

The following table sets forth, for the periods indicated, certain information regarding the exchange rates for *soles* per U.S. dollar, as published by the SBS. The Federal Reserve Bank of New York does not report a noon buying rate for *soles*.

	High	Low	Average(1)	Period end
2011	2.833	2.694	2.755	2.696
2012	2.709	2.550	2.639	2.550
2013	2.820	2.540	2.702	2.795
2014	2.988	2.761	2.839	2.986
2015	3.411	2.982	3.186	3.411
October 2015	3.285	3.216	3.247	3.285
November 2015	3.383	3.286	3.337	3.374
December 2015	3.411	3.368	3.383	3.411
January 2016	3.470	3.416	3.437	3.470
February 2016	3.537	3.477	3.506	3.524
March 2016	3.520	3.326	3.407	3.326
April 2016 (through April 26)	3.403	3.249	3.305	3.283

Source: SBS

(1) Averages are based on daily exchange rates.

On April 26, 2016, the exchange rate was S/3.283 per US\$1.00.

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Risks Relating to Peru

Economic, social and political developments in Peru could adversely affect our business, financial condition and results of operations.

All of our operations are conducted in Peru and depend on economic and political developments in the country. As a result, our business may be materially and adversely affected by economic downturns, currency depreciation, inflation, interest rate fluctuation, government policies, regulation, taxation, social instability, political unrest, terrorism and other developments in or affecting the country, over which we have no control.

The cement industry in Peru is highly dependent on construction activity in the country, which, in turn, depends on the purchasing power of consumers and, to a lesser extent, commercial and infrastructure investment. Adverse economic conditions could adversely affect construction activity and result in a decrease in demand for cement products.

In the past, Peru has experienced periods of severe economic recession, large currency devaluation and high inflation. In addition, Peru has experienced periods of political instability, which have led to adverse economic consequences. We cannot assure you that Peru will not experience similar adverse developments in the future.

While Peru has experienced economic growth in the recent past, political tensions, high levels of poverty and unemployment, and social conflicts with local communities continue to be pervasive problems in Peru. In the past, certain areas in the south and the northern highlands of Peru with significant mining developments have

experienced strikes and protests related mainly to the environmental impact of metallic mining activities, which have resulted in political tensions, commercial disruptions and a climate of uncertainty with respect to future mining projects. Future government policies in response to social unrest could include, among other things, increased taxation, as well as expropriation of assets. These policies could materially and adversely affect the Peruvian economy and, as a result, our business, financial condition and results of operations.

Political developments in Peru could adversely affect our operations.

Our financial condition and results of operations may be adversely affected by changes in Peru's political situation to the extent that such changes affect the nation's economic policies, growth, stability, outlook or regulatory environment.

Peru has, from time to time, experienced social and political turmoil, including riots, nationwide protests, strikes and street demonstrations. Despite Peru's ongoing economic growth and stabilization, social and political tensions and high levels of poverty and unemployment continue. Future government policies to preempt or respond to social unrest could include, among other things, expropriation or nationalization of private assets and property, suspension of the enforcement of creditors' rights or new taxation policies. These policies could adversely and materially affect the economy and our business.

Peru's current president, Ollanta Humala of the Gana Perú political coalition, has been in office since July 28, 2011. The election of President Humala initially generated a climate of political and economic uncertainty. However, President Humala's administration ratified Julio Velarde to continue in his role as president of the Central Reserve Bank of Peru and appointed Luis Castilla, the Vice-Minister of Treasury under the previous administration, as Minister of Economy and Finance (who was replaced in 2014 by Alonso Segura, who was previously Chief of Staff at the same Ministry). During his term, President Humala has generally maintained the moderate economic policies of former president Alan García, whose administration was characterized by business-friendly and open-market economic policies that sustained and fostered economic growth, while maintaining the inflation rate at historically low levels. Presidential elections took place April 10, 2016, and since no candidate obtained more than 50% of the vote, a runoff will be in June 2016. The two candidates that will participate in the runoff are Keiko Fujimori and Pedro Pablo Kuczynski. Keiko Fujimori is the daughter of former President Alberto Fujimori, former First lady and congresswoman. Mr. Kuczynski is a former prime minister, finance minister and energy and mines minister. Both candidates represent business friendly and open-market policies and are expected to continue the current economic model, and the ability to undertake reforms to improve the macroeconomic indicators.

However, we cannot assure you that the new administration will maintain these business-friendly and open-market economic policies or policies that stimulate economic growth and social stability. Any changes in the Peruvian economy or the Peruvian government's economic policies may have a negative effect on our business, financial condition and results of operations.

Fluctuations in the value of the sol relative to the U.S. dollar could adversely affect our business, financial condition and results of operations.

