

Unión Andina de Cementos S.A.A.

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

UNIÓN ANDINA DE CEMENTOS S.A.A.
Statement of Financial Position
As of September 30th, of 2020 and December 31st, 2019
(In thousands of Nuevos Soles)

	Notes	As of September 30th, 2020	As of December 31, 2019
Assets			
Current Assets			
Cash and cash equivalents	3	186,635	6,280
Other Financial Assets		0	0
Trade Accounts Receivable and other accounts receivable		332,559	340,843
Trade Accounts Receivable , net	4	75,292	68,716
Other Accounts Receivable , net	4	38,370	20,990
Accounts Receivable from Related Companies	4	206,191	236,470
Advanced payments	4	12,706	14,667
Inventories	5	488,333	584,389
Biological Assets		0	0
Assets by Income Taxes	4	11,875	0
Other Non-Financial Assets		9,000	4,628
Total Current Assets different than assets or groups of assets for its classified as held for sale or for distribution to owners		1,028,402	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		1,028,402	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		210,585	135,522
Trade Accounts Receivable		0	0
Other Accounts Receivable		21,962	32,588
Accounts Receivable from Related companies		188,623	102,934
Advanced payments		0	0
Biological Assets		0	0
Investment Property		0	0
Property, Plant and Equipment , net	7	3,882,129	3,979,191
Intangible Assets , net	8	31,248	31,415
Assets Deferred Income Tax		0	0
Surplus value		9,745	9,745
Other Assets		111,193	112,798
Total Non-current Assets		7,794,821	7,813,085
TOTAL ASSETS		8,823,223	8,749,225

	Notes	As of September 30th, 2020	As of December 31, 2019
Liabilities and Stocholders' Equity			
Current Liabilities			
Other Financial Liabilities	10	841,411	383,762
Trade accounts payable and other payable accounts		241,467	292,809
Trade Accounts Payable	9	117,065	167,485
Other Accounts Payable	9	74,089	59,552
Accounts payable to related companies	9	33,777	49,614
Diferred Income		16,536	16,158
Provision for Employee Benefits		0	0
Other provisions		26,605	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		1,109,483	727,805
Liabilities included in asset groups classified as held for sale		0	0
Total Current Liabilities		1,109,483	727,805
Non-Current Liabilities			
Other Financial Liabilities	10	2,460,786	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		26,617	30,811
Liabilities Deferred Income Taxes	11	428,145	475,620
Other non-financial liabilities	21.1(i)	47,467	31,264
Total Non-Current Liabilities		2,963,015	3,221,498
Total Liabilities		4,072,498	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		2,646,279	2,681,929
Other Equity Reserves		-39,289	-25,742
Total Stockholders' Equity		4,750,725	4,799,922
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		8,823,223	8,749,225

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

	Notes	For the specific quarter from July 1, to September 30th, 2020	For the specific quarter from July 1, to September 30th, 2019	For the cummulative period from January 1st to September 30th, 2020	For the cummulative period from January 1st to September 30th, 2019
Incomes from ordinary activities	13	496,955	493,913	1,092,804	1,471,443
Cost of Sales	14	-358,841	-328,195	-798,198	-980,960
Profit (Loss) Gross	-	138,114	165,718	294,606	490,483
Sales Expenses		-14,270	-24,551	-37,958	-53,178
Administrative expenses	15	-33,803	-38,427	-87,215	-105,278
Profit (Loss) in the write-off of financial assets carried at amortized cost		-	-	-	-
Other Operating Income	16	12,580	14,778	47,097	151,936
Other Operating Expenses	16	-14,628	-2,884	-68,508	-13,472
Other profit (loss)		-	-	-	-
Profit (Loss) from operating activities		87,993	114,634	148,022	470,491
Financial Income		1,344	3,609	3,402	20,578
Financial Expenses	17	-42,131	-45,752	-125,936	-140,140
Exchange differences, net		-9,077	-26,543	-45,866	1,826
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		38,129	45,948	-20,378	352,755
Income tax expenses	11(b)	-12,333	-13,986	7,132	-75,491
Profit (Loss) Net of Continued Operations		25,796	31,962	-13,246	277,264
Profit (loss) net of the tax to the profit from discontinued operations		-	-	-	-
Profit (loss) net of the year		25,796	31,962	-13,246	277,264

