

Unión Andina de Cementos S.A.A.

**UN-AUDITED Separate Interim Financial Statements
As of June 30, 2021 and December 31, 2020**

UNIÓN ANDINA DE CEMENTOS S.A.A.

Statement of Financial Position

As of June 30th, of 2021 and December 31st, 2020

(In thousands of Soles)

	Notes	As of June 30th, 2021	As of December 31, 2020
Assets			
Current Assets			
Cash and cash equivalents	3	485,378	290,252
Other Financial Assets		0	0
Trade Accounts Receivable and other accounts receivable	4	420,138	375,956
Trade Accounts Receivable , net		82,756	83,320
Other Accounts Receivable , net		12,980	99,158
Accounts Receivable from Related Companies		314,249	183,881
Advanced payments		10,153	9,597
Inventories	5	417,673	387,969
Biological Assets		0	0
Assets by Income Taxes		0	0
Other Non-Financial Assets		7,411	1,791
Total Current Assets different than assets or groups of assets for its classified as held for sale or for distribution to owners		1,330,600	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		1,330,600	1,055,968
Non-Current Assets			
Other Financial Assets		0	0
Investments in subsidiaries, joint ventures and associates	6	3,624,489	3,549,921
Trade Accounts Receivables and other accounts receivables	4	123,163	130,015
Trade Accounts Receivable		0	0
Other Accounts Receivable		91,682	46,086
Accounts Receivable from Related companies		31,481	83,929
Advanced payments		0	0
Biological Assets		0	0
Investment Property		0	0
Property, Plant and Equipment , net	7	3,802,112	3,876,272
Intangible Assets , net	8	29,214	30,262
Assets Deferred Income Tax		0	0
Surplus value	8	9,745	9,745
Other Assets		106,326	109,672
Total Non-current Assets		7,695,049	7,705,887
TOTAL ASSETS		9,025,649	8,761,855

	Notes	As of June 30th, 2021	As of December 31, 2020
Liabilities and Stocholders' Equity			
Current Liabilities			
Other Financial Liabilities	10	568,051	793,526
Trade accounts payable and other payable accounts		326,163	270,257
Trade Accounts Payable	9	150,287	153,758
Other Accounts Payable	9	114,684	54,368
Accounts payable to related companies	9	46,737	43,657
Diferred Income		14,455	18,474
Provision for Employee Benefits		0	0
Other provisions	9	2,651	2,651
Income Tax Liabilities	9	27,063	641
Other non-financial liabilities		21,033	25,108
Total Current Liabilities different of Liabilities included groups of assets for disposal Classified as Held for Sale		944,961	1,092,183
Liabilities included in asset groups classified as held for sale		0	0
Total Current Liabilities		944,961	1,092,183
Non-Current Liabilities			
Other Financial Liabilities	10	2,694,750	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		21,717	28,471
Liabilities Deferred Income Taxes	11	408,879	419,820
Other non-financial liabilities	21.1(i)	35,639	43,335
Total Non-Current Liabilities		3,160,985	2,869,042
Total Liabilities		4,105,946	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	2,801,390	2,690,224
Other Equity Reserves	12	-25,422	-33,329
Total Stockholders' Equity		4,919,703	4,800,630
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		9,025,649	8,761,855

UNIÓN ANDINA DE CEMENTOS S.A.A.
Statement Income
For the periods ended June 30th, 2021 and 2020
(In thousands of Soles)

	Notes	For the specific quarter from April 1, to June 30th, 2021	For the specific quarter from April 1, to June 30th, 2020	For the cummulative period from January 1st to June 30th, 2021	For the cummulative period from January 1st to June 30th, 2020
Incomes from ordinary activities	13	557,412	184,729	1,100,256	595,848
Cost of Sales	14	-388,868	-151,949	-722,267	-426,756
Profit (Loss) Gross	-	168,544	32,780	377,989	169,092
Sales Expenses		-17,172	-9,904	-29,027	-23,688
Administrative expenses	15	-40,925	-24,830	-78,689	-53,412
Profit (Loss) in the write-off of financial assets carried at amortized cost		-	-	-	-
Other Operating Income	16	68,021	15,523	106,944	34,517
Other Operating Expenses	16	-6,085	-60,147	-19,286	-66,482
Other profit (loss)		-	-	-	-
Profit (Loss) from operating activities		172,383	-46,578	357,931	60,027
Financial Income		1,098	909	1,984	2,057
Financial Expenses	17	-36,438	-42,259	-79,146	-83,805
Exchange differences, net	21.1(ii)	-14,164	-17,832	-32,004	-36,788
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		122,879	-105,760	248,765	-58,509
Income tax expenses	11(b)	-24,687	34,306	-54,799	19,465
Profit (Loss) Net of Continued Operations		98,192	-71,454	193,966	-39,044
Profit (loss) net of the tax to the profit from discontinued operations		-	-	-	-
Profit (loss) net of the year		98,192	-71,454	193,966	-39,044

