



Pesquera Exalmar s.a.



2010 Financial Review

March 2011



Introduction

- ✓ During 2010 Pesquera Exalmar (the “Company”) recorded 128 days of production and 237 days of ban due to the “*Fenómeno del Niño*” and “*de la Niña*” that impacted the Peruvian coast (this compares with 159 and 206 days of production and ban respectively during 2009).

- ✓ The actual catch of the 2010 global quote in the North-Center area was impacted as follows:
 - 2.5 million of MT were authorized during the first season (3.5 million of MT authorized in the same period of 2009, down 28,5%). In both years 100% of the total authorized global quote was captured;

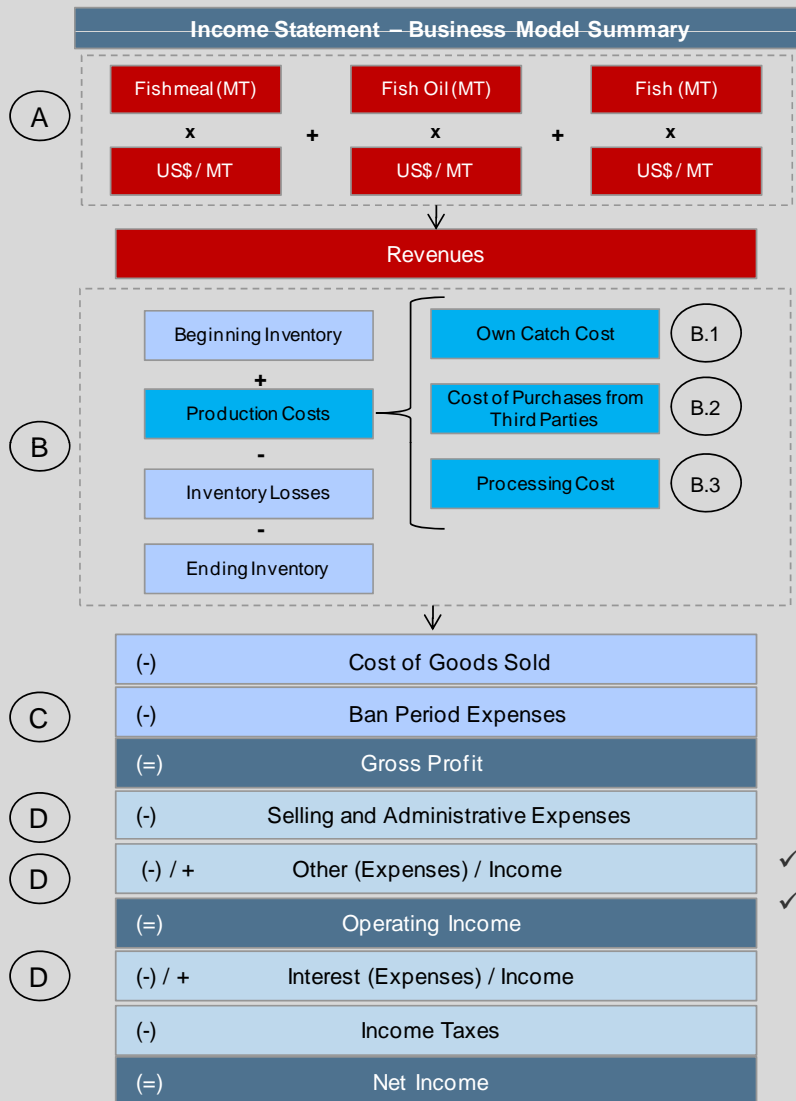
 - 2.1 million of MT were authorized during the second season (2.0 million of MT authorized in the same period of 2009). However, during this period only 37% of the authorized global quota was captured (100% in 2009).

- ✓ With the purpose of offsetting the *Fenómeno del Niño* and *la Niña*, the Company: (i) increased the purchase of fish from third parties and (ii) executed contracts of quota leases from third parties. As a result of this decision the Company:
 - Increased the third party share in the total raw material supply from 45.1% in 2009 to 50.2% in 2010;

 - Increased its production market share from 10.3% in 2009 to 11.5% in 2010.