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

Notas	For the specific quarter from July 1, to September 30th, 2020	For the specific quarter from July 1, to September 30th, 2019	For the cumulative period from January 1st to September 30th, 2020	For the cumulative period from January 1st to September 30th, 2019
Net Profit (Loss) of the year	25,796	31,962	-13,246	277,264
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	1,586	-2,263	-12,632	-10,990
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	993	0	-915	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	2,579	-2,263	-13,547	-10,990
Other Comprehensive Income	2,579	-2,263	-13,547	-10,990
Total Comprehensive Income for the period , net of income tax	28,375	29,699	-26,793	266,274

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

Notes	As of January 1st, 2020 to September 30th, 2020	As of January 1st, 2019 to September 30th, 2019
Operating activities cash flows		
Types of cash collections from operating activities		
Sale of Goods and Services	1,303,024	1,788,985
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	-785,599	-1,069,062
Contracts held for brokering or trading purposes	0	0
cash payments to and on behalf of employees	-119,961	-154,248
Elaboration or acquisition of assets to be leased and other assets held for sale	0	0
Other Cash Payments Related to Operating Activity	-73,543	-124,770
Cash flows and cash equivalents from (used in) Operating Activities	323,921	440,905
Interests received (not included in the Investment Activities)	0	0
Interests paid (not included in the Investment Activities)	-124,520	-127,187
Dividends Received (not included in the Investment Activities)	0	47,815
Dividends Paid (not included in the Investment Activities)	0	0
Income tax (paid) reimbursed	-66,998	-64,652
Other cash collections (payments)	-19,734	71,952
Cash flows and cash equivalents from (used in) Operating Activities	112,669	368,833
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	-23,021
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 -73,972	-113,047

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

	Notes	As of January 1st, 2020 to September 30th, 2020	As of January 1st, 2019 to September 30th, 2019
Purchase of intangible assets		-1,810	-1,756
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		-81,289	-137,824
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		-534,373	-175,718
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		-23,734	-91,667
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		150,693	-240,407
Increase (Decrease) in Net Cash and cash equivalents, before Changes in Foreign Exchange Rates		182,073	-9,398
Effects of Changes in Foreign Exchange Rates on Cash and Cash Equivalents		-1,718	808
Increase (Decrease) in Net Cash and Cash Equivalents		180,355	-8,590
Cash and cash equivalents at beginning of year		6,280	29,956
Cash and cash equivalents at end of year	3	186,635	21,366

UNIÓN ANDINA DE CEMENTOS S.A.A.
Statement of change in Stockholder's Equity
For the periods ended September 30th, 2020 and 2019
(In thousands of Nuevos 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
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						277,264									277,264
7. Other Comprehensive Income:							-10,990							-10,990	-10,990
8. Comprehensive Income - Total year						277,264	-10,990							-10,990	266,274
9. Cash Dividends Declared						-68,676									-68,676
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			28,165	-27,726									115,939
Total Equity Increase (decrease)	171,625	-56,125			28,165	180,862	-10,990							-10,990	313,537
Balance as of September 30th, 2019	1,818,128	-56,125			357,466	2,638,069	-23,967							-27,697	4,729,841
Balance 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						-13,246									-13,246
7. Other Comprehensive Income:							-12,632						-915	-13,547	-13,547
8. Comprehensive Income - Total year						-13,246	-12,632						-915	-13,547	-26,793
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						1,232									1,232
Total Equity Increase (decrease)						-35,650	-12,632						-915	-13,547	-49,197
Balance as of September 30th, 2020	1,818,128	-38,019			363,626	2,646,279	-32,940						-6,349	-39,289	4,750,725

Unión Andina de Cementos S.A.A.

UN-AUDITED Separate Interim Financial Statements

As of September 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.

The separate financial statements as of the third quarter, 2020 have been issued with Management authorization and on October 30, 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, established exceptional standards 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 Shareholders 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 to merge the Company as an absorbing company and the 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) Portland Cement Fusion (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.