Fluctuations in the value of the sol relative to the U.S. dollar could adversely affect Peru's economy. In addition, a depreciation of the sol could increase, in terms of soles, certain of our production costs. Substantially all of our revenues are denominated in soles. However, certain of our expenses, such as the purchase of some coal and electricity, and currently the imported clinker, are denominated in U.S. dollars. In 2015, approximately 36% of our cost of sales was denominated in U.S. dollars. In addition, in February 2013, we issued US\$300.0 million of our 4.50% Senior Notes due 2023, on which we must make interest payments in U.S. dollars. As of December 31, 2015, we had hedged all of the US\$300.0 million of the principal amount outstanding of the Senior Notes. As of December 31, 2015, the sol had depreciated 14.2% with respect to the U.S. dollar as compared to December 31, 2014. In the past the exchange rate between the sol and the U.S. dollar has fluctuated significantly. We cannot assure you that the value of the sol against other currencies (including the U.S. dollar) will not fluctuate significantly in the future, which could adversely affect the Peruvian economy and our business, financial condition and results of operations.

In addition, although Peruvian law currently imposes no restrictions on the ability to convert soles to foreign currency and transfer foreign currency outside of the country, in the 1980s and early 1990s Peru imposed exchange controls, including controls affecting the remittance of dividends to foreign investors. We cannot assure you that exchange controls in Peru will not be implemented in the future. The imposition of exchange controls could have an adverse effect on the economy and on the ability of holders of our American Depositary Shares ("ADSs"), each representing five of our common shares, to receive dividends in U.S. dollars.

Inflation could adversely affect our business, financial condition and results of operations.

Peru, like some other countries in Latin America, experienced periods of hyperinflation in the 1980s and high rates of inflation in the early 1990s. In recent years, inflation has been relatively low, with an average annual inflation rate between 2011 and 2015 of 3.6% as measured by the Peruvian Consumer Price Index (*Índice de Precios al Consumidor del Perú*) that is calculated and published by the INEI. During 2015, the rate of inflation was 4.4%. If Peru experiences significant rates of inflation in the future, the economy could be adversely affected. In addition, high rates of inflation could increase our operating costs and adversely impact our operating margins if we are not able to pass the increased costs to consumers.

Changes in tax laws may increase our tax burden and, as a result, could adversely affect our business, financial condition and results of operations.

The Peruvian government from time to time implements changes to tax regulations. Any such changes may result in increases to our overall tax burden, which would negatively affect our profitability.

Earthquakes, flooding and other natural disasters could affect our business, financial condition and results of operations.

Peru is located in an area that experiences seismic activity and occasionally is affected by earthquakes. In 2007, an earthquake with a magnitude of 7.9 on the Richter scale struck the central coast of Peru, severely damaging the Ica region, located south of Lima. In addition, Peru, including the northern region where substantially all of our assets and our operations are located, experiences from time to time severe rainfall and flooding, largely as a result of the climate pattern known as El Niño, which typically occurs every two to seven years. During 2015, there was a very high expectation of a strong to extraordinary El Niño happening during the first months of 2016. This probability has significantly decreased and is, as of the data of this annual report, very unlikely, although a moderate El Niño and some increased rainfall is expected in the northern region and could adversely affect our business and results of operations. Even though we have insurance covering damages caused by natural disasters, the occurrence of a severe natural disaster in the north of Peru could affect our facilities and temporarily disrupt our operations or the distribution of our products and, consequently, our business, financial condition and results of operations.

A resurgence of terrorism in Peru could adversely affect the Peruvian economy and, as a result, our business and results of operations.

In the past, Peru experienced significant levels of terrorist activity that reached its peak of violence against the government and private sector in the late 1980s and early 1990s. In the mid-1990s, terrorist groups suffered significant defeats, including the arrest of key leaders, resulting in considerable limitations in their activities. Although terrorism no longer poses a significant threat in Peru, a small group of terrorists primarily related to drug traffickers continues to operate in remote mountainous and jungle areas in the central and southern regions of the country. A resurgence of terrorism could materially and adversely affect the Peruvian economy and, as a result, our business, financial condition and results of operations.

The Peruvian economy could be affected by adverse economic developments in regional or global markets.

Financial and securities markets in Peru are influenced, to varying degrees, by economic and market conditions in regional or global markets. Although economic conditions vary from country to country, investors' perceptions of the events occurring in one country may adversely affect capital flows into and securities from issuers in other countries, including Peru. The Peruvian economy was adversely affected by the political and economic events that occurred in several emerging economies in the 1990s, including in Mexico in 1994 and the Asian crisis in 1997, which affected the market value of securities issued by companies from markets throughout Latin America. Similar adverse consequences resulted from the economic crisis in Russia in 1998, the Brazilian currency devaluation in 1999 and the Argentine crisis in 2001.

In addition, Peru's economy continues to be affected by events in the economies of its major regional partners and in developed economies that are trading partners or that affect the global economy. During the global economic and financial crisis that commenced in 2008, global conditions led to a slowdown in economic growth in Peru, slowing gross domestic product ("GDP") growth in 2009 to 0.9%. In particular, the Peruvian economy suffered the effects of lower commodity prices in the international markets, a decrease in export volumes, a decrease in foreign direct investment inflows and, as a result, a decline in foreign reserves. 2015 was a difficult year for Latin America, mainly because of high volatility in financial markets and concerns about the performance of the Chinese economy. The Peruvian economy in particular saw the partial reversal of the supply shocks that affected primary sectors in 2014. The recovery was mainly in mining, agriculture and fishing. By contrast, non-primary GDP decelerated, principally as a result of lower investment and deteriorating business confidence.