UNIÓN ANDINA DE CEMENTOS S.A.A.
Statement of Comprehensive Income
For the periods ended June 30th, 2021 and 2020
(In thousands of Soles)

Notas	For the specific quarter from April 1, to June 30th, 2021	For the specific quarter from April 1, to June 30th, 2020	For the cumulative period from January 1st to June 30th, 2021	For the cumulative period from January 1st to June 30th, 2020
Net Profit (Loss) of the year	98,192	-71,454	193,966	-39,044
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	-4,601	-1,361	5,426	-14,218
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	-1,908	2,481	-1,908
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	-4,601	-3,269	7,907	-16,126
Other Comprehensive Income	-4,601	-3,269	7,907	-16,126
Total Comprehensive Income for the period , net of income tax	93,591	-74,723	201,873	-55,170

UNIÓN ANDINA DE CEMENTOS S.A.A.
Statement of Cash Flow
Direct Method
For the periods ended June 30th, 2021 and 2020
(In thousands of Soles)

	Notes	As of January 1st, 2021 to June 30th, 2021	As of January 1st, 2020 to June 30th, 2020
Operating activities cash flows			
Types of cash collections from operating activities			
Sale of Goods and Services		1,269,620	749,307
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	0
Types of cash collections from operating activities			
Suppliers of goods and services		-721,996	-570,927
Contracts held for brokering or trading purposes		0	0
cash payments to and on behalf of employees		-109,446	-97,905
Elaboration or acquisition of assets to be leased and other assets held for sale		0	0
Other Cash Payments Related to Operating Activity		-120,718	-30,548
Cash flows and cash equivalents from (used in) Operating Activities		317,460	49,927
Interests received (not included in the Investment Activities)		0	0
Interests paid (not included in the Investment Activities)		-75,242	-84,114
Dividends Received (not included in the Investment Activities)		134,632	0
Dividends Paid (not included in the Investment Activities)		0	0
Income tax (paid) reimbursed		-38,006	-51,602
Other cash collections (payments)		0	0
Cash flows and cash equivalents from (used in) Operating Activities		338,844	-85,789
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		-79,404	-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		-63,949	-49,157

UNIÓN ANDINA DE CEMENTOS S.A.A.
Statement of Cash Flow
Direct Method
For the periods ended June 30th, 2021 and 2020
(In thousands of Soles)

	Notes	As of January 1st, 2021 to June 30th, 2021	As of January 1st, 2020 to June 30th, 2020
Purchase of intangible assets		-1,244	-1,437
Purchase of other long- term assets		0	0
Income tax (paid) reimbursed		0	0
Other cash receipts (payments) relating to Investment activities		0	
Cash flows and cash equivalents from (used in) investing activities		-144,597	-56,101
Cash flows from Financing activities			
Type of cash collections from financing activities			
Loan securing		1,399,109	708,800
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		-1,343,880	-431,868
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		-45,547	-23,684
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		9,682	253,248
Increase (Decrease) in Net Cash and cash equivalents, before Changes in Foreign Exchange Rates		203,929	111,358
Effects of Changes in Foreign Exchange Rates on Cash and Cash Equivalents		-8,803	-1,190
Increase (Decrease) in Net Cash and Cash Equivalents		195,126	110,168
Cash and cash equivalents at beginning of year		290,252	6,280
Cash and cash equivalents at end of year		485,378	116,448

UNIÓN ANDINA DE CEMENTOS S.A.A.
Statement of change in Stockholder's Equity
For the periods ended June 30th, 2021 and 2020
(In thousands of Soles)

	Other Equity Reserves											Subtotal	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
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						-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
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						193,966										193,966
7. Other Comprehensive Income:							5,426							2,481	7,907	7,907
8. Comprehensive Income - Total year						193,966	5,426							2,481	7,907	201,873
9. Cash Dividends Declared						-83,634										-83,634
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						834										834
Total Equity Increase (decrease)						111,166	5,426							2,481	7,907	119,073
Balance as of June 30th, 2021	1,818,128	-38,019	-	-	363,626	2,801,390	-25,126	-	-	-	-	-	-	-296	-25,422	4,919,703

Unión Andina de Cementos S.A.A.

UN-AUDITED Separate Interim Financial Statements

As of June 30, 2021 and December 31, 2020

1. Identification and Economic Activity

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

As of June 30, 2021 and December 31, 2020, the Company is a subsidiary of Inversiones JRPR S.A. (hereinafter "the Principal" and ultimate parent of the economic group), who owns 42.22 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.