In accordance with IFRS, both corporate reorganizations did not generate any change in the effective control of Inversiones JRPR S.A. over the Company and its Subsidiaries and therefore are considered as transactions between entities under common control; consequently, all amounts were recorded at their book values following the accounting method of unification of interests.

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 October 31 of this year and imposed a quarantine focused on 3 departments.

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; however, we believe there are sufficient reasons to be cautiously optimistic in the medium term.

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 extraordinary and preventive measures, applicable throughout the year 2020, to take 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:

Notes to the separate financial statements (continued)

1. Consume existing inventories before restarting the operation of the kilns, to protect the Company's liquidity.
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 the distribution to the board fees.
6. Suspend advances of workers' profit sharing to.
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 UNACEM Association, 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 taken 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 September 30, 2020, the volume of cement dispatched by the Company in Peru it has decreased by 26.9% compared to the same period of the previous year. The Company's Management is cautiously optimistic regarding the recovery of the 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 (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 September 30, 2020	As of December 31, 2019
	S/(000)	S/(000)
Petty cash	875	828
Current accounts (b)	27,760	5,452
Term deposits (c)	158,000	-
	<hr/>	<hr/>
	186,635	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 September 30, 2020 S/(000)	As of December 31, 2019 S/(000)	As of September 30, 2020 S/(000)	As of December 31, 2019 S/(000)
Trade accounts receivable (b)	75,922	69,918	-	-
Accounts receivable from related parties, note 18(b)	206,191	236,470	188,623	102,934
Claims to third parties	9,366	3,271	2,922	2,922
Loans to employees	233	2,440	-	-
Advances to suppliers	12,706	14,667	4,583	5,416
Other accounts receivable	6,968	10,429	-	-
	<u>311,386</u>	<u>337,195</u>	<u>196,128</u>	<u>111,272</u>
Claims to Tax authority, note 20.3	24,957	5,951	14,457	24,250
Advance payments of income tax	11,875	-	-	-
Tax Credit due to General sales tax	-	2,473	-	-
	<u>36,832</u>	<u>8,424</u>	<u>14,457</u>	<u>24,250</u>
Less - Expected credit loss (c)	(3,784)	(4,776)	-	-
	<u>344,434</u>	<u>340,843</u>	<u>210,585</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 September 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 September 30, 2020 and December 31, 2019.

(d) As of September 30, 2020, and December 31, 2019, 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 September 30, 2020	As of December 31, 2019
	S/(000)	S/(000)
Finished goods	18,338	18,787
Work in progress	203,856	271,796
Raw and auxiliary materials	124,790	109,170
Packages and packing	20,376	43,298
Spare parts and supplies	157,698	165,462
	<hr/>	<hr/>
	525,058	608,513
Allowance for impairment of inventories (b)	(36,725)	(24,124)
	<hr/>	<hr/>
	488,333	584,389
	<hr/>	<hr/>

(b) In opinion of Company's Management, the allowance for obsolescence of inventories covers appropriately its obsolescence risk as of September 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 September 30, 2020	As of December 31, 2019	As of September 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
Inv. 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
Ferrocarril central Andino 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 September 30, 2020	As of December 31, 2019
	S/(000)	S/(000)
Cost -		
Opening Balance	5,667,302	5,396,565
Additions (b)	73,972	165,516
Merger, note 1.1	-	124,413
Withdrawals, sales and others (d)	(11,284)	(19,192)
Ending Balance	<u>5,729,990</u>	<u>5,667,302</u>
Accumulated depreciation -		
Opening Balance	1,688,111	1,462,246
Depreciation of the period (c)	159,807	227,533
Merger, note 1.1	-	4,689
Withdrawals, sales and others	(57)	(6,357)
Ending Balance	<u>1,847,861</u>	<u>1,688,111</u>
Net book value -	<u>3,882,129</u>	<u>3,979,191</u>

(b) The main additions during 2020 correspond to disbursements made for the projects to dedust the coolers of kiln 2, migration of the control system of kiln 2, modernization of the Carpapata 1 and 2 Hydroelectric Power Plant, roofing of the clinker field, change of variators in the substation of oil press 3 and clinker 1, complete change of refractories in kiln 2 and major maintenance of kiln 2 corresponding to the Condorcocha plant; as well as the disbursements made for the structural reinforcement and internal modification project of chamber 3 of the multisilo, fire detection and alarm system, fire water installations and the Manchay ecological conveyor belt project corresponding to the Atocongo plant for approximately S/ 35,558,000.