Financial Review 2010-2009



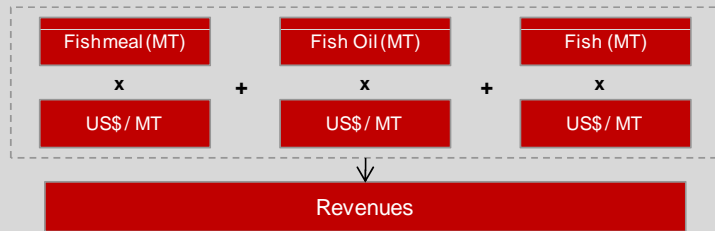
(Amounts in US\$ Thousands)

	2010	2009	
Revenues	\$182,992	\$126,834	44.3%
Cost of Goods Sold	(\$117,112)	(\$72,634)	61.2%
Ban Period Expenses	(\$22,559)	(\$18,033)	25.1%
Gross Profit	\$43,321	\$36,167	19.8%
Gross Margin	23.7%	28.5%	
Selling Expenses	(\$5,740)	(\$6,128)	-6.3%
Administrative Expenses	(\$4,521)	(\$3,859)	17.2%
Severances (Law 1,084)	(\$1,897)	(\$6,347)	-70.1%
Other Income	\$1,903	\$1,065	78.7%
Other Expenses	(\$2,845)	(\$3,806)	-25.2%
Operating Income	\$30,221	\$17,092	76.8%
Operating Margin	16.5%	13.5%	
Interest Income	\$94	\$143	-34.3%
Interest Expenses	(\$6,611)	(\$6,511)	1.5%
Financial Instruments	(\$912)	(\$723)	26.1%
FX Differences	\$684	\$224	205.4%
Pre-Tax Income	\$23,476	\$10,225	129.6%
Income Taxes	(\$6,058)	(\$3,879)	56.2%
Net Income	\$17,418	\$6,346	174.5%
Net Income Margin	9.5%	5.0%	

- ✓ The following pages include an analysis of 2010 financial performance;
- ✓ During 4Q 2010 the International Committee of Accounting Standards issued a note related to the proper accounting of the Workers' Profit Sharing. Workers' Profit Sharing should be recorded as an operating expense and no longer as a Tax, with direct impact on the Operating Income. Financial Statements for 2009 have been restated to reflect this adjustment. Workers' Profit Sharing for 2010 and 2009 was \$2.3 million and \$1.0 million, respectively.



A. Revenues

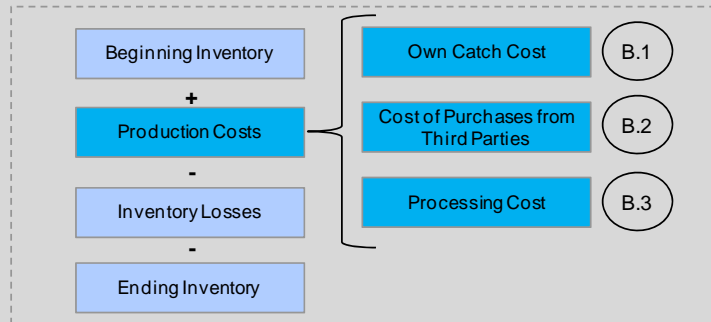


Revenues			
(Amounts in US\$ Thousands)	2010	2009	% Var.
Fishmeal			
MT	107,843	118,079	-8.7%
US\$/MT	\$1,495	\$948	57.7%
Fishmeal Revenues	\$161,236	\$111,947	44.0%
% of Revenues	88.1%	88.3%	
Fish oil			
MT	23,120	24,138	-4.2%
US\$/MT	\$831	\$592	40.3%
Fish Oil Revenues	\$19,206	\$14,298	34.3%
% of Revenues	11.5%	11.3%	
Other Revenues			
	\$2,550	\$589	332.9%
% of Revenues	1.4%	1.0%	
Total Revenues	\$182,992	\$126,834	44.3%

- ✓ Revenues increase is mainly explained by the fishmeal price increase as a result of limited supply and growing demand.
- ✓ Fishmeal price grew 57.7% as compared with 2009. The average fishmeal price was \$1,495 per MT while in 2009 it reached \$948 per MT.
- ✓ Fish oil price increased by 40.3%.
- ✓ In 2010 the Company recorded \$2.5 million from sales of fish in the South area.