The separate financial statements as of the second quarter, 2021 have been issued with Management authorization and on July 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-

2020 was a year of great challenges for the world and our country, as a result of the COVID-19 pandemic. In this context, the Company implemented a plan of measures that has allowed it to cope with this crisis, having as a fundamental pillar ensuring safety and health of its collaborators; and the sustainability of the Company and all its shareholders.

This 2021 we continue in the health crisis, facing a very difficult environment, despite having overcome the "second wave" of the pandemic, the Peruvian government continues with preventive measures, such as Supreme Decree No. 008-2020-SA of the March 11, 2020 and amendments that establish the extension of the state of health emergency until September 3, 2021, in addition through Supreme Decree No. 184-2020-PCM of November 30, 2020 and amendments that provided the extension of the national state of emergency until August 31, 2021, accompanied by a series of targeted measures to continue facing the pandemic, including: level of alerts and measures (extreme, very high, high and moderate) were established by provinces and departments of the country, compulsory social immobilization, entry restrictions to the national territory and, reduction of capacity of premises on malls, among others.

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 view of 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 the policies considered in the preparation of the separate annual financial statements of the Company as of December 31, 2020, unless 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 June 30, 2021 S/(000)	As of December 31, 2020 S/(000)
Petty cash	945	878
Current accounts (b)	355,933	34,093
Term deposits (c)	128,500	255,281
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	485,378	290,252
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(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, 2021 S/(000)	As of December 31, 2020 S/(000)	As of June 30, 2021 S/(000)	As of December 31, 2020 S/(000)
Commercial:				
Trade accounts receivable (b)	83,376	83,946	-	-
Related:				
Accounts receivable from related parties	314,249	183,881	31,481	83,929
Various:				
Claims to Tax authority	6,043	6,749	79,787	35,072
Claims to third parties	4,104	5,089	-	-
Advances to suppliers	10,153	9,597	3,541	4,584
Public Works Tax Deduction	1,944	1,680	-	-
Loans to employees	3,131	4,036	8,354	6,430
Loans to a third party (c)	-	83,678	-	-
Other accounts receivable	3,731	4,075	-	-
	<u>29,106</u>	<u>114,904</u>	<u>91,682</u>	<u>46,086</u>
	426,731	382,731	123,163	130,015
Less - Expected credit loss	<u>(6,593)</u>	<u>(6,775)</u>	<u>-</u>	<u>-</u>
	<u>420,138</u>	<u>375,956</u>	<u>123,163</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.

(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 2021, applying an effective annual interest rate equivalent to 2.42 percent. As of June 30, 2021, the reclassification was made to accounts receivable from related parties.

As of June 30, 2021 and December 31, 2020, the Company performed the evaluation of credit risk exposure in trade accounts receivable, 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, 2021 S/(000)	As of December 31, 2020 S/(000)
Finished goods	17,011	16,731
Work in progress	126,914	112,620
Raw and auxiliary materials	107,976	114,341
Packages and packing	27,344	17,770
Spare parts and supplies	177,154	160,223
Stock to receive	-	8,631
	<hr/>	<hr/>
	456,399	430,316
Allowance for impairment of inventories (b)	(38,726)	(42,347)
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	417,673	387,969

(b) In opinion of Company’s Management the allowance for obsolescence of inventories covers appropriately its obsolescence risk as of June 30, 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 June 30,	As of December 31,	As of June 30,	As of December 31,
			2021	2020	2021	2020
			%	%	S/(000)	S/(000)
Investments in subsidiaries -						
Inversiones Imbabura S.A.	Holding	Peru	99.99	99.99	1,516,724	1,516,724
Skanon Investments Inc.(b)	Manufacture and sale of cement Concrete	Unites States	95.71	86.55	1,384,824	1,219,607
Compañía Eléctrica El Platano 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	34,604	64,250
Staten Island Co. LLC (b)	Holding	Unites States	-	100.00	-	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
Inv. 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	268	234
					3,658,051	3,578,646
Estimate for devaluation of investments					(33,562)	(28,725)
					3,624,489	3,549,921

Notes to the separate financial statements (continued)

- (b) On May 17, 2021, the Company contributed its shares in Staten Island Co. LLC to Skanon Investments Inc. for the amount of S/ 58,953,000 (equivalent to US \$ 16,055,000). Additionally, on June 28, 2021, the Company purchased shares in Skanon Investments Inc. from its subsidiaries Inversiones en Concreto y Afines S.A. for S/ 59,569,000, Transportes Lurín S.A. for S/ 29,646,000 and ARPL Tecnología Industrial S.A. for S/ 17,049,000 (equivalent to US \$ 15,142,000, US \$ 7,536,000 and US \$ 4,334,000 respectively).