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.

Notes to the separate financial statements (continued)

(c) Depreciation has been distributed as follows:

	As of September 30, 2020	As of September 30, 2019
	S/(000)	S/(000)
Cost of sales, note 14	149,134	162,960
Administrative expenses, note 15.	4,970	5,111
Other expenses	1,303	829
Inventories in process	4,400	688
	<u>159,807</u>	<u>169,588</u>

(d) As of September 30, 2020, adjustments approximately S/ 57,537,000 related to the Atocongo thermal plant project and the integral plan of the Cristina mining concession project 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

As of September 30, 2020, and 2019 Company recognized an expense that amounts to S/1,976,000 and S/. 2,935,000, respectively.

9. Trade and other payables

(a) This item is made up as follows:

	As of September 30, 2020	As of December 31, 2019
	S/(000)	S/(000)
Trade payable (b)	117,065	167,485
Related Accounts receivable, note 18(b)	33,777	49,614
Interest payable, note 11 (b) and (d)	23,152	23,877
Salaries, bonuses and vacation payable	20,215	19,218
Value Added to Tax payable	20,701	-
Board compensation payable	-	2,583
Dividends payable	5,263	6,594
Other accounts payable	4,758	7,280
	<u>224,931</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 September 30, 2020			As of December 31, 2019		
	Portion Current S/(000)	Portion Non- Current S/(000)	Total S/(000)	Portion Current S/(000)	Portion Non- Current S/(000)	Total S/(000)
Bank overdrafts	-	-	-	58,095	-	58,095
Bank loans (b)	441,519	-	441,519	116,095	-	116,095
Interest on bonds and long-term debt, Note 10.1(a)	399,892	2,460,786	2,860,678	209,572	2,683,803	2,893,375
	<u>841,411</u>	<u>2,460,786</u>	<u>3,302,197</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 September 30, 2020, and December 31, 2019, the balance per bank consists of:

	2020 S/(000)	2019 S/(000)
Creditor -		
Citibank N.A. New York	75,579	116,095
BBVA Banco Continental S.A.	215,940	-
Banco de Crédito del Perú S.A..	100,000	-
Scotiabank Perú S.A.A.	50,000	-
	<u>441,519</u>	<u>116,095</u>

As of September 30, 2020, and December 31, 2019, the interest payable amounts to approximately S/4,235,000 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 September 30, 2020, and 2019, the interest expenses amounted to approximately S/6,270,000 and S/11,323,000, 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 September 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, 2023, October 2024 and March 2025	No guarantees	516,272	654,160
Banco de Crédito del Perú S.A..	March 2022, March 2025 and September 2026	No guarantees	870,725	838,640
BBVA Banco Continental S.A.	November 2022 and November 2024	No guarantees	331,929	349,071
Scotiabank Perú S.A..	December 2022, October 2024, 2024 and October 2025	No guarantees	646,629	533,771
Citibank	October 2025	No guarantees	179,950	165,850
Bank of Nova Scotia	September 2025,	No guarantees	107,970	99,510
Santander S.A.	November, 2023	No guarantees	161,955	149,266
			<u>2,815,430</u>	<u>2,790,268</u>
Amortized cost			(14,752)	(16,893)
			<u>2,800,678</u>	<u>2,773,375</u>
Total			2,860,678	2,893,375
Less - Current portion			399,892	209,572
Non- Current Portion			<u>2,460,786</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 September 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 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 greater than or equal to 3.0 times.
- Maintain an index of hedge 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 the index of debt coverage or financial debt / EBITDA and the interest coverage ratio within the limits established according to the respective financing contracts, a fact that was duly informed to all the counterparties of the obligations that the Company maintains. Besides the level of the aforementioned financial ratios, the Company has been complying with the debt service payment in accordance with the provisions of 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 September 30, 2019, and December 31, 2019, interests' payable related to bonds and long-term debt are amounted to approximately S/18,917,000 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 September 30, 2020 and 2019, amounting approximately S/ 100,111,000 and S/ 111,912,000, respectively, and are included in the item "Financial costs" of the separate income statement, note 17.