Adverse developments in regional or global markets in the future could adversely affect the Peruvian economy and, as a result, adversely affect our business, financial condition and results of operations.

Risks Relating to our Business and Industry

We are subject to the possible entry of domestic or international competitors into our market, which could decrease our market share and profitability.

The cement market in Peru is competitive and is currently served mainly by three main groups which together supply most of the cement consumed in the country. In the cement industry, the location of a production plant tends to limit the market a plant can serve because transportation costs are high, reducing profit margins. Historically, we have supplied the northern region of Peru while two other groups have supplied the central (which includes the Lima metropolitan area) and southern regions of Peru, driven principally by the location of production facilities and distribution focus. However, competition could intensify if other manufacturers decide to enter our market.

We may face increased competition if the other Peruvian cement manufacturers, despite incremental freight costs, expand their distribution of cement to the northern region of Peru, or if they develop a cement plant in the north, particularly if the cement markets in Lima or other areas of Peru become saturated. Some large foreign cement manufacturers have announced plans to build cement plants in the central region of the country. If competition intensifies in the central region of Peru due to the presence of foreign cement manufacturers or otherwise, it may have price repercussions in our market.

We also face the possibility of competition from the entry into our market of imported clinker, cement or other materials or products from foreign manufacturers, which may have significantly greater financial resources than us, particularly as production capacity continues to exceed depressed demand in other parts of the world and transportation costs decrease.

We may not be able to maintain our market share if we cannot match our competitors' prices or keep pace with the development of new products. If any of these events were to occur, our business, financial condition and results of operations could be adversely affected.

Demand for our cement products is highly related to housing construction in northern Peru, which, in turn, is affected by economic conditions in the region.

Cement consumption is highly related to construction levels. Demand for our cement products depends, in large part, on residential construction in the north of Peru, which consists mostly of low-income families gradually building or improving their own homes without technical assistance, which we refer to as *auto-construcción*. We estimate that in 2015, *auto-construcción* accounted for approximately 55% of our cement sales. Residential construction, in turn, is highly correlated to prevailing economic conditions in Peru. A decline in economic conditions would reduce household disposable income and cause a significant reduction in residential construction, leading to a decrease in demand for cement. As a result, a deterioration of economic conditions in the northern region of Peru would have a material adverse effect on our financial performance. We cannot assure you that growth in Peru's GDP, or the contribution to GDP growth attributable to the northern region of the country, will continue at the recent pace or at all.

A reduction in private or public construction projects in the northern region of Peru would have a material adverse effect on our business, financial condition and results of operations.

We estimate that in 2015, approximately 26% of our cement sales were derived from private construction (other than *auto-construcción*) and 16% from public construction in the north of Peru. Significant interruptions or delays in, or the termination of, private or public construction projects may adversely affect our business, financial condition and results of operations. Private and public construction levels in our market depend on investments in the region which, in turn, are affected by economic conditions. During 2015, due to new regional authorities taking office, there was a significant slowdown in public spending during the first eight months of the year, while the new authorities completed their adjustment period. Public spending picked up during the last four months of the year and we expect it to continue during 2016.

The level of public infrastructure construction also depends, to a great extent, on the priorities and financial resources of the national, regional and local governmental authorities. The Peruvian government has recently promoted significant public spending in infrastructure projects in the north in response to an infrastructure shortage and to stimulate the economy in response to the negative effects of recent global economic and financial crisis. We cannot assure you that the Peruvian government will continue promoting recent levels of public infrastructure spending in our market. A reduction in public infrastructure spending in our market would adversely affect our business, financial condition and results of operations.

Our business, financial condition and results of operations may be adversely affected by increases in energy prices or shortages in the supply of energy.

Energy accounts for a significant percentage of our production costs. Our principal energy sources are coal and electricity. In 2015, the cost of energy represented approximately 22.7% of our cement production costs, compared to 27.6% in 2014. We use a substantial amount of coal as a source of fuel in our production process. Most of the coal we use is anthracite coal which we purchase from domestic suppliers and import a small amount of bituminous coal from suppliers primarily in Colombia and Venezuela, in each case at market prices. We do not have long-term coal supply agreements, and we do not engage in hedging transactions in connection with the price of coal. Any shortage or interruption in the supply of coal could also disrupt our operations. In addition, the price of coal is largely driven by the price of oil, and, as a result, increases in international oil prices are likely to affect the price of coal and adversely affect our results of operations.

We have a long-term electricity supply agreement with Electroperú S.A. ("Electroperú"), a government-owned company, to serve the electricity requirements of our Pacasmayo facility which we recently extended until 2025. We have also entered into a supply agreement with Electro Oriente S.A. ("ELOR") to supply the Rioja facility until November 2017. Our business, financial condition and results of operations could be materially and adversely affected by higher costs, interruptions, and unavailability or shortage of electricity. We have no back-up power system at our plants and cannot assure you that, in case of interruption or failure in Electroperú's or ELOR's operations, we will have access to other energy sources at the same prices and conditions, which could adversely affect our business, financial condition and results of operations. Moreover, electricity to our plants is transmitted through the Peruvian Electricity Interconnection System (*Sistema Eléctrico Interconectado Nacional del Perú*, or "SEIN"). Any interruptions or failures in SEIN's system would also have a material adverse effect on our business, financial condition and results of operations.