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

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

	As of June 30, 2021	As of December 31, 2020
	S/(000)	S/(000)
Cost -		
Opening Balance	5,784,523	5,667,302
Additions (b) and (c)	63,949	126,918
Reclassification of spare parts	(20,373)	49,969
Withdrawals and sells (d)	-	(58,121)
Others	(7,194)	(1,545)
Ending Balance	<u>5,820,905</u>	<u>5,784,523</u>
Accumulated depreciation -		
Opening Balance	1,908,251	1,688,111
Period depreciation (e)	110,542	220,342
Withdrawals, sales and others	-	(202)
Ending Balance	<u>2,018,793</u>	<u>1,908,251</u>
Net book value -	<u>3,802,112</u>	<u>3,876,272</u>

- (b) As of June 30, 2021, the main additions for approximately S/ 32,565,000 correspond to disbursements made for the projects of the cooler dedusting system, control system migration, valve rack installation, major maintenance and modernization of the Cenit and Pillard system, made in the kiln 2; in addition, the change of reducer in cement mill 6, change of sleeves in kiln 4 and change of plates of cement mill 8, corresponding to the Condorcocha plant. Likewise, disbursements made for the projects to change the shell of the cement mill, structural reinforcement and internal modification of chamber No. 1 and No. 4 of the multisilo, fire-fighting system in the electrical substations and main conveyor belts and repair of the clinker tower 1, corresponding to the Atocongo plant.
- (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

Notes to the separate financial statements (continued)

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 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 project and the integral plan of the Cristina mining concession as a consequence of the pandemic COVID -19.

(e) The depreciation was distributed as follows:

	As of June 30, 2021	As of June 30, 2020
	S/(000)	S/(000)
Cost of sales, note 14	105,345	96,290
Administrative expenses, note 15	3,446	3,316
Selling expenses	317	317
Other expenses	1,434	914
Inventories in process	-	5,634
	<u>110,542</u>	<u>106,471</u>

8. Intangible assets, net

(a) As of June 30, 2021 and 2020 Company recognized an expense that amounts to S/2,293,000 and S/. 1,320,000, respectively.

9. Trade and other payables

(a) This item is made up as follows:

	As of June 30, 2021	As of December 31, 2020
	S/(000)	S/(000)
Trade accounts payable (b)	150,287	153,758
Related Accounts receivable, note 18(b)	46,737	43,657
Interest payable, note 10 (b) and 10.2 (c)	20,785	18,260
Salaries, bonuses and vacation payable	25,384	17,001
Income tax payable, note 20.2 (e)	27,063	641
General sales tax	10,195	1,485
Dividends payable	42,129	4,877
Contributions and labor contributions payable	2,715	3,560
Provision for contingencies	2,651	2,651
Interest on financial instruments payable	2,239	2,198
Other accounts payable	11,237	6,987
	<u>341,422</u>	<u>255,075</u>

Notes to the separate financial statements (continued)

- (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.

10. Other financial liabilities

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

	As of June 30, 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 loans (b)	231,960	-	231,960	367,440	-	367,440
Interest on bonds and long-term debt, Note 10.1(a)	336,091	2,694,750	3,030,841	426,086	2,377,416	2,803,502
	<u>568,051</u>	<u>2,694,750</u>	<u>3,262,801</u>	<u>793,526</u>	<u>2,377,416</u>	<u>3,170,942</u>

- (b) The bank promissory note June 30, 2021 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, 2021 and December 31, 2020, the balance per bank consists of:

	As of June 30, 2021 S/(000)	As of December 31, 2020 S/(000)
Creditor -		
BBVA Banco Continental S.A.	57,990	217,440
Banco de Crédito del Perú S.A..	173,910	100,000
Scotiabank Perú S.A..	-	50,000
	<u>231,960</u>	<u>367,440</u>

As of June 30, 2021 and December 31, 2020, the interest payable amounts to approximately S/205,000 and 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 June 30, 2021 and 2020, the interest expenses amounted to approximately S/836,000 and S/3,411,000, 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 June 30, 2021	As of December 31, 2020
	S/(000)	S/(000)
Bonds -	60,000	60,000
Bank loans -	2,970,841	2,743,502
	<u>3,030,841</u>	<u>2,803,502</u>
Total	3,030,841	2,803,502
Less - Current portion	336,091	426,086
	<u>2,694,750</u>	<u>2,377,416</u>
Non- Current Portion	<u>2,694,750</u>	<u>2,377,416</u>

- (b) As of June 30, 2021 and December 31, 2020, the balance of the corporate bonds is detailed below:

	Annual interest rate	Maturity rate	As of June 30, 2021	As of December 31, 2020
	%		S/(000)	S/(000)
Bonds -				
Second issuance of the second program	5.16	March 2023	60,000	60,000
			<u>60,000</u>	<u>60,000</u>
Total			<u>60,000</u>	<u>60,000</u>

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 June 30, 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 June 30, 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	823,933	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	193,300	181,200
Bank of Nova Scotia	September 2025,	No guarantees	98,583	103,284
Santander S.A.	November, 2023	No guarantees	173,970	163,080
			<u>2,983,075</u>	<u>2,757,113</u>
Amortized cost			(12,234)	(13,611)
			<u>2,970,841</u>	<u>2,743,502</u>
Total			<u>3,030,841</u>	<u>2,803,502</u>
Less - Current portion			<u>336,091</u>	<u>426,086</u>
Non- Current Portion			<u>2,694,750</u>	<u>2,377,416</u>

Notes to the separate financial statements (continued)

- (b) The applicable financial covenants 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, 2021 December 31, 2020, the main financial covenants 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 5.5 times.

Additionally, the following financial covenants 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 covenants does not constitute "Default" or "Event of default", (as established in the respective loan contracts). The new compliance levels for 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 June 30, 2021.

- (c) As of June 30, 2021 and December 31, 2020, interest's payable related to bonds and long and medium-term debt are amounted to approximately S/20,580,000 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).

The interest generated by bonds and debt with banking entities in the medium and long term maintained for the years ended on June 30, 2021 and 2020, amounting approximately S/ 61,461,000 and S/ 68,589,000, respectively, and are included in the item "Financial costs" of the separate income statement.

- (d) As of June 30, 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.

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 June 30, 2021 S/(000)	As of December 31, 2020 S/(000)
Deferred liability -		
Opening Balance	457,696	503,754
Separated income statement impact	(13,839)	(46,058)
Ending Balance	<u>443,857</u>	<u>457,696</u>
Deferred asset -		
Opening Balance	(37,876)	(28,134)
Separated income statement impact	(408)	(3,173)
Charges to comprehensive income	3,306	(6,569)
Ending Balance	<u>(34,978)</u>	<u>(37,876)</u>
Total net liability for deferred income tax	<u>408,879</u>	<u>419,820</u>

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

	As of June 30, 2021 S/(000)	As of June 30, 2020 S/(000)
Current	(67,553)	(12,097)
Deferred	14,247	31,677
Royalty Expenses	(1,493)	(115)
Total	<u>(54,799)</u>	<u>(19,465)</u>

Notes to the separate financial statements (continued)

12. Net Equity

(a) Capital issued-

As of June 30, 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.

The shareholding composition of the Company is as follows:

Shareholders	As of June 30, 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	438,206,789	24.10
Others	464,121,428	25.53
	<u>1,818,127,611</u>	<u>100.00</u>

As of June 30, 2021, the share price of each common share has been S/1.34 (S/1.55 as of December 31, 2020).

(b) 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 June 30, 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 June 30, 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
April 23th, 2021	23,636	12.05. 2021	0.013
June 21th, 2021	36,362	23.07. 2021	0.020
	<u>83,634</u>		

2020 dividends:

Directors Board session date	Dividends declared and paid S/(000)	Payment date	Dividends per common share S/.
January 31th, 2020	23,636	04.03. 2020	0.013
	<u>23,636</u>		

The Board of Directors, in a session on April 4, 2020, as part of the preventive and extraordinary measures implemented due to the exceptional situation of the COVID-19 pandemic, agreed to suspend the quarterly distribution of dividends until conditions allow their resumption. Dividend payments resumed in the first quarter of 2021.

13. Net sales

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

	2021 S/(000)	2020 S/(000)
Cement Sales -	1,014,929	527,574
Exports of Clinker (b)	47,922	52,890
Sale of blocks, pavers and concrete pavement (c)	37,405	15,384
	<u>1,100,256</u>	<u>595,848</u>
Moment of revenue recognition		
Goods transferred at a point in time	<u>1,100,256</u>	<u>595,848</u>
	<u>1,100,256</u>	<u>595,848</u>

(b) The sale of clinker corresponds to the export of the raw material to customers located in South and Central 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 June 30:

	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	167,159	61,775
Depreciation, note 7(e)	105,345	96,290
Personnel expenses	74,273	55,709
Consumption of raw material	70,315	25,066
Kiln, machinery and equipment maintenance	56,461	25,201
Electrical Energy	58,009	23,359
Transport of raw material	36,053	15,986
Packaging	41,188	23,624
Stripping costs (clearing)	5,023	1,839
Depreciation of deferred asset for stripping	3,346	1,186
Other manufacturing expenses	123,290	102,762
Ending balance of finished goods and work in process, note 5(a)	(143,925)	(303,728)
	<u>725,888</u>	<u>419,652</u>
Provision for inventory obsolescence- note 5(b)	(3,621)	7,104
	<u>722,267</u>	<u>426,756</u>