Notes to the separate financial statements (continued)

- (d) As of September 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 September 30, 2020	As of December 31, 2019
	S/(000)	S/(000)
Deferred liability -		
Opening Balance	503,754	524,061
Separated income statement impact	(20,461)	(20,307)
	<hr/>	<hr/>
Ending Balance	483,293	503,754
	<hr/>	<hr/>
Deferred asset -		
Opening Balance	(28,134)	(28,133)
Separated income statement impact	(21,728)	3,779
Charges to comprehensive income	(5,286)	(3,780)
	<hr/>	<hr/>
Ending Balance	(55,148)	(28,134)
	<hr/>	<hr/>
Total net liability for deferred income tax	428,145	475,620
	<hr/>	<hr/>

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

	As of September 30, 2020	As of September 30, 2019
	S/(000)	S/(000)
Current	(34,522)	(96,885)
Deferred	42,189	23,184
Royalty Expenses	(535)	(1,790)
	<hr/>	<hr/>
Total	7,132	(75,491)
	<hr/>	<hr/>

Notes to the separate financial statements (continued)

12. Net Equity

(a) Capital issued-

As of September 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	426,711,616	23.47
Others	475,616,601	26.16
	<hr/>	<hr/>
	1,818,127,611	100.00
	<hr/>	<hr/>

As of September 30, 2020, the share price of each share has been S/1.43 (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 September 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,

Notes to the separate financial statements (continued)

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 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 September 30:

	2020	2019
	S/(000)	S/(000)
Cement	1,053,453	1,389,062
(-) Sales commission	(41,338)	(52,121)
Cement Net sales	<u>1,012,115</u>	<u>1,336,941</u>
Exports of Clinker	55,152	73,668
Concrete blocks, bricks, pavers and others	25,537	60,834
	<u>1,092,804</u>	<u>1,471,443</u>

Notes to the separate financial statements (continued)

14. Cost of sales

This item is made up as follows as of September 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	118,735	223,087
Depreciation, note 7(c)	149,134	162,960
Personnel expenses	92,112	106,805
Electrical Energy	42,363	77,408
Consumption of raw material	45,952	85,102
Kiln, machinery and equipment maintenance	45,648	88,384
Packaging	45,109	55,892
Transport of raw material	31,745	63,706
Stripping costs (clearing)	3,032	5,996
Depreciation for stripping cost	1,878	3,831
Other manufacturing expenses	141,500	130,601
Ending balance of finished goods and work in process, note 5(a)	(222,194)	(241,408)
	<u>785,597</u>	<u>979,199</u>
Provision for inventory obsolescence- note 5(b)	12,601	1,761
	<u>798,198</u>	<u>980,960</u>

15. Administrative expenses

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

	2020	2019
	S/(000)	S/(000)
Personnel expenses	43,018	51,422
Services rendered by third parties	16,289	21,762
Donations	8,367	10,868
Taxes	6,274	7,393
Depreciation, note 7(c)	4,970	5,111
Others	8,297	8,722
	<u>87,215</u>	<u>105,278</u>

Notes to the separate financial statements (continued)

16. Other income and other expenses

(a) Other Incomes -

As of September 30, 2020, dividends were received from the subsidiary ARPL Tecnología Industrial S.A. for approximately S/ 8,944,000. As of September 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/ 6,035,000, see note 18 (a).