In the recent past, we have experienced electricity rationing, limiting our use of electricity to certain times of the day. In such cases, we were forced to readjust our production schedules in order to ensure that our production process was not interrupted. In the event of any future rationing of electricity, we may not be able to readjust quickly enough and our production process may be interrupted. Future shortages or efforts to respond to or prevent shortages, such as rationing, may adversely impact the cost or supply of electricity for our operations.

A significant increase in the prices of coal or electricity would increase our costs of production. We may not be able to increase the prices of our cement products in the future if the prices of coal or electricity rises, which would adversely affect our business, financial condition and results of operations.

Changes in the cost or availability of admixtures and raw materials supplied by third parties may adversely affect our business, financial condition and results of operations.

We use certain admixtures and raw materials in the production of cement, such as gypsum, blast furnace slag and iron that we obtain from third parties. In 2015, our cost of admixtures and raw materials supplied by third parties as a percentage of our cement production costs was approximately 9.7% compared to 9.9% in 2014. In 2012, due to an increase in demand for cement and the corrective maintenance of our principal kiln, we began using imported clinker, which represented approximately 17.9% of our cement production cost in 2015. We do not have long-term contracts for the supply of admixtures, raw materials and imported clinker that we use and if existing suppliers cease operations or reduce or eliminate production of these products, our costs to procure these materials may increase significantly or we may be obligated to procure alternatives to replace these products.

We may make future acquisitions that may not achieve expected benefits.

Our strategic initiatives include pursuing acquisitions that tend to diversify our existing portfolio of products and services and expand our geographic footprint. In the future, we may decide to expand by acquiring other companies in Peru or abroad. Any future acquisitions will depend on our ability to identify suitable candidates, negotiate acceptable terms, and obtain financing for the acquisitions. If future acquisitions are significant, they could change the scale of our business and expose us to new geographic, political, operating and financial risks. In addition, each acquisition involves a number of risks, such as the diversion of our management's attention from our existing business to integrating the operations and personnel of the acquired business, possible adverse effects on our results of operations during the integration process, our inability to achieve the intended objectives of the combination and potential unknown liabilities associated with the acquired assets.

We may not be able to obtain the funding required to implement future strategies.

Our strategies to continue to expand our cement production capacity and distribution network and to develop our brine and phosphate projects require significant capital expenditures. We cannot assure you that we will generate sufficient cash flow from operations, or that we will have access to external financing sources, to adequately fund such capital expenditures. Our access to external sources of financing will depend on many factors, including factors beyond our control, such as conditions in the global capital markets and investors' risk perception of investing in Peru and in emerging markets generally. Any equity or debt financing, if available, may not be on terms that are favorable to us. If our access to external financing is limited, we may not be able to execute our strategy, which could adversely affect our business, financial condition and results of operations.

In addition, the indenture pursuant to which we issued our 4.50% Senior Notes due 2023 contains covenants that limit our ability and that of our restricted subsidiaries to incur additional indebtedness if we do not meet certain financial ratios. If we are unable to incur additional debt to fund our future strategies, our business could be adversely affected.

We are subject to risks related to litigation and administrative proceedings that could adversely affect our business and financial performance in the event of an unfavorable ruling.

The nature of our business exposes us to litigation relating to product liability claims, labor, health and safety matters, environmental matters, regulatory, tax and administrative proceedings, governmental investigations, tort claims and contract disputes, among other matters. In the past, we have been subject to antitrust and tax proceedings or investigations. While we contest these matters vigorously and make insurance claims when appropriate, litigation is inherently costly and unpredictable, making it difficult to accurately estimate the outcome of actual or potential litigation. Although we establish provisions as we deem necessary, the amounts that we reserve could vary significantly from any amounts we actually pay due to the inherent uncertainties in the estimation process. We cannot assure you that these or other legal proceedings will not materially affect our ability to conduct our business, financial condition and results of operations in the event of an unfavorable ruling.

Our business is subject to a number of operational risks, which may adversely affect our business, financial condition and results of operations.

Our business is subject to several industry-specific operational risks, including accidents, natural disasters, labor disputes and equipment failures. Such occurrences could result in damage to our production facilities and equipment, and/or the injury or death of our employees and others involved in our production process. Moreover, such accidents or failures could lead to environmental damage, loss of resources or intermediate goods, delays or the interruption of production activities and monetary losses, as well as damage to our reputation. Our insurance may not be sufficient to cover losses from these events, which could adversely affect our business, financial condition and results of operations.

In addition, key equipment at our facilities, such as our mills and kilns, may deteriorate sooner than we currently estimate. Such deterioration of our assets may result in additional maintenance or capital expenditures, and could cause delays or the interruption of our production activities. If these assets do not generate the cash flows we expect, and we are not able to procure replacement assets in an economically feasible manner, our business, financial condition and results of operations may be materially and adversely affected.

Our business depends on the continued operation of our Pacasmayo and Piura facilities.