15. Administrative expenses

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

	2021 S/(000)	2020 S/(000)
Personnel expenses	36,531	25,745
Services rendered by third parties	19,003	12,892
Donations	10,170	5,216
Taxes	7,914	3,796
Depreciation, note 7(e)	3,446	3,316
Others	1,625	2,447
	<u>78,689</u>	<u>53,412</u>

Notes to the separate financial statements (continued)

16. Other income and other expenses

As of June 30, 2021, dividends were received from the subsidiaries Ferrocarril Central Andino S.A. for approximately US \$ 5,030,000 (equivalent to S/ 18,879,000), Inversiones Imbabura S.A. for approximately US\$ 4,790,000 (equivalent to S/ 17,272,000), Inversiones en Concreto y Afines S.A. for approximately S/ 29,687,000 and ARPL Tecnología Industrial S.A. for approximately S/ 6,727,000, see note 18 (a). As of June 30, 2020, dividends were received from the subsidiary ARPL Tecnología Industrial S.A. for approximately S/ 8,944,000.

17. Financial expenses

Corresponds mainly to the interest generated by the debt with banks in the medium and long term. As of June 30, 2021 and 2020, they amount to approximately S/ 62,297,000 and S/ 72,000,000, respectively, see note 10 (b) and 10.2 (c).

18. Related parties' transactions

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

	2021 S/(000)	2020 S/(000)
Income:		
Cement sales -		
La Viga S.A.	236,401	137,542
Unión de Concreteras S.A.	72,865	34,241
Concremax S.A.	20,791	10,165
Prefabricados Andinos Perú S.A.C.	216	54
Asociación UNACEM	61	67
Dividends income, note 16 -		
Inversiones en Concreto y Afines S.A.	29,687	-
Inversiones Imbabura S.A.	17,272	-
Ferrocarril central Andino S.A.	18,879	-
ARPL tecnología Industrial S.A.	6,727	8,944
Income from sale of blocks, pavers, pavements and concrete -		
Unión de Concreteras S.A.	35,055	14,765
Concremax S.A.	1,578	33
Licenses - Intellectual property and trademarks - Abroad		
UNACEM Ecuador S.A.	10,291	5,524
Administrative, technology and management support -		
UNACEM Ecuador S.A.	2,961	4,221
Prefabricados Andinos Perú S.A.C.	276	254
Drake Cement LLC.	434	164
Generación Eléctrica Atocongo S.A.	83	83
Depósito Aduanero Conchán S.A.	34	103
Compañía Eléctrica El Platana S.A.	951	667
Vigilancia Andina S.A.A.	68	61
Cementos Portland S.A.	78	-
Others	31	34

Notes to the separate financial statements (continued)

	2021 S/(000)	2020 S/(000)
Income from royalties –		
Compañía Eléctrica El Platanal S.A.	3,437	2,577
Leases of plant, equipment and facility –		
Unión de Concreteras S.A.	1,008	596
Cia. Eléctrica El Platanal S.A.	287	263
ARPL tecnología Industrial S.A.	154	142
Depósito Aduanero Conchán S.A.	148	145
Prefabricados Andinos Perú S.A.C.	93	93
La Viga S.A.	94	88
Others	59	52
Income from Cement sales –		
Cementos Portland S.A.	10,797	-
Unicon Chile S.A.	10,666	12,814
Drake Cement LLC.	761	587
Other income –		
Unión de Concreteras S.A.	82	-
Cementos Portland S.A.	10	-
La Viga S.A.	9	-
Vigilancia Andina S.A.A.	-	15
Others	33	51
Purchases and costs:		
Purchases of electric energy –		
Compañía Eléctrica El Platanal S.A.	53,281	22,784
Maquila Service –		
Unión de Concreteras S.A.	16,251	7,522
Concremax S.A.	939	21
Commissions and freight costs of cement sales -		
La Viga S.A.	13,744	8,210
Concremax S.A.	-	194
Surveillance services		
Vigilancia Andina S.A.A.	12,026	11,526
Technical assistance and engineering services –		
ARPL tecnología Industrial S.A.	9,686	7,115

Notes to the separate financial statements (continued)

