrica el Platanal S.A.	667	95
Prefabricados Andinos Perú S.A.C.	254	267
Depósito Aduanero Conchán S.A.	103	66
Drake Cement LLC.	81	199
Generación Eléctrica Atocongo S.A.	83	83
Vigilancia Andina S.A.A.	61	56
Transportes Lurín S.A.	-	23
Other income -		
Unión de Concreteras S.A.	-	212
Others	123	172
Purchases of electric energy -		
Compañía Eléctrica el Platanal S.A.	22,784	40,462
Commissions and freight costs of cement sales -		
La Viga S.A.	8,210	10,904
Concremax S.A.	194	-
Surveillance services		
Vigilancia Andina S.A.A.	11,526	11,835
Technical assistance and engineering services -		
ARPL tecnología Industrial S.A.	7,115	9,443
Maquila Service -		
Unión de Concreteras S.A.	7,522	17,380
Concremax S.A.	21	1,572
Warehouse management services-		
Depósito Aduanero Conchán S.A.	418	1,151
Purchases of additional material -		
Unión de Concreteras S.A.	1,175	1,569
Concremax S.A.	240	840
Engineering services and project management -		
ARPL tecnología Industrial S.A.	1,669	1,241
Others -		
Generación Eléctrica Atocongo S.A.	1,476	1,326
Depósito Aduanero Conchán S.A.	360	360
Unión de Concreteras S.A.	161	922
Prefabricados Andinos Perú S.A.C.	116	28
Drake Cement LLC.	103	83
BASF Construction Chemicals Perú S.A.	53	-
Others	23	132

Notes to the separate financial statements (continued)

- (b) As a result of these and other minor transactions, as of June 30, 2020 and December 31, 2019, the Company had the following balances with its related entities:

	2020 S/(000)	2019 S/(000)
Trade receivable, note 4(a) -		
La Viga S.A.	19,960	24,227
Prefabricados Andinos Perú S.A.C.	15,052	74
Unicon Chile S.A.	13,272	-
UNACEM Ecuador S.A.	5,793	4,349
Compañía Eléctrica el Platanal S.A.	3,004	5,443
Drake Cement, LLC.	847	75
Unión de Concreteras S.A.	477	44,015
Concremax S.A.	10	13,689
Others	662	361
	<hr/> 59,077	<hr/> 92,233
Dividends receivable (c)		
Inversiones Imbabura S.A.	192,593	182,779
Compañía Eléctrica el Platanal S.A.	36,043	34,938
Inversiones en Concreto y Afines S.A.	28,735	29,454
ARPL tecnología Industrial S.A.	8,648	-
	<hr/> 266,019	<hr/> 247,171
Total accounts receivable from related parties	<hr/> 325,096	<hr/> 339,404
By term -		
Current Portion	128,940	236,470
Non- Current Portion	196,156	102,934
	<hr/> 325,096	<hr/> 339,404
Account payables, note 9(a)-		
Compañía Eléctrica el Platanal S.A.	5,165	18,975
Concremax S.A.	3,091	810
Unión de Concreteras S.A.	2,522	15,180
ARPL tecnología Industrial S.A.	2,248	7,728
Vigilancia Andina S.A.A.	1,989	2,425
La Viga S.A.	1,933	2,569
Generación Eléctrica de Atocongo S.A.	1,281	524
Transporte Lurin S.A.	623	623
Depósito Aduanero Conchán S.A.	556	602
Drake Cement, LLC.	159	50
Others	257	128
	<hr/> 19,824	<hr/> 49,614
Total accounts payable to related parties	<hr/> 19,824	<hr/> 49,614
By Term -		
Current Portion	19,824	49,614
	<hr/> 19,824	<hr/> 49,614

Notes to the separate financial statements (continued)

- (c) These dividends have been classified as financial assets measured at fair value with changes in other comprehensive income, in accordance with IFRS 9, and as a result of the impairment assessment as of June 30, 2020 and December 31, 2019 a provision has been estimated for loss of value of money over time of S/ 10,415,000 and S/ 7,708,000, respectively (S/ 7,342,000 and S/ 5,434,000 net of the effect of income tax, respectively).
- (d) The total remuneration paid to Group's directors and key members of management as of June 30, and 2019 is amounting to approximately S/8,634,000 and S/ 11,894,000 respectively, which include short-term benefits and compensation for time served.

19. Earnings (losses) per share

Basic earnings(losses) per share are calculated by dividing net earnings (losses) for the six-month periods ended June 30, 2020 and 2019 by the weighted average number of common shares outstanding during those periods.