Our production facilities in Pacasmayo and Piura are essential to our business. In 2015, approximately 81% of our total cement and all of our quicklime was produced at the Pacasmayo facility. We estimate that for 2016, close to 40% of our total cement will be produced at the new Piura facility, and 50% at the Pacasmayo facility. These plants are subject to normal hazards of operating any cement production facility, including accidents, natural disasters and unexpected malfunctioning of the equipment. Any interruption in our operation of the Pacasmayo or Piura facilities or a decrease in the effective capacity of these facilities would adversely affect our results of operations, and any prolonged disruption in the operation of these facilities would have a material adverse effect on our business, financial condition and results of operations.

The introduction of cement substitutes into the market and the development of new construction techniques could have a material adverse effect on our business, financial condition and results of operations.

Materials such as plastic, aluminum, ceramics, glass, wood and steel can be used in construction as a substitute for cement. In addition, other construction techniques, such as the use of drywall, could decrease the demand for cement and concrete. In Peru, drywall has only been introduced into the housing construction market in recent years and it is not widely used. However, the use of drywall for housing construction could increase significantly in the future as it becomes more popular. In addition, research aimed at developing new construction techniques and modern materials may introduce new products in the future. The use of substitutes for cement could cause a significant reduction in the demand and prices for our cement products.

Our success depends on key members of our management.

Our success depends largely on the efforts and strategic vision of our executive management team and board of directors. The loss of the services of some or all of our executive management and members of our board of directors could have a material adverse effect on our business, financial condition and results of operations.

The execution of our business plan also depends on our ongoing ability to attract and retain additional qualified employees capable of operating our plants. Due to the limited pool of skilled workers in the north of Peru or workers from other regions willing to relocate to the north of Peru, we may not be successful in attracting and retaining the personnel we require. If we are unable to hire, train and retain qualified employees at a reasonable cost, we may be unable to successfully operate our business or reach full planned production levels in a timely manner and, as a result, our business, financial condition and results of operations could be adversely affected.

Our operations and sales are highly concentrated in the northern region of Peru.

All of our operations are located in the northern region of Peru, including our production facilities and the quarries from where we obtain limestone to produce cement. In addition, substantially all of our cement products are sold to consumers in this market. As a result, any adverse economic, political or social conditions affecting the northern region of Peru, as well as natural disasters and weather conditions, such as the El Niño climate pattern, among other factors that may affect this region, could have a material adverse effect on our business, financial condition and results of operations. During 2015, there was a very high expectation of a strong to extraordinary El Niño happening during the first months of 2016. This probability has significantly decreased and is, as the date of this annual report, very unlikely, although a moderate El Niño and some increased rainfall is expected in the northern region and could adversely affect our business and results of operations.

We are subject to environmental regulations and may be exposed to liability and political cost as a result of our handling of hazardous materials and potential costs for environmental compliance.

We are subject to various environmental protection and health and safety laws and regulations that regulate, among other things, the generation, storage, handling, use and transportation of hazardous materials; emissions and discharge of hazardous materials; and the health and safety of our employees. Pursuant to Peruvian law, in order to conduct mining and industrial activities, we are required, among other things, to (i) submit an environmental impact assessment to the Ministry of Production (*Ministerio de la Producción*) and a mining closure plan to the Ministry of Energy and Mines (*Ministerio de Energía y Minas*, or “MEM”) prior to initiating mining activities, (ii) comply with certain air emission and wastewater discharge standards, (iii) obtain approval from the water management authority to discharge wastewater into natural water sources or soil, (iv) dispose solid waste generated by us in special landfills exclusively through companies registered with the environmental agency, and (v) store fuel in compliance with environmental and safety standards. In addition, we are required to have a health and safety committee and develop an internal health and safety code. Although we believe we are in compliance with all these regulations in all material respects, we cannot assure you that we have been or will be at all times in full compliance with these laws and regulations. Any violation of such laws or regulations could result in substantial fines, criminal sanctions, revocations of operating permits and shutdowns of our facilities. In addition, current or future governments may also impose stricter regulations which may require us to incur higher compliance costs.

Pursuant to certain applicable environmental laws, we could be found liable for all or substantially all of the damages caused by pollution at our current or former facilities or those of our predecessors or at disposal sites. We could also be found liable for all incidental damages due to the exposure of individuals to hazardous substances or other environmental damage.

We cannot assure you that our costs of complying with current and future environmental and health and safety laws and regulations, and any liabilities arising from past or future releases of, or exposure to, hazardous substances will not adversely affect our business, financial condition and results of operations.

International agreements related to climate change may result in an increase in our costs.

There are ongoing international efforts to address greenhouse emissions. The United Nations and certain international organizations have taken action against activities that may increase the atmospheric concentration of greenhouse gases. Regulatory measures, such as the Kyoto Protocol, aimed at addressing greenhouse gas emissions and climate changes, are in various stages of negotiation and implementation. Such measures may result in increased costs to us for installation of new controls aimed at reducing greenhouse gas emissions, purchase of credits or licenses for atmospheric emissions, and monitoring and registration of greenhouse gas emissions from our operations. These measures, if adopted in Peru, could adversely affect our business, financial condition and results of operations.

Changes in regulations or in the interpretation of regulations may adversely affect our business, financial condition and results of operations.