(b) Other Expenses-

As of September 30, 2020, it corresponds mainly to the Adjustments of the Atocongo thermal plant and the integral plan of the Cristina mining concession projects, 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 September 30, 2020 and 2019, they amount to approximately S/ 106,381,000 and S/ 123,235,000, 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 September 30 were the following:

	2020 S/(000)	2019 S/(000)
Cement sales –		
La Viga S.A.	256,549	333,602
Unión de Concreteras S.A.	67,940	133,594
Concremax S.A.	16,835	36,722
Prefabricados Andinos Perú S.A.C.	151	301
Asociación UNACEM	77	208
Blocks, bricks, pavers and HCR sales –		
Unión de Concreteras S.A.	23,998	55,908
Concremax S.A.	341	4,056
Clinker sell		
Unicon Chile S.A.	12,814	-
Drake Cement LLC.	764	-
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.	-	6,035
Income from royalties –		
Compañía Eléctrica El Platanal S.A.	3,459	3,954
Licenses - Intellectual property and trademarks – Abroad		
UNACEM Ecuador S.A.	10,198	12,725
Leases of plant, equipment and facility –		

Notes to the separate financial statements (continued)

Unión de Concreteras S.A.	908	635
Cia. Eléctrica El Platanal S.A.	400	386
ARPL tecnología Industrial S.A.	209	167
Depósito Aduanero Conchán S.A.	216	243
Prefabricados Andinos Perú S.A.C.	140	140
La Viga S.A.	134	133
Others	84	
Administrative, technology and management support –		
Unacem Ecuador S.A.	4,894	5,311
Compañía Eléctrica El Platanal S.A.	1,026	418
Prefabricados Andinos Perú S.A.C.	381	395
Depósito Aduanero Conchán S.A.	142	99
Drake Cement LLC.	304	275
Generación Eléctrica Atocongo S.A.	124	124
Vigilancia Andina S.A.A.	94	83
Transportes Lurín S.A.	-	34
Other income –		
Unión de Concreteras S.A.	-	219
Unicon Chile S.A.	652	-
Others	148	177
Purchases of electric energy –		
Compañía Eléctrica El Platanal S.A.	40,310	69,337
Commissions and freight costs of cement sales -		
La Viga S.A.	14,904	16,517
Concremax S.A.	194	-
Surveillance services		
Vigilancia Andina S.A.A.	16,689	17,511
Technical assistance and engineering services –		
ARPL tecnología Industrial S.A.	9,873	14,086
Maquila Service –		
Unión de Concreteras S.A.	11,869	24,592
Concremax S.A.	238	2,420
Warehouse management services–		
Depósito Aduanero Conchán S.A.	507	1,521
Purchases of additional material –		
Unión de Concreteras S.A.	1,487	2,474
Concremax S.A.	334	1,232
Engineering services and project management –		
ARPL tecnología Industrial S.A.	3,989	2,191
Expense reimbursements –		
Unión de Concreteras S.A.	1,597	4,734
ARPL tecnología Industrial S.A.	102	105

Notes to the separate financial statements (continued)

Others -		
Generación Eléctrica Atocongo S.A.	2,163	2,168
Depósito Aduanero Conchán S.A.	540	480
Unión de Concreteras S.A.	226	380
Prefabricados Andinos Perú S.A.C	258	141
Drake Cement LLC.	156	150
BASF Construction Chemicals Perú S.A.	59	177
Others	109	167

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

	2020	2019
	S/(000)	S/(000)
Trade receivable, note 4(a) -		
La Viga S.A.	30,205	24,227
Prefabricados Andinos Perú S.A.C.	18,096	74
Unicon Chile S.A.	13,065	-
Inversiones Imbabura S.A.	4,661	1
UNACEM Ecuador S.A.	4,030	4,349
Compañía Eléctrica El Platanal S.A.	3,879	5,443
Drake Cement LLC.	1,184	75
Unión de Concreteras S.A.	42,321	44,015
Concremax S.A.	5,659	13,689
Others	836	360
	<u>123,936</u>	<u>92,233</u>
Dividends receivable (c)		
Inversiones Imbabura S.A.	197,732	182,779
Compañía Eléctrica El Platanal S.A.	35,625	34,938
Inversiones en Concreto y Afines S.A.	28,866	29,454
ARPL tecnología Industrial S.A.	8,655	-
	<u>270,878</u>	<u>247,171</u>
Total accounts receivable from related parties	<u>394,814</u>	<u>339,404</u>
By term -		
Current Portion	206,191	236,470
Non- Current Portion	188,623	102,934
	<u>394,814</u>	<u>339,404</u>