	2021 S/(000)	2020 S/(000)
Purchases of additional material-		
Unión de Concreteras S.A.	2,316	1,175
Engineering services and project management-		
ARPL tecnología Industrial S.A.	4,495	1,669
Warehouse management services-		
Depósito Aduanero Conchán S.A.	1,326	418
Expense reimbursements -		
Unión de Concreteras S.A.	2,218	802
ARPL tecnología Industrial S.A.	229	-
Others -		
Generación Eléctrica Atocongo S.A.	1,444	1,476
Depósito Aduanero Conchán S.A.	240	360
Prefabricados Andinos Perú S.A.C.	187	17
Unión de Concreteras S.A.	309	161
Drake Cement LLC.	94	103
Inv. Nacionales y Multinacionales Andinas S.A.	61	-
Cia. Inversiones Santa Cruz S.A.	9	-

- (b) As a result of these and other minor transactions, as of June 30, 2021 and December 31, 2020, the Company had the following balances with its related entities:

	As of June 30, 2021 S/(000)	As of December 31, 2020 S/(000)
Accounts receivable		
Unión de Concreteras S.A.	79,075	56,247
La Viga S.A.	28,335	29,428
Concremax S.A.	15,498	9,254
Unicon Chile S.A.	9,274	8,936
Cementos Portland S.A.	9,153	-
UNACEM Ecuador S.A.	6,192	4,245
Compañía Eléctrica El Platanal S.A.	3,934	5,172
Prefabricados Andinos Perú S.A.C.	2,805	1,509
Drake Cement LLC.	2,668	1,430
Others	656	793
	<u>157,590</u>	<u>117,014</u>

Notes to the separate financial statements (continued)

	As of June 30, 2021 S/(000)	As of December 31, 2020 S/(000)
Dividends receivable		
Compañía Eléctrica El Platana S.A.	37,351	36,476
Inversiones Imbabura S.A.	36,266	60,176
Inversiones en Concreto y Afines S.A.	4,124	27,909
ARPL tecnología Industrial S.A.	-	8,273
	<u>77,741</u>	<u>132,834</u>
Loans receivable		
Cementos Portland S.A.	89,021	-
Prefabricados Andinos Perú S.A.C.	18,901	17,771
Inversiones Imbabura S.A.	2,136	-
Inversiones en Concreto y Afines S.A.	341	191
	<u>110,399</u>	<u>17,962</u>
Total accounts receivable, note 4 (a)	<u>345,730</u>	<u>267,810</u>
By term -		
Current Portion	314,249	183,881
Non- Current Portion	31,481	83,929
	<u>345,730</u>	<u>267,810</u>
Payable Accounts		
Compañía Eléctrica El Platana S.A.	19,666	18,115
Unión de Concreteras S.A.	12,009	9,124
ARPL tecnología Industrial S.A.	7,449	8,122
La Viga S.A.	2,468	3,849
Vigilancia Andina S.A.A.	2,225	1,984
Concremax S.A.	893	595
Transporte Lurin S.A.	623	623
Depósito Aduanero Conchán S.A.	573	142
Drake Cement LLC.	387	272
Generación Eléctrica Atocongo S.A.	285	533
Prefabricados Andinos S.A.	47	158
Others	112	140
	<u>46,737</u>	<u>43,657</u>
Total accounts payable, note 9 (a)	<u>46,737</u>	<u>43,657</u>

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.

Notes to the separate financial statements (continued)

- (c) The total remuneration received by the directors and key officers of the Management as of June 30, 2021 amounted to approximately S/ 12,735,000 (as of June 30, 2020 of approximately S/ 8,634,000), 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 June 30, 2021	As of June 30, 2020
	S/(000)	S/(000)
Numerator		
Net income attributable to common shares	193,966	(39,044)
	<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)	0.107	(0.021)
	<hr/>	<hr/>

20. Commitments and contingencies

20.1 Financial commitments -

As of June 30, 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 Crédito del Perú, for a total of approximately US\$ 1,905,000, equivalent to S/. 7,363,000 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 Crédito del Peru, for an approximate total of US \$ 4,456,000 equivalents to S/ 2,233,000 maturing in December 2021 and S/14,992,000 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/ 1,064,000 maturing during 2021 S / 269,000 and maturing during 2022 S/ 795,000.

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 Wednesday, June 30, 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 June 2021 are open to inspection by the 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, 2021 and December 31, 2020.

- (e) As of June 30, 2021, the Company recorded an income tax provision for S/ 64,428,000 and made payments on account for S/ 37,365,000 (S / 58,320,000 and S / 57,679,000 as of December 31, 2020 respectively). As of June 30, 2021 and December 31, 2020, the net balance payable for S / 27,063,000 and S / 641,000 respectively, are presented in the caption "Trade and other accounts payable" of the separate statement of financial position.

