

Unión Andina de Cementos S.A.A.

**UNAUDITED Separated interim financial statements
As of June 30, 2015 and December 31, 2014**

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1. Identification and Economic Activity of the Company

Unión Andina de Cementos S.A.A. (hereinafter "the Company" or "UNACEM") was incorporated in December 1967. The Company is a subsidiary of Sindicato de Inversiones y Administración S.A. (hereinafter "the Principal") which holds 43.38 percent of the Company's capital stock, which in turn is a subsidiary of Nuevas Inversiones S.A., ultimate parent of the consolidated economic group.

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 sales of cement and clinker. For this purpose, the Company owns two plants in Lima and Junín, whose annual production capacity is 6.7 million tons of clinker and 7.6 million tons of cement.

The separated financial statement as of the second quarter 2015 had been issued by Management authorization and will be presented on July 17, 2015 to the Board of Directors for its approval. The separated financial statements of 2014 were approved by the Annual Shareholder meeting held on March 31, 2015.

2. Acquisition of subsidiaries and bond issuance

(a) Acquisition of Prefabricados Andinos S.A. -

On January 2014, the Company acquired 51 percent of the voting shares of Prefabricados Andinos S.A. (hereinafter "PREANSA Chile") an unlisted company, dedicated in manufacturing and trade prestressed and precast concrete structures in Chile.

The Company acquired PREANSA Chile because it significantly helps to form a group of companies in South America (Peru, Colombia and Chile), which generates synergies, optimizations of expenses and can share engineering expertise between countries.

(b) Acquisition of UNACEM Ecuador S.A. (formerly Lafarge Cementos S.A.) and Subsidiaries -

On July 16, 2014, the Company established Inversiones Imbabura S.A. with the purpose of which is the vehicle to purchase shares of UNACEM Ecuador S.A. (formerly Lafarge Cement S.A.)

On November 25, 2014, IMBABURA acquired 98.57 percent of total shares representing of Lafarge's capital and took control of the operations thereof, whose economic activity is the production and sale of cement in Ecuador with a capacity of production of 1.5 million tons of cement per year. At the date of acquisition, the subsidiaries of UNACEM Ecuador are:

- (i) Lafarge Cementos Services S.A., dedicated to the activity of advice in accounting, advertising, audit and legal; and
- (ii) Canteras y Voladuras S.A. which is dedicated to conducting mining activities, operation and sales of all kinds of mineral, smelting, refining and alloys of non-ferrous metals such as copper, lead, chromium, magnesium, zinc, aluminum, nickel, and tin.

Notes to the separated financial statements (continued)

The Company, through IMBABURA acquired UNACEM-ECUADOR and Subsidiaries, as part of the strategy of consolidation and diversification of our cement in the region. It also seeks to generate synergies, cost optimization and engineering experience sharing among countries.

3. Summary of significant accounting policies

The accounting policies adopted to prepare the separated financial statement are consistent with those applied on December 31, 2014, except when otherwise indicated.

3.1 Basis of preparation -

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

The interim financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. The interim financial statements are presented in Nuevos 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 December 31, 2014.

3.2 New accounting standards, interpretations and amendments

Some new accounting standards and amendments apply for the first time in 2015. For information purposes, a summary of the new rules that relate to the Company include:

- **Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions"**
IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. It is not expected that this amendment would be relevant to the Company, since none of the entities within the Company has defined benefit plans with contributions from employees or third parties.
- **Annual improvements 2010-2012 Cycle**
These improvements are effective from 1 July 2014 and are not expected to have a material impact on the separated financial statement of the Company. They include:

IAS 16 "Property, Plant and Equipment and IAS 38 Intangible Assets"
The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset.

IAS 24 "Related Party Disclosures"

Notes to the separated financial statements (continued)

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

- Annual improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and are not expected to have a material impact on the separated financial statement of the Company. They include:

IFRS 13 "Fair Value Measurement"

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable).

The Company has not adopted in advance any other standard, interpretation or amendment issued but not yet effective.

4. Cash and cash equivalent

(a) This caption is made up as follows:

	As of June 30th , 2015 S/.000	As of December 31, 2014 S/.000
Petty cash	770	779
Current accounts (b)	7,822	55,475
Fixed term deposit (c)	25,000	4,697
	<u>33,592</u>	<u>60,951</u>

(b) Current accounts are maintained in local banks and abroad, mainly in Nuevos soles and US dollars; they are free available and earn interest at market rates.

(c) Correspond to deposits held in local and foreign financial institutions, mainly in Nuevos soles and US dollars, which accrue interests at market rates and have original maturities of less than three months.

5. Trade and other receivables, net

(a) This caption is made up as follows:

	Current		Non- Current	
	As of June 30 , 2015 S/.000	As of December 31 , 2014 S/.000	As of June 30 , 2015 S/.000	As of December 31 , 2014 S/.000
Trade receivable (b)	61,937	62,965	156	222
Related Accounts receivable, note 19 b)	187,586	84,137	-	-

Notes to the separated financial statements (continued)

	Current		Non- Current	
	As of June 30 , 2015 S/.000	As of December 31 , 2014 S/.000	As of June 30 , 2015 S/.000	As of December 31 , 2014 S/.000
Different accounts receivable:				
Claims to third parties (c)	13,853	75,797	-	-
Claims to Tax Administration (d)	4,145	-	38,343	38,343
Advances to suppliers (e)	18,567	18,532	1,170	2,340
Loans to employees (g)	7,397	8,191	7,551	7,551
Derivative financial instruments, note 22.1(i)	114	718	-	-
Other accounts receivable	11,145	4,867	-	-
	<u>304,744</u>	<u>255,207</u>	<u>47,220</u>	<u>48,456</u>
Payment on account of income tax and temporary tax net assets (l)	31,631	15,555	-	-
	<u>336,375</u>	<u>270,762</u>	<u>47,220</u>	<u>48,456</u>
Less - Estimation for doubtful accounts (i)	<u>(1,930)</u>	<u>(1,768)</u>	<u>-</u>	<u>-</u>
	<u>334,445</u>	<u>268,994</u>	<u>47,220</u>	<u>48,456</u>

(b) The trade accounts receivable are mainly denominated in soles, have current maturities, they do not earn interest, do not have specific guarantees and do not have major expired documents.

(c) Claims to third parties mainly include an insurance claim for an accident occurred in the kiln 2 at Atocongo plant in February 2013, which was liquidated and collected in the second quarter of 2015.

(d) As of June 30, 2015 and December 31, 2014, this balance corresponds to claims to Tax Authority mainly by excess paid income tax of prior years. In Management's opinion the Company expects to recover this amount.

(e) Mainly corresponds to advances granted to San Martín Contratistas Generales S.A., on January 7, 2011, for stripping and exploitation services over limestone and pozzolan' mines in the Cristina mining concession, which is to be collected in five years.

(f) As of June 30, 2015 and December 31, 2014, this balance corresponds to pre-paid income tax, paid on those dates, in addition to payments of temporary tax to net assets.

In Management's opinion, such prepayments will be applied with future taxes generated in the current period.

(g) As of June 30, 2015 and December 31, 2014 correspond mainly to loans to employees which will be collected within four years according to the agreements signed by the Company.

(h) The aging analysis of the trade and other receivables diverse as of June 30, 2015 and December 31, 2014 is as follows:

Notes to the separated financial statements (continued)

	June 30, 2015		
	Unimpaired S/.000	Impaired S/.000	Total S/.000
Unexpired	171,958	-	171,958
Expired -			
- Up to 1 month	23,019	-	23,019
- From 1 to 3 months	128,470	-	128,470
- From 3 to 6 months	14,614	-	14,614
- More than 6 months	11,973	1,930	13,903
Total (*)	<u>350,034</u>	<u>1,930</u>	<u>351,964</u>

	December 31, 2014		
	Unimpaired S/.000	Impaired S/.000	Total S/.000
Unexpired	256,260	-	256,260
Expired -			
- Up to 1 month	18,617	-	18,617
- From 1 to 3 months	6,847	-	6,847
- From 3 to 6 months	13,301	-	13,301
- More than 6 months	6,870	1,768	8,638
Total (*)	<u>301,895</u>	<u>1,768</u>	<u>303,663</u>

(*) The balance does not include payments of income tax by approximately S / . 31,631,000 and S / . 15,555,000 as of June 30, 2015 and December 31, 2014

(i) The movement of the allowance for doubtful accounts is as follows:

	As of June 30th , 2015 S/.000	As of December 31 , 2014 S/.000
Opening Balance	1,768	1,684
Provision for the year	75	-
Exchange difference	87	84
	<u> </u>	<u> </u>

Notes to the separated financial statements (continued)

Ending Balance	<u>1,930</u>	<u>1,768</u>
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According to the Management, the allowance for doubtful accounts covers satisfactorily the loan losses as of June 30, 2015 and December 31, 2014.