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

	As of June 30, 2020	As of June 30, 2019
	S/ (000)	S/ (000)
Numerator		
Net losses (income) attributable to common shares	(39,044)	245,302
	<hr/>	<hr/>
	In thousands	In thousands
Denominator		
Weighted average number of common shares	1,818,128	1,818,128
	<hr/>	<hr/>
Basic and diluted losses (earnings) per share (stated in thousands of Soles)	(0.021)	0.135
	<hr/>	<hr/>

20. Commitments and contingencies

20.1 Financial commitments -

As of June 30, 2020, the Company has the following main financial commitments:

- Guarantee letter to the Ministry of Energy and Mines (MEM), issued by Banco de Crédito del Perú, by a total approximate of US\$1,678,000 (equivalent to S/5,930,000) with a maturity on January 2021, in order to ensure compliance of the Mine Closure.
- Guarantee letter to the Ministry of Production, issued by Banco de Crédito del Perú, by a total approximate of US\$3,974,000 (equivalent to S/14,044,000) with a maturity on January 2021, in order to ensure compliance of the Mine Closure.

Notes to the separate financial statements (continued)

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 June 30, 2020 and December 31, 2019.

- (c) The Tax Authority has the power to review and adjust the income tax calculated by the Company in the four years following the year the tax returns presentation. The tax returns of the Income Tax for the years 2011 to 2013 and 2016 to 2019 and value added tax ("IGV" for its acronym in Spanish) for the periods December 2014 to June 2020 are open to review by Tax Authority.

- (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 June 30, 2020 and December 31, 2019.

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 of previous years, the Company has been notified by the Superintendency of Tax Administration (SUNAT) with various resolutions for alleged omissions of income tax. 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. As of June 30, 2020, and December 31, 2019, the Company maintains receivables related to certain tax processes, see note 4 (a), 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.

Below is a brief update of the main tax processes of the Company, which were described in greater detail in the note to the separate annual financial statements as of December 31, 2019:

Notes to the separate financial statements (continued)

- *Income tax for the years 2000 and 2001 -*
Up to date, the appeal filed by the Company is pending resolution.
- *Income tax for the years 2004 and 2005 -*
To date, the appeal for cassation against Resolution No. 17 presented by the Company is pending resolution by the Supreme Court.
- *Income tax for the 2010 financial year -*
Up to date, the appeal filed by the Company is pending resolution.
- *Income tax for the 2013 financial year -*
To date, the judgment in the first instance of the contentious-administrative lawsuit filed by the Company against the Tax Court Resolution No. 1300-3-2019 of May 22, 2019 is pending.

20.4 Mining royalties -

This information has not changed as described in the note to the separate annual financial statements as of December 31, 2019.

20.5 Environmental commitments -

The activities of the Company are subject to environmental protection standards. This tax rules are the same as those described in the notes to the annual separate financial statements as of December 31, 2019.

21. Financial risk management, objectives and policies

The Company has cash and trade and others receivables that arise directly from its operations. The Company also holds derivative financial instruments. 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 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 Management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company policies and company risk appetite. 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 the policies for managing each of these risks, as mentioned in the separate financial statements as of December 31, 2019. Due to the current situation explained in detail in note 1.2, we have updated the relevant financial risks, which are shown below:

21.1 Market risk -

The sensitivity analyses shown in the following sections relate to the position as of June 30, 2020 and December 31, 2019.

Notes to the separate financial statements (continued)

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 June 30, 2020 and December 31, 2019.

(i) Interest rate risk –

(a) Derivative Financial instruments from hedge -

As of June 30, 2020, and December 31, 2019, 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 June 30, 2020	As of December 31, 2019
	US\$(000)				S/ (000)	S/ (000)
Assets-						
Citibank N.A.	50,000	October 2025	Libor to 3 months + 1.75%	5.70%	23,885	15,369
Bank of Nova Scotia	30,000	September 2025	Libor to 3 months + 2.60%	5.66%	8,608	4,544
Santander S.A.	45,000	November 2023	Libor to 3 months + 1.85%	5.03%	16,480	8,892
					<u>48,973</u>	<u>28,805</u>

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 June 30, 2020 and December 31, 2019, the Company has recognized under "Unrealized net profit (loss) of the separate statement of comprehensive income amounts to approximately S/ 14,218,000 and S/ 7,331,000, respectively, which are presented net of the effect in the income tax, respectively.

As of June 30, 2020, the Company recognized an expense on these derivative financial instruments amounting to approximately S/3,741,000 (S/1,636,000 as of Sunday, June 30, 2019), whose amounts were actually paid during the year and are presented as "Finance costs" in the separate statement of income.

(b) Derivative Financial instruments from trading –

Counterparty	Reference value	Maturity rate	Receive variable to:	Payments set to:	Fair value	
					As of June 30, 2020	As of December 31, 2019
	US\$(000)				S/ (000)	S/ (000)
Assets-						
Citibank N.A. New York	35,000	October 2020	Libor to 3 months + 1.08%	5.20%	1,783	2,459
					<u>1,783</u>	<u>2,459</u>

As of June 30, 2020, the effective portion of changes in the fair value of financial instruments that qualify as hedges is recognized as assets or liabilities. As of June 30, 2020, the effect amounts to approximately S/ 676,000

Notes to the separate financial statements (continued)

(S/ 368,00 as of June 30, 2019) and is presented as part of the item "Financial income" 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	Impact on income before Income tax	
	As of June 30, 2020	As of December 31, 2019
%	S/ (000)	S/ (000)
-10	(857)	(1,051)
10	857	1,051

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

(ii) Foreign currency risk -

The result of holding balances in foreign currency for the Company as of June 30, 2020 and 2019 was a net loss in exchange difference amounting approximately S/36,789,000 (a loss of approximately S/63,875,000 and a gain of approximately S/27,086,000) and a net gain of approximately S/28,367,000 (a gain of approximately S/123,198,000 and a loss of approximately S/94,831,000), respectively, which are presented in the caption "Exchange difference, net" in the separate statement of income.