Notes to the separate financial statements (continued)

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 Superintendency 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, 2001, 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 and 2015
- Mining Royalties, from former Cementos Lima, years 2008 and 2009
- Mining Royalties, from former Cemento Andino, Year and 2008

As of June 30, 2021 and December 31, 2020, the Company has balances receivable related to said tax processes, because, in the opinion of the Company's Management and its legal advisors, there are reasonable 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.

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.

Notes to the separate financial statements (continued)

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 June 30, 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 June 30, 2021 and December 31, 2020.

(i) Interest rate risk -

(a) Derivative Financial instruments from hedge -

As of June 30, 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 June 30, 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%	17,763	21,488
Bank of Nova Scotia	30,000	September 2025	Libor to 3 months + 2.60%	5.66%	5,652	7,272
Santander S.A.	45,000	November, 2023	Libor to 3 months + 1.85%	5.03%	12,224	14,575
					35,639	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 June 30, 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/ 5,426,000 and S/ 10,244,000, respectively, which are presented net of the effect in the income tax, respectively.

As of June 30, 2021, the Company recognized an expense on these derivative financial instruments amounting to approximately S/7,564,000 (S/3,741,000 as of June 30, 2020), whose amounts were actually paid during the year and are presented as "Finance costs" in the separate statement of income.

Notes to the separate financial statements (continued)

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 June 30, 2021 S/(000)	As of December 31, 2020 S/(000)
%		
-10	(78)	(103)
+10	78	103

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 maintaining balances in foreign currency for the Company as of June 30, 2021 and 2020 were a net loss of approximately S/ 32,004,000 (a loss of approximately S/ 142,092,000 and a gain of approximately S/ 110,088,000), and a net loss of approximately S/ 36,788,000 (loss of approximately S/ 63,875,000 and gain of approximately S/ 27,087,000), respectively, which are presented in the caption "Exchange difference, net" in the separate statement of income.

As of June 30, 2021 and December 31, 2020, the Company had the following assets and liabilities in U.S. Dollars:

	As of June 30 2021 US\$(000)	As of December 31, 2020 US\$(000)
Asset		
Cash and cash equivalents	13,983	5,592
Trade and other receivable, net	49,503	56,142
	<u>63,486</u>	<u>61,734</u>
Liabilities		
Trade and other payables	(13,232)	(14,354)
Other financial liabilities	(200,500)	(203,500)
Derivative financial instruments of exchange rate	(9,219)	(11,958)
	<u>(222,951)</u>	<u>(229,812)</u>
Net liability position	<u>(159,465)</u>	<u>(168,078)</u>

Notes to the separate financial statements (continued)

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 June 30, 2021 S/(000)	As of December 31, 2020 S/(000)
%		
+5	(30,879)	(30,475)
+10	(61,757)	(60,951)
-5	30,879	30,475
-10	61,757	60,951

21.2 Credit risk -

As of June 30, 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 June 30, 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/ 485,378,000 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:

Notes to the separate financial statements (continued)

	As of June 30, 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	341,422	-	-	341,422
Other financial liabilities:				
Amortization of capital	568,051	1,858,242	836,508	3,262,801
Flow of interest payments	134,137	258,034	35,015	427,186
Total liabilities	1,043,610	2,116,276	871,523	4,031,409
	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 June 30, 2021 and December 31, 2020.

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, 2021		
Financial assets		
Dividends receivable	77,741	77,741
Total current assets	77,741	77,741
Financial liabilities		
Derivative financial instruments	35,639	35,639
Other financial liabilities	35,639	35,639

Notes to the separate financial statements (continued)

	Level 2 S/(000)	Total S/(000)
As of Thursday, December 31, 2020		
Financial assets		
Dividends receivable	132,834	132,834
	<hr/>	<hr/>
Total current assets	132,834	132,834
	<hr/>	<hr/>
Financial liabilities		
Derivative financial instruments	43,335	43,335
	<hr/>	<hr/>
Other financial liabilities	43,335	43,335
	<hr/>	<hr/>

(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, 2017		As of December 31, 2020	
	Carrying value S/(000)	Fair value S/(000)	Carrying value S/(000)	Fair value S/(000)
Bank notes	231,960	225,780	367,440	362,295
Other financial liabilities	3,030,841	2,660,170	2,803,502	2,644,876

23. Subsequent events

On July 9, 2021, the General Shareholders' Meetings of our subsidiaries UNACEM ECUADOR and UNICON ECUADOR, agreed by majority to approve the merger by absorption of UNACEM ECUADOR, as the absorbing company, and UNICON ECUADOR, as the absorbed company. The Public Deed of Merger by absorption, will be presented to the Superintendency of Companies of Ecuador, for its review and approval.