6. Inventories

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

	As of June 30th, 2015	As of December 31 ,
	S/.000	2014 S/.000
Finished products	11,287	10,437
Work in progress (b)	258,636	194,699
Raw and auxiliary materials (c)	108,475	114,773
Packages and packing	32,530	41,552
Parts and supplies (d)	184,132	176,178
Inventory in transit (e)	<u>61,942</u>	<u>64,890</u>
	<u>657,002</u>	<u>602,529</u>

- (b) Work in progress includes coal, pozoolan, gypsum, clay, clinker production and limestone extracted from the Company's quarries, which according to Management's estimation will be used in the short-term production.
- (c) Raw and auxiliary materials include mainly imported and domestic coal. As of June 30, 2015, the Company has in stock coal for approximately S/. 47,162,000 (S/.52,669,000 as of December 31, 2014).
- (d) As of June 30,2015 and December 31, 2014 the Company maintain no significant and necessary supplies parts to provide maintenance to the machinery and kilns of Atocongo and Condorcocha, which are evaluated through technical reviews, and in turn comply with the provisions of quality and are in proper storage conditions.
- (e) As of June 30, 2015 and December 31, 2014 mainly relates to the purchase of clinker to Drake Cement LLC (subsidiary of the Company) for approximately S/. 58,882,000 and S/. 58,882,000, respectively.
- (f) In Management's opinion, in accordance with the periodic inventory assessment carried out with the involvement of operational and production areas, it is not necessary to establish an estimate for devaluation of inventories as of 30 June 2015 and December 31, 2014.

Notes to the separated financial statements (continued)

7. Investments in subsidiaries and others

(a) This caption is made up as follows:

	Economic Activity	Country of location	Percentage of shares		Carrying amounts	
			As of June 30th ,	As of December 31	As of June 30th ,	As of December 31
			2015	, 2014	2015	, 2014
			%	%	S/.000	S/.000
Inversiones Imbabura S.A.	Holding	Peru	99.89	99.89	1,516,724	1,520,983
-Skanon Investments, Inc. - SKANON		United States of				
	Cement and concrete	America	86.08	88.08	1,025,144	1,018,948
Compañía Eléctrica el Platanal S.A.	Energy	Peru	90.00	90.00	567,828	567,829
Inversiones en Concreto y Afines S.A.	Holding	Peru	93.38	93.38	67,036	67,036
Transportes Lurín S.A.	Holding	Peru	99.99	99.99	64,250	64,094
Prefabricados Andinos S.A.	Prefabricated	Chile	51.00	51.00	20,021	20,021
Prefabricados Andinos Perú S.A.C.	Prefabricated	Peru	50.02	50.02	17,537	17,537
Ferrocarril Central Andino S.A.	Services	Peru	16.49	16.49	7,567	7,567
Minera Adelaida S.A.	Holding	Peru	99.99	99.99	2,437	2,289
Generación Eléctrica de Atocongo S.A.	Services	Peru	99.85	99.85	125	125
Depósito Aduanero Conchán S.A.	Storage management	Peru	99.50	99.50	63	63
Others					227	227
					3,288,959	3,286,719
Depreciation of investments assessment (b)					(28,725)	(28,725)
					3,260,234	3,257,994

A brief summary of the activities of the most significant subsidiaries of the Company is as follows:

Inversiones Imbabura S.A. - (IMBABURA)

On July 2014, The Company established IMBABURA and owns directly and indirectly a 100 percent of the shares capital. IMBABURA main activity is the investment in securities in entities domiciled in Ecuador, mainly dedicate to the cement industry related activities; ready-mix concrete, building materials and related activities.

IMBABURA's subsidiaries are entities that belong to the group UNACEM Ecuador S.A. ("UNACEM Ecuador", formerly Lafarge Cement S.A.) and subsidiaries, whose main activity is the exploitation, industrialization cement and its derivatives and related services.

Notes to the separated financial statements (continued)

- Skanon Investments, Inc. – SKANON

It is an entity incorporated in February 2007, in the state of Arizona, United States of America, in which the Company owns directly and indirectly 86.08 percent share of the capital stock as of June 30, 2015 (88.08 percent as of December 31, 2014), whose main activity is investment in securities.

As of June 30, 2015 and December 31, 2014, SKANON holds a share in of Drake Cement LLC of 93.95 percent. DRAKE is an entity located in the United States of America, whose main activity is the production and marketing of cement in the states of Arizona and Nevada.

Additionally, SKANON holds a 100 percent stake in Sunshine Concrete & Materials, Inc. ("Drake Materials"), a company located in the state of Arizona in the United States of America whose main activity is the sale of ready-mix concrete, sand and gravel.

- Compañía Eléctrica El Platano S.A. – CELEPSA

It is an entity incorporated in December 2005, a direct subsidiary of the Company who owns 90 percent share of the capital stock. CELEPSA's main activity is the generation and sale of electricity using water resources.

On November 2014, CELEPSA acquired Hidroeléctrica Marañon S.C.R.L. ("HIDRO Marañon") with purpose of implementing the project of the future Marañon's Hydroelectric Central. CELEPSA owns directly and indirectly 100 percent shares of the capital stock.

- Inversiones en Concreto y Afines S.A. - INVECO

It's an entity constituted in Lima in April 1996, is a direct subsidiary of the Company who owns 93.38 percent shares of the capital stock. It is dedicated to investing in companies principally engaged in supplying concrete pre-mixed, building materials and related activities through its subsidiary Union Concreteras S.A., which holds 99.99 per cent stake, which in turn owns 99.99 percent of Firth Industries Perú S.A., dedicated to the same category.

- Transportes Lurín S.A. – LURIN

It is an entity constituted in June 1990, Company's direct subsidiary, which holds 99.99 percent share of the capital stock LURIN's main activity is investment in securities, mainly in Skanon Investments, Inc. – SKANON (a US corporation).

- Prefabricados Andinos S.A. – PREANSA CHILE

It is an entity constituted in November 1996, Company's direct subsidiary since January 2014, which owns 51 percent share of the capital stock. PREANSA Chile's main activity is the manufacture and trade of concrete structures (precast and prestressed) in Chile.

- Prefabricados Andinos Perú S.A.C. – PREANSA PERÚ

Notes to the separated financial statements (continued)

It is an entity constituted in October 2007, Company's direct subsidiary, who holds 50.02 percent share of the capital stock. PREANSA PERU's main activity is the manufacture and trade of concrete structures (precast and prestressed) in Peru and abroad.

On May 2013, PREANSA Peru constituted Prefabricados Andinos Colombia S.A.S. (PREANSA Colombia), an indirect subsidiary of the Company who holds 100 percent of the capital stock. Preansa Colombia is in pre-operational stage and its main activity will be the manufacture of prestressed and precast concrete structures as well as commercial activities in Colombia. In the second quarter of 2015 it started the construction of the plant and in 2016 will start operations.

- **Generación Eléctrica de Atocongo S.A. - GEA**

It is an entity constituted in May 1993, Company's direct subsidiary, which holds directly and indirectly 100 percent ownership of the shares of capital. GEA's main activity is the generation and sale of electricity to the Company.

As of February 15, 2013, the Ministry of Energy and Mines granted the authorization to UNACEM to perform activities of power generation directly, consequently, from that date; the Company signed a contract with GEA to take charge Operation of the power plant.