As of June 30, 2020, and December 31, 2019, the Company had the following assets and liabilities in U.S. Dollars:

	2020		2019	
	US\$(000)	Equivalent S/ (000)	US\$(000)	Equivalent S/ (000)
Asset				
Trade and other receivable, net	78,200	276,359	65,786	217,817
	<u>78,200</u>	<u>276,359</u>	<u>65,786</u>	<u>217,817</u>
Liabilities				
Trade and other payables	(13,867)	(49,103)	(16,058)	(53,264)
Other financial liabilities	(243,618)	(862,650)	(175,556)	(582,319)
	<u>(257,485)</u>	<u>(911,753)</u>	<u>(191,614)</u>	<u>(635,583)</u>
Derivative financial instruments of exchange rate	(14,334)	(50,757)	(9,425)	(31,263)
Net liability position	<u>(193,619)</u>	<u>(686,151)</u>	<u>(135,253)</u>	<u>(449,029)</u>

Notes to the separate financial statements (continued)

As of June 30, 2020, and December 31, 2019, the Company has no operations with exchange rate derivatives, any devaluation / revaluation of the foreign currency affects the separate income statement.

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	Impact on income before Income tax	
	As of June 30, 2020	As of December 31, 2019
%	S/(000)	S/(000)
+5	(34,308)	(20,888)
+10	(68,615)	(41,777)
-5	34,308	20,888
-10	68,615	41,777

21.2 Credit risk -

As of June 30, 2020, 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 June 30, 2020, 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, considering that we have S/ 116, 448, 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 June 30, 2020			
	From 3 to 12 months S/ (000)	From 1 to 3 years S/ (000)	From 4 to 8 years S/ (000)	Total S/ (000)
Trade and other payables	172,929	-	-	172,929
Other financial liabilities				
Amortization of capital	753,457	1,877,137	760,287	3,390,881
Flow of interest payments	119,257	299,732	47,465	466,454
Total liabilities	1,045,643	2,176,869	807,752	4,030,264

Notes to the separate financial statements (continued)

	As of December 31, 2019			
	From 3 to 12 months S/ (000)	From 1 to 3 years S/ (000)	From 4 to 8 years S/ (000)	Total S/ (000)
Trade and other payables	300,579	-	-	300,579
Other financial liabilities				
Amortization of capital	383,762	1,654,284	1,029,519	3,067,565
Flow of interest payments	154,751	323,023	60,713	538,487
Total liabilities	839,092	1,977,307	1,090,232	3,906,631

21.4 Capital management-

No changes were made in the objectives, policies or processes for managing capital during the years ended on June 30, 2020 and December 31, 2019.

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 June 30, 2020		
Financial assets -		
Dividends receivable	266,019	266,019
Total current assets	266,019	266,019
Financial liabilities		
Derivative financial instruments	50,756	50,756
Other financial liabilities	50,756	50,756
As of December 31, 2019		
Financial assets -		
Dividends receivable	247,171	247,171
Total current assets	247,171	247,171
Financial liabilities		
Derivative financial instruments	31,264	31,264
Other financial liabilities	31,264	31,264

Notes to the separate financial statements (continued)

(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:

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 June 30, 2020		As of December 31, 2019	
	Value Books S/ (000)	Fair value S/ (000)	Value Books S/ (000)	Fair value S/ (000)
Bank notes	486,395	409,286	116,095	113,087
Other financial liabilities (*)	2,891,186	2,602,202	2,893,375	2,526,126

(*) As of June 30, 2020, and December 31, 2019, the amount outstanding does not include promissory notes and bank overdraft, see note 10.

23. Subsequent events

As mentioned in note 1.2, the serious health crisis that is being experienced worldwide, led the Peruvian government to take a series of health and economic measures that affected the operations of the Company. After June 30, 2020, the government declared the extension of the State of National Emergency until September 30 of this year and imposed a quarantine focused on 4 departments (Cuzco, Moquegua, Puno and Tacna) and 25 provinces, due to the high index of Covid-19 infections, according to Supreme Decree No. 146-2020-PCM of August 28, 2020 and Supreme Decree No. 151-2020-PCM of September 16, 2020.

Additionally, as mentioned in note 1, on July 3, 2020, the Non-Presential Annual Mandatory Meeting was held, where the separate financial statements for fiscal year 2019 were approved.

Except for what is mentioned in previous paragraphs, no significant financial and accounting events have been identified after June 30, 2020 that may affect the interpretation of these separate financial statements.