Our business is subject to extensive regulation in Peru, including, among others, relating to tax, environmental, labor, health and safety, and mining matters. We believe that our facilities are currently operating in all material respects in accordance with all applicable concessions, laws and regulations. Future regulatory changes, changes in the interpretation of such regulations or stricter enforcement of such regulations, including changes to our concession agreements, may increase our compliance costs and could potentially require us to alter our operations. We cannot assure you that regulatory changes in the future will not adversely affect our business, financial condition and results of operations.

A dispute with the labour unions that represent our employees could have an adverse effect on our business, financial condition and results of operations.

As of December 31, 2015, approximately 16% of our employees were members of employee unions. Our practice is to extend some of the benefits we offer our unionized employees to other employees. Although we consider our relations with our employees are currently positive, we cannot assure you that we will not experience work slowdowns, work stoppages, strikes or other labor disputes in the future, which could adversely affect our business, financial condition and results of operations.

New projects may require the prior approval of local indigenous communities.

On September 7, 2011, Peru enacted Law No. 29785, regarding the Prior Consultation Right of Local Indigenous Communities, in accordance with the International Labor Organization Convention No. 169 (*Ley del Derecho a la Consulta Previa a los Pueblos Indígenas y Originarios, Reconocido en el Convenio 169 de la Organización Internacional del Trabajo*). This law, which became effective on December 6, 2011, establishes a prior consultation procedure (*procedimiento de consulta previa*) that the Peruvian government must carry out with local indigenous communities, whose rights may be directly affected by new legislative or administrative measures, including the granting of new mining concessions. Local indigenous communities do not have a veto right; upon completion of this prior consultation procedure, the Peruvian government retains the discretion to approve or reject the applicable legislative or administrative measure. However, to the extent that in the future our new projects may require legislative or administrative measures that impact local indigenous communities, we may not be able to undertake such projects, unless the Peruvian government first conducts the foregoing consultation procedure. We cannot assure you that this law will not adversely affect our new projects and have an adverse effect on our business, financial condition and results of operations.

The indenture pursuant to which we issued our 4.50% Senior Notes due 2023 contains financial covenants, and any default under the indenture may have a material adverse effect on our financial condition and cash flows.

The indenture pursuant to which we issued our 4.50% Senior Notes due 2023 contains restrictions and covenants, including restrictions on our and our guarantor subsidiaries' ability to incur further indebtedness or issue disqualified stock and preferred stock, unless certain conditions are met. Failure to meet or satisfy any of these covenants could result in an event of default under the indenture.

Additional Risks Relating to our Non-cement Projects

Mineralized material calculations are only estimates which if they do not materialize may adversely affect our business, financial condition and results of operations.

Our calculation of the mineralized material at our Bayóvar field is only an estimate and depends on geological interpretation and statistical inferences or assumptions drawn from drilling and sampling analysis, which may prove to be materially inaccurate. There is a significant degree of uncertainty attributable to the calculation of mineralized material. Until mineralized material is actually mined and processed, the quantity of mineralized material and grades must be considered as estimates only and we cannot assure you that indicated levels will actually be produced.

The estimate of mineralized material is partially dependent upon the judgment of the person preparing the estimates. The process relies on the quantity and quality of available data and is based on knowledge, mining experience, statistical analysis of drilling results and industry practices. Valid estimates at a given time may significantly change when new information becomes available.

Estimating mineralized material may have to be recalculated based on further exploration or development activity or actual production experience, which could materially and adversely affect estimates of the quantity or grade of mineralized material. Any material changes in quantity and grades of mineralized material will affect the economic viability of placing a property into production and a property's return on capital. We cannot assure you that mineralized material can be mined or processed profitably.

Our phosphate and brine projects are not part of our core cement business and we cannot assure you that we will be able to profitably extract and commercialize these products.

We are undertaking two non-metallic mining projects to develop phosphate and brine deposits. However, we are developing basic engineering studies and we cannot assure you that these projects will be successful or profitable. Mining is highly speculative in nature, involves many risks and can be unsuccessful. In addition, our core competency is the production and distribution of cement products. We have no prior experience in planning, developing and managing large-scale mining projects, and we have no operating experience or track record in extracting, processing or commercializing phosphate or brine minerals to assess our potential performance. The development of these two projects may result in unforeseen operating difficulties and may require significant financial and managerial resources that would otherwise be available for the ongoing development of our existing cement operations.

We may face several factors that may impair our ability to execute these projects successfully including, among others, the following:

- delays in obtaining regulatory approvals, licenses or permits from different governmental or regulatory authorities, including environmental permits;
- increases in the cost of energy, equipment, materials or labor, making the project economically unfeasible;
- adverse weather conditions, natural disasters, accidents or other unforeseen events;
- unforeseen engineering, design, environmental or geological problems;
- insufficient access to adequate means of transportation for our minerals, including delays in the construction of a port nearby;
- opposition from local communities;
- strikes or labor disputes;
- changes in the level of demand and prices for products derived from these materials; and
- adverse changes in Peru's regulatory framework.

Any of these factors may delay our projects and may increase our projected capital costs. If we are unable to complete these projects, any costs incurred in connection with these projects may not be recoverable. If we experience delays, cost overruns, or changes in market circumstances, we may not be able to demonstrate the commercial viability of these projects or achieve the intended economic benefits, which would materially and adversely affect our business, financial condition and results of operations.