- **Depósito Aduanero Conchán S.A. - DAC**

It is an entity constituted in July 1990, Company's direct subsidiary, who owns 99.50 percent share of the capital stock. DAC's main activity is the provision of warehousing services, goods and merchandise Authorized owned and third customs warehouse and promotion services, transportation, storage, management and delivery of cement manufactured by the Company.

(b) As of June 30, 2015 and December 31, 2014, the Management of the Company believes that the depreciation of investments amounts to S / 28,725 ,000 million for both years.

Notes to the separated financial statements (continued)

8. Mining Concessions, Property, plant and equipment

(a) This caption is made up as follows:

	Mining Concessions (b) S/.000	Lands S/.000	Closure of quarries S/.000	Buildings and other constructions S/.000	Installations and other S/.000	Machinery and equipment S/.000	Transportation Units S/.000	Furniture and fixtures S/.000	Other Equipment S/.000	Units In transit S/.000	Work in progress (e) S/.000	Total S/.000
Cost -												
As of January 1st, 2014	34,575	563,623	5,987	717,682	55,942	2,504,196	22,873	16,810	55,347	7,234	178,670	4,162,939
Additions	58	4,703	-	946	884	23,162	1,228	165	2,875	-	343,531	377,552
Transfers	-	-	-	344	1,428	18,375	-	116	-	-	(20,263)	-
Withdrawals	-	-	-	-	-	-	(279)	-	-	-	-	(279)
As of December 31, 2014	<u>34,633</u>	<u>568,326</u>	<u>5,987</u>	<u>718,972</u>	<u>58,254</u>	<u>2,545,733</u>	<u>23,822</u>	<u>17,091</u>	<u>58,222</u>	<u>7,234</u>	<u>501,938</u>	<u>4,540,212</u>
Additions (d)	6,962	5,233	-	-	-	117	304	50	835	-	112,067	125,568
Transfers	-	10,931	-	18,757	595	34,501	-	-	9	(7,234)	(57,559)	-
Withdrawals	-	-	-	-	-	(434)	(93)	-	-	-	-	(527)
As of June 30, 2015	<u>41,595</u>	<u>584,490</u>	<u>5,987</u>	<u>737,729</u>	<u>58,849</u>	<u>2,579,917</u>	<u>24,033</u>	<u>17,141</u>	<u>59,066</u>	<u>-</u>	<u>556,446</u>	<u>4,665,253</u>
Accumulated depreciation -												
As of January 1st, 2014	9,726	-	2,644	80,622	42,081	261,590	11,304	13,688	34,734	-	-	456,389
Depreciation of the period	267	-	368	28,172	1,211	141,400	3,055	637	3,734	-	-	178,844
Transfers	-	-	-	-	-	-	-	-	-	-	-	-
Withdrawals	-	-	-	-	-	-	(202)	-	-	-	-	(202)
As of December 31, 2014	<u>9,993</u>	<u>-</u>	<u>3,012</u>	<u>108,794</u>	<u>43,292</u>	<u>402,990</u>	<u>14,157</u>	<u>14,325</u>	<u>38,468</u>	<u>-</u>	<u>-</u>	<u>635,031</u>
Depreciation of the year (e)	134	-	184	14,401	681	72,064	1,531	294	1,830	-	-	91,119
Withdrawals	-	-	-	-	-	-	(84)	-	-	-	-	(84)
As of June 30, 2015	<u>10,127</u>	<u>-</u>	<u>3,196</u>	<u>123,195</u>	<u>43,973</u>	<u>475,054</u>	<u>15,604</u>	<u>14,619</u>	<u>40,298</u>	<u>-</u>	<u>-</u>	<u>726,066</u>
Net amount in books -												
As of June 30, 2015	<u>31,468</u>	<u>584,490</u>	<u>2,791</u>	<u>614,534</u>	<u>14,876</u>	<u>2,104,863</u>	<u>8,429</u>	<u>2,522</u>	<u>18,768</u>	<u>-</u>	<u>556,446</u>	<u>3,939,187</u>
As of December 31, 2014	<u>24,640</u>	<u>568,326</u>	<u>2,975</u>	<u>610,178</u>	<u>14,962</u>	<u>2,142,743</u>	<u>9,665</u>	<u>2,766</u>	<u>19,754</u>	<u>7,234</u>	<u>501,938</u>	<u>3,905,181</u>

Notes to the separated financial statements (continued)

- (b) As of June 30, 2015 and December 31, 2014, mainly corresponds to the mining concessions of Atocongo, Atocongo Norte, Pucara and Oyon.
- (c) As of June 30, 2015, the carrying value of assets acquired through finance leases and leaseback amounted to approximately S/. 548,945,000 (S/. 555,328,000 as of December 31, 2014). The leased assets guaranteed financial lease liabilities, see note 11.
- (d) The main additions during 2015 mostly are part of the works in progress due to related projects to the Carpapata III Hydroelectric Station, Cement Mill VIII and Packing machine V at Condorcocha plant of the Company for approximately S/. 112,067,000.

The main additions during 2014 mostly are part of the work in progress of UNACEM related to the expansion of production capacity of the second phase of Kiln 1 in Atocongo Plant and the hydropower plant III of Carpapata Hydroelectric Station and the construction of Cement Mill VIII and Packing machine V in Condorcocha Plant for approximately S/. 329,422,000.

- (e) Depreciation has been distributed as follows:

	As of June 30th , 2015 S/.000	As of June 30th , 2014 S/.000
Cost of sale	84,711	84,678
Administrative expenses	2,879	2,818
Inventories	3,445	1,216
	<u>91,035</u>	<u>88,712</u>

- (f) As of June 30, 2015 and December 31, 2014, the Management of the Company performed an evaluation of the state of use of their properties, plant and equipment, finding no evidence of impairment in such assets so that, in his opinion, the net value of properties, plant and equipment is recoverable with future profits generated by different cash-generating units of the Company.
- (g) As of June 30, 2015 UNACEM has recorded two mortgages on its mining concession Atocongo and a mortgage on its mining concession Cristina up to S / . 149,400,000 and \$ 94,000,000, respectively, to guarantee loans obtained with the BBVA Banco Continental, the ones that were released as of June 30 2015, see note 11.

As well, it registered a mortgage on their mining concession Atocongo up to US \$ 75,000,000, and a mortgage on their property sub-lot 1 district of Pachacamac and Lurin, sub-lot 2 district of Lurin and sub-lot 3 district of Pachacamac up to \$ 50,000,000 to guarantee the loan obtained with the Bank of Nova Scotia, the ones that were released on April 2015, see note 11.

- (h) According to management's opinion, the Company has insurance policies which cover satisfactorily all of its fixed assets.

9. Deferred tripping assets

Notes to the separated financial statements (continued)

(a) The following represents the movements of deferred stripping assets:

	S/.000
Cost -	
As of January 1st, 2014	164,502
Additions	-
As of December 31, 2014	164,502
Additions	556
As of June 30, 2015	165,058
Accumulated depreciation -	
As of January 1st, 2014	(21,687)
Additions	(6,863)
As of December 31, 2014	(28,550)
Additions	(3,238)
As of June 30, 2015	(31,788)
Net amount in books -	
As of June 30, 2015	133,270
As of December 31, 2014	135,952

As of June 30, 2015 and December 31, 2014, the Company has three identified components which allow a specific volume of limestone and waste in their plants. Atocongo Plant, North Atocongo and Pucará plant.

As of June 30, 2015, the Company and technical advisors established 146,411,906 and 90,615,713 tons of limestone reserve and waste related to limestone to be extracted in the future, respectively (148,428,584 y 91,323,415 tons as of December 31, 2014, respectively), which are determined and controlled by identified components.