Notes to the separate financial statements (continued)

Account payables, note 9(a)–		
Compañía Eléctrica El Platanal S.A.	14,627	18,975
Unión de Concreteras S.A.	6,225	15,180
La Viga S.A.	4,136	2,569
ARPL tecnología Industrial S.A.	4,112	7,728
Vigilancia Andina S.A.A.	1,938	2,425
Generación Eléctrica de Atocongo S.A.	989	524
Transporte Lurin S.A.	623	623
Concremax S.A.	318	810
Prefabricados Andinos Perú S.A.C.	265	9
Drake Cement LLC.	216	50
Depósito Aduanero Conchán S.A.	202	602
Others	126	119
Total accounts payable to related parties	33,777	49,614
By Term -		
Current Portion	33,777	49,614
	33,777	49,614

- (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 September 30, 2020 and December 31, 2019 a provision has been estimated for loss of value of money over time of S/ 9,006,000 and S/ 7,708,000, respectively (S/ 6,349,000 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 September 30, 2020 and 2019 is amounting to approximately S/14,081,000 and S/. 18,204,000 respectively, which include short-term benefits and compensation for time served.

19. Earnings per share

Basic earnings (loss) per share is calculated by dividing net earnings (loss) for the nine-month periods ended September 30, 2020 and 2019 by the weighted average number of common shares outstanding during those periods.

Notes to the separate financial statements (continued)

The calculation of the weighted average of shares and basic and diluted earnings (loss) per share is presented below:

	As of September 30, 2020	As of September 30, 2019
	S/(000)	S/(000)
Numerator		
(Loss) Profit attributable to common shares	(13,246)	277,264
	<hr/>	<hr/>
	In thousands	In thousands
Denominator		
Weighted average number of common shares	1,818,128	1,818,128
	<hr/>	<hr/>
(Loss) Basic and diluted earnings per share (stated in thousands of Soles)	(0.007)	0.152
	<hr/>	<hr/>

20. Commitments and contingencies

20.1 Financial commitments -

As of September 30, 2020, the Company has the following commitments:

- Guarantee letter to the Ministry of Energy and Mines (MEM), issued by Banco de Crédito del Perú, by a total approximate of US\$3,547,000 (equivalent to S/6,032,000) 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\$3,547,000 (equivalent to S/14,287,000) with a maturity on January 2021, in order to ensure compliance of the Mine Closure.

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 September 30, 2020 and December 31, 2019.

Notes to the separate financial statements (continued)

- (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 March 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 September 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 September 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:

- *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.

Notes to the separate financial statements (continued)

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 financial situation as of September 30, 2019 and December 31, 2019.

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 September 30, 2020 and December 31, 2019.

Notes to the separate financial statements (continued)

(i) Interest rate risk –

(a) Derivative Financial instruments from hedge –

As of September 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 September 30, 2020	As of December 31, 2019
	US\$(000)				S/(000)	S/(000)
Liabilities -						
Citibank N.A.	50,000	October 2025	Libor to 3 months + 1.75%	5.70%	23,126	15,369
Bank of Nova Scotia	30,000	September 2025,	Libor to 3 months + 2.60%	5.66%	8,021	4,544
Santander S.A.	45,000	November, 2023	Libor to 3 months + 1.85%	5.03%	15,577	8,892
					<u>46,724</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 September 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/ 12,633,000 and S/ 7,331,000, respectively, which are presented net of the effect in the income tax, respectively.

As of September 30, 2020, the Company recognized an expense on these derivative financial instruments amounting to approximately S/7,589,000 (S/2,829,000 as of September 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 September 30, 2020	As of December 31, 2019
	US\$(000)				S/(000)	S/(000)
Liabilities -						
Citibank N.A. New York	21,000	October 2020	Libor to 3 months + 1.08%	5.20%	743	2,459
					<u>743</u>	<u>2,459</u>

As of September 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 September 30, 2020, the effect corresponds to an income of approximately S/ 1,715,000 (S/ 1,000,000 as of September 30, 2019) and is presented as part of the caption "Financial income" of the separate statement of income.