In the case of our Brine Project, we may face difficulties in marketing and distributing the products derived from these fields. Even if we successfully extract these minerals, we may not be able to market them successfully or find suitable buyers, which may have an adverse effect on our business, financial condition and results of operations.

The actual amount of capital required for our phosphate and brine projects may vary significantly from our current estimates.

Our phosphate and brine initiatives are complex projects that require significant capital investment. Our estimated capital amounts for these projects are based on preliminary estimates and assumptions we have made about the mineral deposits, equipment, labor, permits and other factors required to complete the projects. If any of these estimates or assumptions change, the actual timing and amount of capital required may vary significantly from what we anticipate. Additional funds may be required in the event of departures from current estimates, unforeseen delays, cost overruns, engineering design changes or other unanticipated expenses, or if we are unable to find a suitable strategic partner to assist in financing our phosphate project. We cannot assure you that additional financing will be available to us, or, if available, that it can be obtained on a timely basis and on commercially acceptable terms.

If we have difficulties working with Mitsubishi to develop our phosphate project or with Quimpac to develop our brine project, we may face difficulties in carrying out these projects.

We are unfamiliar with the commercial market for phosphate and brine products and are seeking to develop these projects with partners that have expertise in commercializing these products. We sold a minority equity interest in our subsidiary Fosfatos to an affiliate of Mitsubishi, which will assist us to develop our phosphate deposits. In addition, Mitsubishi entered into a 20-year off-take agreement with Fosfatos. We have formed Salmueras Sudamericanas S.A. ("Salmueras") with Quimpac S.A. ("Quimpac") as a minority partner to assist in financing our brine project and provide its expertise in the commercialization of chemical components. If we encounter difficulties working with Mitsubishi or Quimpac, we may not be able to execute these projects as currently contemplated.

Risks Relating to our Common Shares and ADSs

The market price of our ADSs may fluctuate significantly, and you could lose all or part of your investment.

Volatility in the market price of our ADSs may prevent you from being able to sell your ADSs at or above the price you paid for them. The market price and liquidity of the market for our ADSs may be significantly affected by numerous factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include, among others:

- actual or anticipated changes in our results of operations, or failure to meet expectations of financial market analysts and investors;
- investor perceptions of our prospects or our industry;
- operating performance of companies comparable to us and increased competition in our industry;
- new laws or regulations or new interpretations of laws and regulations applicable to our business;
- general economic trends in Peru;
- catastrophic events, such as earthquakes and other natural disasters; and
- developments and perceptions of risks in Peru and in other countries.

Our controlling shareholder has significant influence over us and his interests could conflict with the interests of other shareholders.

As of March 31, 2016, our controlling shareholder beneficially owned 50.01% of our outstanding common shares. As a result, our controlling shareholder has the ability to determine the outcome of substantially all matters submitted for a vote to our shareholders and thus exercise control over our business policies and affairs, including, among others, the following:

- the composition of our board of directors and, consequently, any determinations of our board with respect to our business direction and policy, including the appointment and removal of our executive officers;
- determinations with respect to mergers, other business combinations and other transactions, including those that may result in a change of control;
- whether dividends are paid or other distributions are made and the amount of any such dividends or distributions;
- whether we offer preemptive and accretion rights to holders of our common shares in the event of a capital increase;
- sales and dispositions of our assets; and
- the amount of debt financing we incur.

Our controlling shareholder may direct us to take actions that could be contrary to the interests of our other shareholders and may be able to prevent other shareholders from blocking these actions or from causing different actions to be taken. Also, our controlling shareholder may prevent change of control transactions that might otherwise provide the shareholders with an opportunity to dispose of or realize a premium on their investment in our common shares and ADSs. We cannot assure you that our controlling shareholder will act in a manner consistent with our other shareholders' best interests.

Holders of ADSs may be unable to exercise voting rights with respect to our common shares underlying the ADSs at our shareholders' meetings.

Holders of ADSs may exercise voting rights with respect to the common shares represented by the ADSs only in accordance with the deposit agreement relating to the ADSs. Holders of our common shares will receive notice of shareholders' meetings through publication of a notice 25 days in advance, pursuant to Peruvian law, in the official gazette in Peru, a Peruvian newspaper of general circulation, the bulletin of the Lima Stock Exchange and the website of the *Superintendencia del Mercado de Valores* (the "Peruvian Securities Commission"), and will be able to exercise their voting rights by either attending the meeting in person or voting by proxy. ADS holders will not receive notice directly from us. Instead, pursuant to the deposit agreement, we will notify the depositary, who will mail to holders of ADSs the notice of the meeting and a statement as to the manner in which voting instructions may be given. To exercise their voting rights, ADS holders must instruct the depositary how to exercise the voting rights for the common shares which underlie their ADSs. Due to these additional procedural steps involving the depositary, the process for exercising voting rights may take longer for ADS holders than for holders of our common shares.

Holders of ADSs also may not receive voting materials in time to instruct the depositary to vote the common shares underlying their ADSs. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions of the holders of ADS or for the manner of carrying out such instructions, unless such failure can be attribute to gross negligence, bad faith or willful misconduct on the part of the depositary or its agents. Accordingly, holders of ADSs may not be able to exercise voting rights, and they will have little, if any, recourse if the underlying common shares are not voted as requested.