Notes to the separated financial statements (continued)

10. Intangible assets, net

(a) The composition and movement of these accounts is as follows:

	Concession for electric power generation (b) S/.000	Goodwill (c) S/.000	Software S/.000	Environmental protection program S/.000	Exploration cost S/.000	Others S/.000	Total S/.000
Cost -							
As of January 1st, 2014	61,330	9,745	10,712	17,071	-	2,676	101,534
Additions	-	-	1,241	-	-	3,298	4,539
Withdrawals	-	-	-	-	-	-	-
As of December 31, 2014	61,330	9,745	11,953	17,071	-	5,974	106,073
Additions	-	-	2,814	-	-	231	3,045
Withdrawals	-	-	-	-	-	(326)	(326)
As of June 30, 2015	61,330	9,745	14,767	17,071	-	5,879	108,792
Accumulated amortization -							
As of January 1st, 2014	5,621	-	1,074	16,674	-	348	23,717
Amortization of the period	1,484	-	2,155	123	-	-	3,762
Withdrawals	-	-	-	-	-	-	-
As of December 31, 2014	7,105	-	3,229	16,797	-	348	27,479
Amortization of the period	742	-	1,132	18	-	6	1,898
As of June 30, 2015	7,847	-	4,361	16,815	-	354	29,377
Net amount in books -							
As of June 30, 2015	53,483	9,745	10,406	256	-	5,525	79,415
As of December 31, 2014	54,225	9,745	8,724	274	-	5,626	78,594

(b) This amount corresponds to the expenditures to develop the overall "El Platana" project consisting of the construction of two hydroelectric reservoirs and a system for the irrigation of uncultivated lands, and also to obtain the final concession to develop the activity of electricity generation, which was obtained by the Company, through Supreme Resolution N° 130-2001-EM, dated July 25, 2001. On September 12, 2006, the transfer of the concession and the assignment of use of the "El Platana" project to its subsidiary Compañía Eléctrica El Platana S.A. (CELEPSA) was approved by Supreme Resolution N° 053-2006-EM for a period of 25 years from March 30, 2011, whereby the Company receives royalties in exchange equivalent to 3.55 percent of net monthly income obtained by CELEPSA, on sales of energy and power to third parties. As of June 30, 2015 and December 31, 2014, the Company amortizes the cost incurred to develop the project, during the term of the contract (25 years).

Notes to the separated financial statements (continued)

- (c) In 2003 it became effective the acquisition of 100 percent of shares representing the capital of Lar Carbon SA. The acquisition was registered following the purchase method, making adjustments to the separate financial statements of the Company to reflect the assets and liabilities acquired at their fair values at the acquisition date. As a result of this acquisition, the Company recognized goodwill of S / 9,745,000, and was subsequently absorbed.

- (f) As of June 30, 2015 and December 31, 2014, the Management of the Company performed an evaluation of the state of use of their intangible assets, finding no evidence of impairment in such assets so that, in his opinion, the net value of the intangible assets is recoverable with future profits generated by the Company.

Notes to the separated financial statements (continued)

11. Other Financial liabilities

(a) This caption is made up as follows:

	As of June 30, 2015			As of December 31, 2014		
	Current Portion S/.000	Non- Current Portion S/.000	Total S/.000	Current Portion S/.000	Non- Current Portion S/.000	Total S/.000
Bank loans (b)	136,199	704,514	840,713	93,996	431,080	525,076
Bonds and long-term loans (d)	294,678	2,916,643	3,211,321	479,297	2,882,293	3,361,590
	<u>430,877</u>	<u>3,621,157</u>	<u>4,052,034</u>	<u>573,293</u>	<u>3,313,373</u>	<u>3,886,666</u>

(b) Bank loans correspond mainly to working capital loans at fixed annual rates that range between 2.88 and 5.85 percent, have maturity lower than 12 months, do not have specific guarantees and are renewed depending on the working capital needs of the Company. As of June 30, 2015 and December 31, 2014, the balance by bank is as follows:

	2015 S/.000	2014 S/.000
Creditor		
Citibank N.A. New York	258,466	258,466
Banco Santander Uruguay	155,771	146,461
Scotiabank Perú S.A.A.	150,000	-
ITAU UNIBANCO S.A.	55,633	78,461
Banco ITAU BBA S.A.	20,843	41,688
BBVA Banco Continental	200,000	-
	<u>840,713</u>	<u>525,076</u>

(c) As of June 30, 2015 and December 31, 2014, the interest payable on bank loans amounted to approximately S/.4,993,000 and S/.6,571,000, respectively, and is recorded in the caption "Trade and other payable" in the consolidated statements of financial position. As of June 30, 2015 and December 31, 2014, interest expense for bank commercial papers totaled approximately S/. 19,907,000 and S/.15,338,000, respectively, and are included in the caption "Finance costs" in the statement of income, see

note 18.

Notes to the separated financial statements (continued)

(d) The composition of the caption "Bonds and long-term loans" is as follows:

	Annual interest rate %	Maturity	Guarantee	As of June 30th , 2015 S/.000	As of December 31 , 2014 S/.000
Corporate Bonds -					
International bonds (e)	5.875	October 2021 December 2016, March 2020 and 2023	No guarantees	1,986,875	1,868,125
First and third issuance of the second program (g) and (l)	Between 4.93 and 5.56		No guarantees	180,000	180,000
First and eighth issuance of the first program (f) and (l)	Between 5.91 and 6.13	Between January and March, 2015	No guarantees	-	100,000
First and third issuance of the first program (h) and (l)	6.25	January 2018	No guarantees	53,407	58,584
				<u>2,220,282</u>	<u>2,206,709</u>
Amortized costs				(26,532)	(28,219)
				<u>2,193,750</u>	<u>2,178,490</u>
Bank loans (j) and (l) -					
Banco Internacional del Perú S.A.A.	Between 5.25 and 6.24	July 2017 and March 2019	No guarantees	257,082	271,216
Bank of Nova Scotia	Between Libor to 3 month + 1.95 ,2.35 and 2.40	September 2015, August 2018 and September 2018	No guarantees note (8 g)	207,297	237,999
Banco de Crédito e Inversiones (BCI)	2.45	As of July 2016	No guarantees	111,265	156,923
BBVA Banco Continental	Libor to 3 month + 2.90 ,4.35 and 4.35	September 2016 and June 2017	No guarantees note (8 g)	73,638	113,358
Banco de Crédito del Perú S.A.A.	6.6	April 2019	No guarantees	32,072	39,853
				<u>681,354</u>	<u>819,349</u>
Amortized costs				(6,417)	(5,160)
				<u>674,937</u>	<u>814,189</u>
Financial leasing -					
Banco de Crédito del Perú S.A.A.	6.52	February 2018	Leased assets	265,786	287,202
Banco de Crédito del Perú S.A.A.	5.80	October 2018	Leased assets	76,848	81,709
				<u>342,634</u>	<u>368,911</u>
Total				<u>3,211,321</u>	<u>3,361,590</u>
Less - current portion				<u>294,678</u>	<u>479,297</u>
Non current Portion				<u>2,916,643</u>	<u>2,882,293</u>

Notes to the separated financial statements (continued)

- (e) On May 26, 2014, the Board of Meeting of the company approved the acquisition of 98.57 percent of the shares of UNACEM Ecuador S.A. (formerly Lafarge Cementos S.A.) (Public company located in Quito, Ecuador, subsidiary of Lafarge S.A. of France. On October 20, 2014 the Board of Meeting agreed the international bond issue. Therefore, on October 31, 2014 the Company issues bonds ("Senior Notes") under the Rule 144A of the US Securities and under the regulation S of the US Securities Act of 1933, on the Luxembourg Stock Exchange for a nominal value of US\$625 million, at a nominal interest rate of 5.875 percent with maturity on October 2021, resulting a total net collection of fees and expenses of US\$615 million (approximately equivalent to S/.1,839 million).

The Company used the funds to purchase the shares of UNACEM Ecuador S.A. (formerly Lafarge Cementos S.A.) and Subsidiaries through its subsidiary Imbabura for a total amount of US\$517 million (equivalent to S/.1,516 million), see note 2(b).

- (f) On May 9, 2006, the General Shareholders meeting approved the proposal for the issuance of the "First Program Debt Instruments of US\$150,000,000 or its equivalent in Nuevos Soles".

On August 24, 2006 the Company signed with Banco Continental BBVA, as Representative of Bondholders, the framework contract for the bonds emission.

Altogether eight issuance were placed for a total amount of S/. 440 million awarded using the method of Dutch auction and as of June 30, 2015 have been fully paid.