Notes to the separate financial statements (continued)

As of September 30, 2020, the Company recognized an expense on these derivative financial instruments amounting to approximately S/2,466,000 (S/2,138,000 as of September 30, 2019), whose amounts were actually paid during the year and are presented as "Finance costs" in the separate statement of income.

Sensitivity to interest rate -

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

Increase / decrease in basis points	Impact on Income before Income tax	
	As of September 30, 2020	As of December 31, 2019
%	S/(000)	S/(000)
-10	(140)	(1,051)
10	140	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 September 30, 2020 and 2019 was a net loss in exchange difference amounting approximately S/45,866,000 (a loss of approximately S/84,744,000 and a loss of approximately S/38,878,000) and a net gain of approximately S/1,826,000 (a gain of approximately S/24,998,000 and a loss of approximately S/23,172,000), respectively, which are presented in the caption "Exchange difference, net" in the separate statement of income.

Notes to the separate financial statements (continued)

As of September 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				
Cash and cash equivalents	994	3,573	-	-
Trade and other receivable, net	70,433	253,207	65,786	217,817
	<u>71,427</u>	<u>256,780</u>	<u>65,786</u>	<u>217,817</u>
Liabilities				
Trade and other payables	(12,756)	(45,909)	(16,058)	(53,264)
Other financial liabilities	(226,000)	(813,374)	(175,556)	(582,319)
	<u>(238,756)</u>	<u>(859,283)</u>	<u>(191,614)</u>	<u>(635,583)</u>
Derivative financial instruments of exchange rate	(13,198)	(47,500)	(9,425)	(31,263)
Net liability position	<u>(180,527)</u>	<u>(650,003)</u>	<u>(135,253)</u>	<u>(449,029)</u>

As of September 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 September 30, 2020	As of December 31, 2019
%	S/(000)	S/(000)
+5	(30,125)	(20,888)
+10	(60,250)	(41,777)
-5	30,125	20,888
-10	60,250	41,777

21.2 Credit risk -

As of September 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.

Notes to the separate financial statements (continued)

21.3 Liquidity risk –

As of September 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/ 186,635,000 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 September 30, 2020			
	From 3 to 12 months	From 1 to 3 years	From 4 to 8 years	Total
	S/(000)	S/(000)	S/(000)	S/(000)
Trade and other payables	224,931	-	-	224,931
Other financial liabilities				
Amortization of capital	841,411	1,807,935	652,851	3,302,197
Flow of interest payments	149,077	250,896	26,762	426,735
Total liabilities	1,215,419	2,058,831	679,613	3,953,863

	As of December 31, 2019			
	From 3 to 12 months	From 1 to 3 years	From 4 to 8 years	Total
	S/(000)	S/(000)	S/(000)	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 September 30, 2020 and December 31, 2019.

Notes to the separate financial statements (continued)

22. Fair values

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

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

	Level 2	Total
	S/(000)	S/(000)
As of September 30, 2020		
(i) Financial assets -		
Dividends receivable	270,878	270,878
	<hr/>	<hr/>
Total current assets	270,878	270,878
	<hr/>	<hr/>
Financial liabilities		
Derivative financial instruments	47,467	47,467
	<hr/>	<hr/>
Other financial liabilities	47,467	47,467
	<hr/>	<hr/>
	Level 2	Total
	S/(000)	S/(000)
As of December 31, 2019		
(i) Financial assets -		
Dividends receivable	247,171	247,171
	<hr/>	<hr/>
Total current assets	247,171	247,171
	<hr/>	<hr/>
Financial liabilities		
Derivative financial instruments	31,264	31,264
	<hr/>	<hr/>
Other financial liabilities	31,264	31,264
	<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.

Notes to the separate financial statements (continued)

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 September 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	441,519	377,852	116,095	113,087
Other financial liabilities (*)	2,860,678	2,648,570	2,893,375	2,526,126

(*) As of September 30, 2020, and December 31, 2019, the balance does not include bank notes, see note 10.

23. Subsequent events

No significant events of a financial-accounting nature have been identified after September 30, 2020 that may affect the interpretation of these separate financial statements.