Our shareholders' ability to receive cash dividends may be limited.

Our shareholders' ability to receive cash dividends may be limited by the ability of the depositary to convert cash dividends paid in soles into U.S. dollars. Under the terms of our deposit agreement with the depositary for the ADSs, the depositary will convert any cash dividend or other cash distribution we pay on the common shares underlying the ADSs into U.S. dollars, if it can do so on a reasonable basis and can transfer the U.S. dollars to the United States. If this conversion is not possible or if any government approval is needed and cannot be obtained, the deposit agreement allows the depositary to distribute the foreign currency only to those ADS holders to whom it is possible to do so. If the exchange rate fluctuates significantly during a time when the depositary cannot convert the foreign currency, holders of ADSs may lose some or all of the value of the dividend distribution.

Holders of ADSs may be unable to exercise pre-emptive or accretion rights with respect to the common shares underlying their ADSs.

Under Peruvian corporate law, if we issue new common shares as part of a capital increase, unless otherwise agreed to by holders of 40% of our outstanding common shares, our shareholders will generally have the right to subscribe to a proportional number of common shares of the class held by them to maintain their existing ownership percentage, which is known as preemptive rights. In addition, shareholders are entitled to the right to subscribe for the unsubscribed common shares of either the class held by them or other classes which remain unsubscribed at the end of a preemptive rights offering, on a pro rata basis, which is known as accretion rights. Holders of ADSs may not be able to exercise the preemptive or accretion rights relating to common shares underlying the ADSs unless a registration statement under the U.S. Securities Act of 1933, as amended (the "Securities Act"), is effective with respect to those rights or an exemption from the registration requirements of the Securities Act is available. We are not obligated to file a registration statement with respect to the common shares relating to these preemptive and accretion rights and we cannot assure you that we will file any such

registration statement. Unless we file a registration statement or an exemption from registration is available, holders of ADSs may receive only the net proceeds from the sale of their preemptive and accretion rights by the depository or, if the preemptive and accretion rights cannot be sold, they will be allowed to lapse. As a result, U.S. holders of our ADSs may suffer dilution of their interest in our company upon future capital increases.

We are entitled to amend the deposit agreement under which our ADSs were issued, and to change the rights of ADS holders under the terms of such agreement, without the prior consent of the ADS holders.

We are entitled to amend the deposit agreement and to change the rights of the ADS holders under the terms of such agreement, without the prior consent of the ADS holders. Any change related to an increase in deposits or charges for book-entry securities services or any modification that might hinder the rights of the ADS holders will be effective within 30 days after the ADS holders have received notice of such change or modification and such holders will have no right to any compensation whatsoever.

Our status as a foreign private issuer allows us to follow alternate standards to the corporate governance standards of the New York Stock Exchange, which may limit the protections afforded to investors.

We are a “foreign private issuer” within the meaning of the New York Stock Exchange corporate governance standards. Under New York Stock Exchange rules, a foreign private issuer may elect to comply with the practices of its home country and not to comply with certain corporate governance requirements applicable to U.S. companies with securities listed on the exchange. We currently follow certain Peruvian practices concerning corporate governance and intend to continue to do so. Accordingly, holders of our ADSs will not have the same protections afforded to shareholders of companies that are subject to all New York Stock Exchange corporate governance requirements.

For example, the New York Stock Exchange listing standards provide that the board of directors of a U.S. listed company must have a majority of independent directors at the time the company ceases to be a “controlled company.” Under Peruvian corporate governance practices, a Peruvian company is not required to have a majority of independent members on its board of directors.

The listing standards for the New York Stock Exchange also require that U.S. listed companies; at the time they cease to be “controlled companies,” have a nominating/corporate governance committee and a compensation committee (in addition to an audit committee). Each of these committees must consist solely of independent directors and must have a written charter that addresses certain matters specified in the listing standards. Under Peruvian law, a Peruvian company may, but is not required to, form special governance committees, which may be composed partially or entirely of non-independent directors.

In addition, New York Stock Exchange rules require the independent non-executive directors of U.S. listed companies to meet on a regular basis without management being present. There is no similar requirement under Peruvian law.

The New York Stock Exchange’s listing standards also require U.S. listed companies to adopt and disclose corporate governance guidelines. In November 2013, the Peruvian Securities Commission and a committee comprised of regulatory agencies and associations prepared and published a list of suggested non-mandatory corporate governance guidelines called the “Good Corporate Governance Code for Peruvian Companies.” Although we have implemented a number of these measures, we are not required to comply with the corporate governance guidelines by law or regulation, only to disclose whether or not we are in compliance.

Minority shareholders in Peru are not afforded equivalent protections as minority shareholders in other jurisdictions and investors may face difficulties in commencing judicial and arbitration proceedings against our company or the controlling shareholder.

Our company is organized and existing under the laws of Peru, and our controlling shareholder is resident in Peru. Accordingly, investors may face difficulties in serving process on our company, our officers and directors or the controlling shareholder in other jurisdictions, and in enforcing decisions granted by courts located in other jurisdictions against our company, our officers and directors or the controlling shareholder that are based on securities laws of jurisdictions other than Peru.