- (g) On April 7, 2010, the General Meeting approved the "Second Program of Issuance of Corporate Bonds and Short-Term Debt Instruments of Unión Andina de Cementos S.A.A. up to a maximum outstanding amount of US\$150,000,000 or its equivalent in Nuevos soles".

On September 15, 2010 the Company signed with Banco Scotiabank Peru, as Representative of Bondholders, the framework contract for the bonds emission. On November 8, 2012, the company transferred to Banco de Credito del Peru the obligations of the Representative of bondholders.

In March 2013, the Company placed the First and Second Issuance of the Corporate Bonds totaling S/.60,000,000 each, and in December 2013, placed the Third Issuance of the same program for S/.60,000,000.

- (h) During the General Shareholders and Board Meeting held in March 26 and June 19, 2009, respectively, it was approved the First Program of Corporate Bonds of Cemento Andino S.A. (later transferred to the fusion date to the Company) up to an issuance amount of US\$40,000,000 or its equivalent in nuevos soles(Peruvian currency).

Notes to the separated financial statements (continued)

On June 17, 2009 the company signed with Banco de Crédito del Perú, as Representative of Obligations, the contract and framework prospect for the "First Program of Corporate Bonds". The first and third emission by US\$7,000,000 and US\$28,000,000, respectively, were granted under the Dutch auction on January 21, 2010. The first issuance of this program was paid in January 2013.

- (i) As of June 30, 2015 and December 31, 2014, bank loans in local and foreign currency obtained from local and foreign financial institutions were used mainly for working capital.
- (j) On December 17, 2008, the Company signed with BCP a contract of terms and conditions of financial leasing for a total of US\$ 187,000,000 for the extension of the production capacity through the installment of a new line of production (Kiln 4) in the Condorcocha plant.

On March 13, 2015 the balance of funding up to US \$ 84,832,000 , which was initially in foreign currency was changed for local currency financing under conditions:

- The current interest rate in soles for all sections is 6.52 percent.
- Availability term of financing is three years and the payments are quarterly.
- The financing is secured by the assets given in financial leasing.

- (k) On May 19, 2010, the General Shareholders Meeting approved the leasing agreement signed with Banco Internacional del Peru (Interbank) to expand the production capacity of the kiln 1 from 3,200 to 7,500 tons Clinker / day located on the Atocongo plant. The Company completed the project in 2013, whose assets guarantee the financing described.
- (l) Financial protections have a quarterly follow up and must be calculated on the basis of the separated financial information and the calculus methodology required by each financial entity.

The compliance of financial protection described is oversight but the Management of the Company and the Representative of Bondholders. In case of breach of the above safeguards an early termination will proceed. In Managements opinion, the Company has complied with financial covenants required by the financial institutions with which it has funding as of June 30, 2015 and December 31, 2014, except for the coverage ratio of debt service related to the First Bonus program of Cemento Andino, for which has a waiver until September 30, 2016.

- (m) As of June 30, 2015 and December 31, 2014, the interest rate for paying long term bonds and debts with banking entities amounted to around 28,576,000 and S/. 28, 098,000, respectively, and is recorded in the caption "Trade and other payable" in the financial statements, note 12.
- (n) Interest earned from bonds and long-term debt with banks maintained for the years ended on June 30, 2015 and 2014 amounted to approximately S/. 87,164,000 and S/. 35,673,000, respectively, and is included in the category "Financial expenses" in the income statement, note 18 .

Notes to the separated financial statements (continued)

12. Trade and other payables

(a) This caption is made up as follows:

	As of June 30th , 2015	As of December 31 , 2014
	S/.000	S/.000
Trade payables (b)	93,942	93,135
Related Accounts receivable, note 19 (b)	34,510	74,241
Deferred income (c)	12,549	98,725
Remunerations and vacations payable	19,800	15,067
Interest payable, note 11(c) and (m)	33,569	34,669
Tax Payable	13,038	17,096
Director's remunerations payable	851	2,076
Dividends Payable	188	134
Other accounts payable	11,526	7,124
	<u>219,973</u>	<u>342,267</u>
Term -		
Current		
Portion	211,231	332,553
Non current Portion	8,742	9,714
	<u>219,973</u>	<u>342,267</u>

(b) Trade payable are generated, mainly, by services of extraction of minerals and acquisition of supplies and additives for the Company's production, are nominated in local and foreign currencies, have current currency, do not yield interests and do not have guarantees.

(c) As of June 30, 2015 and December 31, 2014, the balance corresponds to sales of cement and clinker invoiced and not released which will be made in the next quarter.

13. Provisions

(a) This caption is made up as follows:

	Current		Non- Current	
	As of June 30 , 2015	As of December 31 , 2014	As of June 30 June 30 , 2015	As of December 31 , 2014
	S/.000	S/.000	S/.000	S/.000
Workers' profit sharing (b)	-	19,069	-	-
Compensation for time served	1,167	1,244	-	-
Mine closure provision (c)	357	358	13,492	13,492
	<u>1,524</u>	<u>20,671</u>	<u>13,492</u>	<u>13,492</u>

Notes to the separated financial statements (continued)

(b) Workers' profit sharing -

According to Peruvian law, the Company maintains a profit sharing plan for workers of 10 percent of the annual taxable income. Distributions to employees under the plan are based 50 percent on the number of days that each employee worked during the preceding year and 50 percent on proportionate annual salary levels.

(c) Mine closure provision -

As of June 30, 2015 and December 31, 2014, the Company maintains a provision for future closure costs of its mines based on an estimated life between 30 and 46 years. The provision was created on the basis of studies conducted by internal specialists using a discount rate. Based on the current economic environment, Management adopted certain assumptions which are considered reasonable to make an estimation of future liabilities. This estimate is reviewed annually to take into account any change in the assumptions. However, the actual costs of closing the mines finally depend on future market prices for the necessary works of abandonment that reflect market conditions at the relevant time. In addition, the actual closing time depends on when the mines ceases to produce economically viable products.

Notes to the separated financial statements (continued)

14. Income tax

(a) A breakdown of deferred income tax is presented according to the items that originated them:

	As of January 1st, 2014 S/.000	Income Statements S/.000	Charge to Equity S/.000	As of December 31, 2014 S/.000	Income Statements S/.000	Charge to Equity S/.000	Others S/.000	As of June 30, 2015 S/.000
Deferred liability								
Difference in tax base for fixed assets	462,398	(48,406)	-	413,992	9,219	-	(243)	422,968
Deferred tripping assets	42,844	(6,136)	-	36,708	(751)	-	-	35,957
Capitalized interest	33,691	(3,155)	-	30,536	(719)	-	-	29,817
Deferred bond commissions and long-term loans	1,493	7,228	-	8,721	(267)	-	(8,978)	(524)
Difference in exchange rate of financial leasing	6,271	(1,567)	-	4,704	(732)	-	-	3,972
Amortization software	2,784	(502)	-	2,282	(226)	-	20	2,076
Amortization of intangibles	1,980	2	-	1,982	312	-	-	2,296
	<u>551,461</u>	<u>(52,536)</u>	<u>-</u>	<u>498,925</u>	<u>6,836</u>	<u>-</u>	<u>(9,201)</u>	<u>496,560</u>
Deferred asset								
Deferred income (net)	(1,010)	(15,574)	-	(16,584)	13,852	-	43	(2,689)
Provision for vacations	(3,243)	272	-	(2,971)	151	-	-	(2,820)
Tax Loss	-	-	-	-	(9,240)	-	-	(9,240)
Quarry closure provision	(3,459)	594	-	(2,865)	(52)	-	1	(2,916)
Derivative financial instruments	(1,436)	(879)	649	(1,666)	(21)	(29)	-	(1,716)
Other provisions	(4,739)	2,365	-	(2,374)	81	-	23	(2,270)
Participation charged to inventories	(271)	342	-	71	1,620	-	(946)	745
	<u>(14,158)</u>	<u>(12,880)</u>	<u>649</u>	<u>(26,389)</u>	<u>6,391</u>	<u>(29)</u>	<u>(879)</u>	<u>(20,906)</u>
Deferred income tax liability, net	<u>537,303</u>	<u>(65,416)</u>	<u>649</u>	<u>472,536</u>	<u>13,227</u>	<u>(29)</u>	<u>(10,080)</u>	<u>475,654</u>

The Company compensates assets and liabilities if and only if it has a legally enforceable right to offset current tax assets with current tax liabilities and if the deferred assets and liabilities relate to income taxes levied by the same Taxation Authority.

(b) The current and deferred portions of the provision for income tax for the years ended as of June 30, 2015 and 2014 are comprised as follows:

	2015 S/.000	2014 S/.000
Current	879	(44,829)
Deferred	<u>(13,227)</u>	<u>(14,038)</u>
Total	<u>(12,348)</u>	<u>(58,867)</u>

As of June 30, 2015 and December 31, 2014, the Company do not need to recognize a liability for deferred income tax for the tax that would be payable on the profits of its subsidiaries. The Company has determined that the temporary differences will reverse through dividends to be received in the future, according to current tax legislation in Peru; they are not subject to income tax.

Notes to the separated financial statements (continued)

(c) A reconciliation of the effective rate of income tax as of June 30, 2015 and 2014 is as follows:

	2015 S/ .000	2015 %	2014 S/ .000	2014 %
Profit before income tax	164,001	100.00	182,087	100.00
Income tax according to tax rate	45,920	28.00	54,626	30.00
Tax impact of permanent record	(33,572)	(20.47)	4,241	2.33
Income tax expense	<u>12,348</u>	<u>7.53</u>	<u>58,867</u>	<u>32.33</u>

In December 2014, the Peruvian Government approved a progressive reduction in the income tax rate, with a rate of 28 percent as of June 30, 2015 (30 percent as of December 31, 2014).

15. Equity

(a) Issued Capital -

As of June 30, 2015 and December 31, 2014, the capital stock is represented by 1,646,503,408 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	Stake Percentage %
Sindicato de Inversiones y Administración S.A.	714,311,308	43.38
Inversiones Andino S.A.	399,979,008	24.29
AFPs	351,394,094	21.34
Others	180,818,998	10.99
	<u>1,646,503,408</u>	<u>100.00</u>

As of June 30, 2015, the share price of each share has been S/. 2.46 (S/. 2.93 as of December 31, 2014).

(b) Legal reserve -

Under the terms of the Peruvian General Companies 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.

(c) Unrealized result -

Corresponds to changes in the fair value, net of tax effect of the hedging instruments.

(d) Dividend distributions -

At the Board of Directors meetings held on January 23 and April 17, 2015, the Company agreed to distribute dividends with charge to retained earnings for approximately S/.42,809,000 (S/.1 per share), such payments were made on February 24 and May 20, 2015.

Notes to the separated financial statements (continued)

At the Board of Directors meetings held on January 17, April 28, July 18 and November 03, 2014, the Company agreed to distribute dividends with charge to retained earnings for approximately S/.85,619,000 (S/.1 per share), such payments were made on February 19, May 29, August 21 and December 03, 2014 respectively.

16. Net sales, cost of sales and gross profit

(a) A breakdown of this item for the periods ended on June 30 is presented:

	2015 S/.000	2014 S/.000
Cement	895,857	844,792
Clinker	36,465	10,390
Blocks, paving stones, concrete pavements and others	25,282	19,220
	<u>957,604</u>	<u>874,402</u>
Cost of sale	<u>(508,423)</u>	<u>(509,300)</u>
Gross profit	<u>449,181</u>	<u>365,102</u>

17. Other operating (expenses) income, net

As of June 30, 2015, this item is mainly made up of dividends received from the subsidiary Inversiones Imbabura SA, who in turn received dividends from its subsidiary UNACEM Ecuador SA, for approximately US \$ 40.296 million (equivalent to S/. 124, 675 000), the ones that will be paid on June, October and December, see Note 19 (a) and (b).

18. Finance costs

As of June 30, 2015 and 2014, this item is mainly made up of interest on bonds and debts with banks by S/. 107,071,000 and S/. 51,011,000, respectively. The increase in the item is mainly due to interest on international bonds ("Senior Notes") issued on October 31, 2014, see note 11 (e).

19. Transactions with related parties

(a) The main transactions with related entities as of June 30, 2015 and 2014 were as follows:

	2015 S/.000	2014 S/.000
Income for sale of cement -		
La Viga S.A.	191,487	178,486
Unión de Concreteras S.A.	89,564	83,098
Firth Industries Perú S.A.	34,355	28,086

Notes to the separated financial statements (continued)

	2015 S/ .000	2014 S/ .000
Prefabricados Andinos Perú S.A.C.	584	425
Asociación Unacem	237	-
Blocks, pavers and paving sales income-		
Unión de Concreteras S.A.	14,235	12,639
Firth Industries Perú S.A.	9,808	5,258
Property, plant and equipment lease income		
Unión de Concreteras S.A.	238	314
Depósito Aduanero Conchán S.A.	163	183
Prefabricados Andinos Perú S.A.C.	80	80
La Viga S.A.	85	7
Others	37	15
Royalties income -		
Compañía Eléctrica el Platanal S.A.	3,110	3,681
Licenses - intellectual property and trademarks		
Unacem Ecuador S.A.	9,864	-
Dividends income -		
Inversiones Inmbabura S.A.	124,675	-
Ferrocarril Central Andino S.A.	2,041	-
Income from administrative, IT and management support -		
Drake Cement LLC	224	473
Prefabricados Andinos Perú S.A.C.	149	135
Depósito Aduanero Conchán S.A.	92	83
Generación Eléctrica Atocongo S.A.	50	45
Vigilancia Andina S.A.	36	34
Compañía Eléctrica el Platanal S.A.	35	31
Other Incomes -		
Compañía Eléctrica el Platanal S.A.	273	706
Prefabricados Andinos Perú S.A.C.	32	26
Unión de Concreteras S.A.	59	62
Others	-	22
Purchase of electric energy -		
Compañía Eléctrica el Platanal S.A.	52,414	48,742

Notes to the separated financial statements (continued)

	2015 S/ .000	2014 S/ .000
Management service-		
Sindicato de Inversiones y Administración S.A.	13,338	16,010
Inversiones Andino S.A.	5,187	6,226
Project Management Services -		
ARPL Tecnología Industrial S.A.	13,508	5,741
Celepasa Renovables S.A.C.	941	1,141
Compañía Eléctrica el Platanal S.A.	-	865
Commission and freight for cement sales -		
La Viga S.A.	8,838	11,015
Engineering services and technical assistance -		
ARPL Tecnología Industrial S.A.	7,697	6,862
Tolling service -		
Unión de Concreteras S.A.	2,993	3,446
Firth Industries Perú S.A.	3,845	3,176
Concrete Purchase -		
Unión de Concreteras S.A.	4,925	4,044
Storage Management Services -		
DepósitoAduanero Conchán S.A.	1,498	1,648
Purchase of auxiliary material -		
Unión de Concreteras S.A.	3,134	2,660
Generación Eléctrica Atocongo S.A.	-	67
Reimbursed expenses -		
Unión de Concreteras S.A.	4,017	1,855
ARPL Tecnología Industrial S.A.	319	351
Others -		
Vigilancia Andina S.A.	7,589	8,078
Generación Eléctrica Atocongo S.A.	1,367	1,706
Firth Industries Perú S.A.	923	273
Drake Cement LLC	347	-
Others	519	952

- (b) As a result of these and other minor transactions, as of June 30, 2015 and December 31, 2014 the Company kept the following balances with its related entities:

2015 S/ .000	2014 S/ .000
------------------------	------------------------

Notes to the separated financial statements (continued)

	2015 S/ .000	2014 S/ .000
Trade receivable, note 5(a) -		
Inversiones Inmbabura S.A.	99,834	-
Unión de Concreteras S.A.	18,830	25,926
Firth Industries Perú S.A.	25,767	23,907
La Viga S.A.	18,948	19,664
Compañía Eléctrica el Platanal S.A.	10,622	6,337
Asociación UNACEM	26	3,740
Unacem Ecuador S.A.	3,985	-
Ferrocarril Central Andino S.A.	1,309	-
Drake Cement LLC	6,761	1,922
Lafarge Cementos S.A.	-	1,297
Other minors	1,504	1,344
	<u>187,586</u>	<u>84,137</u>
 Trade payable, note 12(a) -		
Compañía Eléctrica el Platanal S.A.	3,736	22,325
Unión de Concreteras S.A.	13,767	16,945
Sindicato de Inversiones y Administración S.A.	6,762	16,285
ARPL Tecnología Industrial S.A.	3,816	6,576
Inversiones Andino S.A.	2,733	6,333
Vigilancia Andina S.A.	1,279	2,243
La Viga S.A.	74	1,288
Firth Industries Perú S.A.	1,114	1,021
Drake Cement LLC	767	338
Generación Eléctrica de Atocongo S.A.	295	306
DepósitoAduanero Conchán S.A.	167	325
Transportes Lurin S.A.	-	256
	<u>34,510</u>	<u>74,241</u>
 Terms -		
Current		
Portion	25,768	64,527
Noncurrent Portion	8,742	9,714
	<u>34,510</u>	<u>74,241</u>

Notes to the separated financial statements (continued)

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.

20. Earnings per share

Basic earnings per share 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 as of June 30, 2015 and 2014 is presented below:

	2015 S/.000	2014 S/.000
Numerator		
Net income attributable to common shares	<u>151,653</u>	<u>123,220</u>
	In thousands	In thousands
Denominator		
Weighted average number of common shares	<u>1,646,503</u>	<u>1,646,503</u>
	2015 S/.000	2014 S/.000
Basic and diluted earnings for common shares	<u>0.092</u>	<u>0.075</u>

21. Commitments and contingencies

21.1 Financial Commitments -

- UNACEM maintains a "Comfort Letter" Scotiabank Peru SAA with for UNICON, dated July 31, 2009, by ensuring a line of credit up to US\$8,500,000 (equivalent to approximately S/.27,021,000), under which they will be held various credit operations.

21.2 Finance leases

The future minimum payments for leases and leaseback are as follows:

	<u>June 30, 2015</u>		<u>December 31, 2014</u>	
	Minimum payments S/.000	Present value of minimum payments S/.000	Minimum payments S/.000	Present value of minimum payments S/.000
Between one and five years	<u>342,634</u>	<u>287,928</u>	<u>368,911</u>	<u>342,742</u>

Notes to the separated financial statements (continued)

Total payments to be make	342,634	287,928	368,911	342,742
Less - finance costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Present value of minimum lease payments	<u>342,634</u>	<u>287,928</u>	<u>368,911</u>	<u>342,742</u>

21.3 Tax Situation -

(a) The tax rules relating to income tax are the same as those described in the notes to the annual separated financial statements as of December 31, 2014.

(b) The Tax Authority in each country has the right to review and if necessary correct the corresponding income tax calculated by the Company and its subsidiaries in the four years after the filing of the tax return. Affidavits of Income tax for the fiscal years 2010 to 2014 and monthly affidavits General Sales Tax for the period from December 2010 to December 2014 are open to inspection by the Tax Authority. Also, the affidavits of the Income tax return for the fiscal years 2011 to 2013 and the affidavits of General Sales Tax of monthly periods ranging between December 2010 and September 2013 by Cemento Andino SA are open to inspection by the Tax Authority.

On the other hand, on November 27, 2014, the Company received a notice from the Tax Authority communicating that an income tax review for the fiscal year 2010 would take place from January 2015.

At the date of this report, the review referred in the paragraphs above are in process; however, in Managements opinion, any additional tax settlement will not be significant to the separate financial statements as of 30 June 2015 and December 31, 2014.

(c) 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 in liabilities for the Company and subsidiaries; 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 financial statements as of June 30, 2015 and December 31, 2014.

21.4 Contingencies -

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

The legal advisors of the Company believe that it is only possible, not probable tax, legal and regulatory matters. On the basis of the above and in the Company Managements opinion, no provision was recorded in the separate financial statements as of June 30, 2015 and December 31, 2014.

Likewise, as of June 30, 2015 and December 31, 2014, the Company has filed claims to the Tax Administration Office (SUNAT), corresponding to the demands and claims for reimbursement of income tax. Management and its legal advisors

Notes to the separated financial statements (continued)

estimate that there are legal arguments to obtain a favorable outcome in these processes, in which case they will not have a significant impact on the consolidated financial statements of the Company.

On the other hand, by means of Resolution No. 004-2010 / ST-CLC-INDECOPI dated March 25, 2010, the Technical Secretariat of the Committee for the Protection of Free Competition admitted the proceedings of the complaint filed by Ferreteria Malva SA, against the Company and others for committing anti-competitive conduct, and started an administrative sanction procedure against the defendant. On 2013, by means of Resolution No. 010-2013 / CLC, the Committee for the Protection of Free Competition sanctions the Company for the unjustified refusal to sale, imposing a sanction of 1488.20 UIT (taxation units) and absolve the Company the boycott offense. Given the resolution of the Commission, the Company filed an appeal before the Competition Court, regarding the sanction for the denial of unjustified sales, which confirms the appealed resolution, whereupon the Company has decided to bring contentious administrative proceedings before the Judiciary, for the annulment of INDECOPI resolution. The Company expects to obtain a favorable ruling in court.

21.5 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 separated financial statements as of December 31, 2014.

21.6 Environmental commitments -

As of June 30, 2015, the main projects that the Company is executing are:

(i) Hydroelectric Power plant Carpapata III -

The project consists on the construction of the hydroelectric plant Carpapata III and will generate 12.8 MW, feeding the Cordorcocha plant. As of June 30, 2015, the Company has paid approximately S / . 44.005 million and has made commitments for approximately S / . 84,619,000.

(ii) Cement mill VIII and cement bagging V -

The project involves the construction of a cement mill that will have a capacity of 150 tons/hour and a bagger bags cement plant with a capacity of 3,000 bags per hour. As of June 30, 2015 this project required expenditures for approximately S / 187 738 000 and assumed commitments for approximately S / . 67,511,000.

22. Financial risk management, objectives and policies

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

22.1 Market risk -

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and others

Notes to the separated financial statements (continued)

prices risk. Financial instruments affected by market risk include loans and borrowings, deposits, other financial liabilities and derivative financial instruments.

The sensitivity analyses shown in the following sections relate to the consolidated financial situation as of June 30, 2015 and December 31, 2014.

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 derivatives instruments in foreign currencies are all constant as of June 30, 2015 and December 31, 2014.

(i) Interest rate risk -

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure of the Company to the interest rate risk is related mainly to the long-term debt with variable interest rates.

Notes to the separated financial statements (continued)

The Company has contracts interest rate swap designated as cash flow hedges and are recorded at their fair value. The detail of these operations is as follows:

Counterparty	Reference value as of June 30, 2015	Maturity	Receives variable rate at:	Pays fix rate at:	Fair Value	
					As of June 30th , 2015 S/.000	As of December 31 , 2014 S/.000
	US\$(000)					
Asset -						
Bank of Nova Scotia	27,083	August 2018	Libor to 3 months + 2.35%	0.825%	74	313
Bank of Nova Scotia	35,125	September 2018	Libor to 3 months + 2.40%	1.020%	40	405
					<u>114</u>	<u>718</u>
Liabilities -						
Bank of Nova Scotia	3,000	September 2015	Libor to 3 months + 1.95%	3.680%	83	459
BBVA - Banco Continental S.A.	12,500	September 2016	Libor to 3 months + 2.90%	4.455%	370	494
					<u>453</u>	<u>953</u>

Financial instruments are intended to reduce exposure to interest rate risk variable associated with the financial obligations set out in Note 11. These financings bear interest at a variable rate equal to Libor rate to 3 months.

The Company pays or receives on a quarterly basis (on each interest payment date of the loan) the difference between the Libor rate on the loan market in that period and the fixed rate agreed upon in the contract coverage. Flows actually received or paid by the Company are recognized as a correction of the financial cost of the loan period for the hedged loans.

As of June 30, 2015, the Company recognized interest expense arising from these financial instruments up to approximately S / . 1.438 million (S / 2.248 million for the period ended on June 30, 2014), which amounts are actually paid during the year and presented as part of "Financial Costs" in the income statement.

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 and are presented as "Unrealized income" in the consolidated statement of the comprehensive income.

Notes to the separated financial statements (continued)

Sensitivity to interest rate -

The Company does not show the sensitivity to a reasonably possible change in interest rates on the portion of the loans, after the impact of hedge accounting.

(ii) Foreign currency risk -

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency).

Management monitors this risk through analysis of the country's macroeconomic variables.

The result of holding balances in foreign currency for the Company in the period ended on June 30, 2015 and 2014 was a loss amounting approximately S/.180,168,000 and S/.889,000, respectively, which are presented in the caption "Exchange difference, net" in the consolidated statement of income.

As of June 30, 2015 and December 31, 2014, the Company has "Cross Currency Interest Rate Swap" amounting to S/. 6,061,000 and S/. 10,063,000 in favor of the bank, respectively, and hedging of risks associated with exchange rate fluctuations.

Foreign currency sensitivity -

Foreign currency transactions made at free market exchange rates published by the Superintendence of Banks, Insurance and Private Funds Managers. As of June 30, 2015, the weighted average exchange rates of the free market for transactions in soles were of S / . 3,174 to buy and S/. 3,179 to sell (S/. 2,981 to sale and S/. 2,989 to sell as of December 31, 2014), respectively.

As of June 30, 2015 and December 31, 2014, the Company had the following assets and liabilities in US dollars:

	2015		2014	
	US\$(000)	Equivalent in S/.(000)	US\$(000)	Equivalent in S/.(000)
Assets				
Cash and cash equivalent	708	2,246	5,936	17,695
Trade and other receivables, net	25,107	79,691	24,774	73,850
	<u>25,815</u>	<u>81,937</u>	<u>30,710</u>	<u>91,545</u>
Liabilities				
Trade and other payables	(10,675)	(33,936)	(23,110)	(69,076)
Other Financial liabilities	(852,882)	(2,711,312)	(1,006,388)	(3,007,624)
Derivative financial instruments	(142)	(453)	(319)	(953)
	<u>(863,699)</u>	<u>(2,745,701)</u>	<u>(1,029,817)</u>	<u>(3,077,653)</u>
Derivative financial instrument of exchange rate	(1,907)	(6,061)	(2,013)	(5,988)
	<u>(839,791)</u>	<u>(2,669,825)</u>	<u>(1,001,120)</u>	<u>(2,992,096)</u>
Liabilities Position, net				

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

Notes to the separated financial statements (continued)

assets and liabilities, including derivative financial instruments in foreign currency not classified as hedge) as of June 30, 2015 and December 31, 2014.

Change in US Dollars rate In American Dollars	Impact on profit before income tax	
	2015 S/.000	2014 S/.000
%		
+5	(133,491)	(149,630)
+10	(266,982)	(299,259)
-5	133,491	149,630
-10	266,982	299,259

22.2 Credit risk -

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to a credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, and trade and other receivables. The maximum credit risk of the components of the financial statements as of June 30, 2015 and December 31, 2014, is represented by the amount of the captions cash and cash equivalents, trade and other receivable.

The Company's Management made a continuously monitors of the credit risk to such items and periodically, it assesses the balances that evidence an impairment to determine the required allowance for un-collectability.

22.3 Liquidity Risk -

The Company monitors its risk of shortage of funds using a recurring liquidity planning tool.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the open use of bank accounts and other financial liabilities.

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

	As of June 30, 2015		
	From 1 to 12 months S/.000	From 1 to 10 years S/.000	Total S/.000
Trade and other payables	211,231	8,742	219,973
Other Financial liabilities			
Amortization of capital	430,877	3,621,157	4,052,034
Flow of interest payments	207,846	775,676	983,522
Total liabilities	849,954	4,405,575	5,255,529

	As of December 31, 2014		
	From 1 to 12 months S/.000	From 1 to 10 years S/.000	Total S/.000

Notes to the separated financial statements (continued)

Trade and other payables	332,553	9,714	342,267
Other Financial liabilities			
Amortization of capital	573,293	3,313,373	3,886,666
Flow of interest payments	<u>219,278</u>	<u>806,177</u>	<u>1,025,455</u>
Total liabilities	<u>1,125,124</u>	<u>4,129,264</u>	<u>5,254,388</u>

22.4 Capital management -

The Company's objective in managing capital is to safeguard its ability to continue as a going concern in order to generate returns for shareholders, benefits for other groups of interest and maintain optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company can adjust the amount of dividends paid to shareholders, refund capital to shareholders, issue new shares or sell assets to reduce its debt.

Consistent to the industry, the Company monitors its capital on the basis of leverage ratio. This ratio is calculated dividing the net debt into the capital stock. The net debt corresponds to the total of debt (including current and non-current debt) minus the cash and cash equivalents. The total capital stock corresponds to the net equity and is presented in the financial statement position plus the net debt.

As of June 30, 2015 and December 31, 2014 the leverage ratio is determine as follows:

	2015 S/.000	2014 S/.000
Other financial liabilities, note 11	4,052,034	3,886,666
Trade and other payables, note 12	219,973	342,267
Less: Cash and cash equivalents, note 4	(33,592)	(60,951)
Net debt (a)	4,238,415	4,167,982
Equity	3,732,896	3,624,132
Total capital and net debt (b)	7,971,311	7,792,114
Leverage ratio (a/b)	0.532	0.535

No changes were made in the objectives, policies or processes for managing capital during the years ended on June 30, 2015 and December 31, 2014.

23. Fair values

Instruments recorded at fair value according to hierarchy -

The following table presents an analysis of the financial instruments recorded at fair value, according to their hierarchy level as June 30, 2015 and December 31, 2014:

	2015 S/.000	2014 S/.000
Assets for derivative financial instruments:		
Level 2	<u>114</u>	<u>718</u>

Notes to the separated financial statements (continued)

Total	<u>114</u>	<u>718</u>
Assets for derivative financial instruments:		
Level 2	<u>6,514</u>	<u>6,940</u>
Total	<u>6,514</u>	<u>6,940</u>

Level 1 -

The financial assets included in the Level 1 category are measured based on quotations obtained from an active market. A financial instrument is regarded as quoted in an active market if prices are readily and regularly available from a centralized trading mechanism, agent, broker, industry group, pricing providers or regulatory agencies; and those prices are from regular transactions in the market.

Level 2 -

Financial instruments included in the Level 2 category are measured based on market factors. This category includes instruments valued using market prices of similar instruments, whether or not active markets, and other valuation techniques (models) in which all significant inputs are directly or indirectly observable in the marketplace. A description of how the fair value of the Company's principal financial instruments is determined in this category is presented as follows:

- - Derivative financial instruments -
The valuation technique most commonly used includes valuation of forwards and swaps, calculating the present value. The models incorporate various inputs, including the credit quality of counterparties, spot exchange rates and forward rates and interest rate curves.

Level 3 -

As of June 30, 2015 and December 31, 2014, the Company does not maintain financial instruments in this category.

The Company carries fair value derivate financial instrument, according explains in the letter (a); it is considered in the Level 2 to hierarchy of fair value.

Other financial instruments carrying amortized cost and fair value estimated is present in this note, such the level in the hierarchy of fair value as describe below:

Level 1 -

- Cash and cash equivalents do not represent a credit risk or significant interest rate; therefore, their carrying amounts approximate their fair value.
- Accounts receivable because they are net of provision for loan losses and primarily have maturities of less than three months, and Management has seen its fair value is not materially different from its carrying value.
- Trade and other payables, due to its current maturity, and Management that its accounting balances approximate 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. A comparison between the carrying amounts and fair values of these financial instruments:

<u>June 30, 2015</u>	<u>December 31, 2014</u>
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Notes to the separated financial statements (continued)

	Carrying amounts S/.000	Fair Value S/.000	Carrying amounts S/.000	Fair Value S/.000
Other Financial payables (*)	3,211,321	2,532,435	3,361,589	2,812,532

(*) As of June 30, 2015 and December 31, 2014, the amount outstanding does not include promissory notes and bank overdraft, see note 11 (a).

24. Subsequent events

No events have been identified after June 30, 2015.