B. Cost of Good Sold and Production Costs



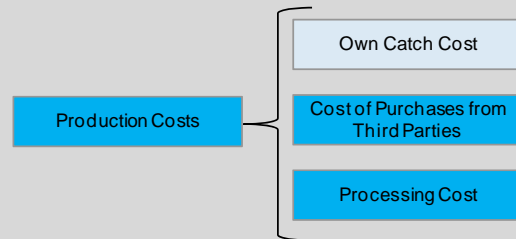
Cost of Goods Sold				
(Amounts in US\$ Thousands)	2010	2009	Variation	%
Beginning Inventory	\$32,335	\$14,474	\$17,861	123.4%
Production Cost	\$94,253	\$90,821	\$3,432	3.8%
Inventory Losses	(\$257)	(\$326)	\$69	-21.2%
Ending Inventory	(\$9,219)	(\$32,335)	\$23,116	-71.5%
Cost of Goods Sold	\$117,112	\$72,634	\$44,478	61.2%
US\$/MT Fishmeal Sold	\$1,086	\$615	\$471	76.6%

Production Cost				
(Amounts in US\$ Thousands)	2010	2009	Variation	%
US\$/MT Fishmeal Produced				
Own Catch Cost	\$14,613	\$15,795	(\$1,182)	-7.5%
Cost of Purchases from 3rd Parties	\$54,926	\$48,740	\$6,186	12.7%
Processing Cost	\$16,930	\$20,986	(\$4,056)	-19.3%
Quota - Lease Cost	\$3,367	\$2,720		
Total	\$89,836	\$88,241	\$1,595	1.8%
MT Produced	83,438	119,206	(35,768)	-30.0%
Total US\$/MT Fishmeal Produced	\$1,077	\$740	\$336	45.5%
Other Costs				
Worker's Profit Sharing	\$1,354	\$723		
Direct Human Consumption	\$1,363	\$1,248		
Re-processing and Anchovy Sales	\$1,700	\$609		
Total Other Costs	\$4,417	\$2,580		
Total Production Cost	\$94,253	\$90,821	\$3,432	3.8%

- ✓ COGS is calculated on the basis of Production Cost and the level of beginning and ending inventories.
- ✓ Exalmar's strategy focus on being cost efficient in catching its own quota while increasing volume through the purchase of fish from third parties as long as these purchases contribute additional profit.
- ✓ The 2010 increase in COGS per MT of fishmeal is mainly explained by the increase in the price of fish purchased from third parties. This price is negotiated on a spot basis and is linked to the fishmeal price.



B.1 Own Catch Cost



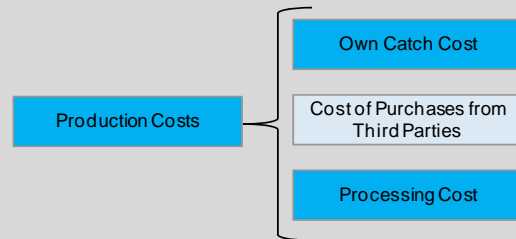
Own Catch Cost						
(Amounts in US\$ Thousands)	2010		2009		Variation	%
Total Costs	\$14,613		\$15,795		(\$1,182)	-7.5%
MT Captured	177,772		287,003		(109,231)	-38.1%
US\$/MT Captured	\$82		\$55		\$27	49.4%

Breakdown of Own Catch Cost	2010		2009		Variation	
	US\$ 000'	US\$ / MT	US\$ 000'	US\$ / MT	US\$ / MT	%
Personnel	\$5,863	\$33	\$6,508	\$23	\$10	45.4%
Fuel	\$2,657	\$15	\$3,624	\$13	\$2	18.4%
Maintenance and Repairs	\$1,198	\$7	\$1,473	\$5	\$2	31.3%
Supplies	\$1,237	\$7	\$853	\$3	\$4	134.1%
Depreciation	\$2,180	\$12	\$2,593	\$9	\$3	35.7%
Others	\$1,478	\$8	\$744	\$3	\$6	220.7%
Total	\$14,613	\$82	\$15,795	\$55	\$27	49.4%

- ✓ In 2010 the Own Catch Cost increased \$27 per MT (+49.4%) as a result of:
 - Increase in Personnel Costs (+45.4%) since the crew salaries are linked to the fishmeal price;
 - Increase in Fuel Cost per unit (+18.4%) due to: (i) increase of diesel price (+11.54%) and (ii) exchange rate appreciation (+5.9%);
 - Additional Maintenance & Repairs cost (+31.3%) and Supplies (+134.1%), since *Fenómeno del Niño* and *La Niña* demanded additional operating vessels to catch its own Individual Quota;
 - Fixed and semi-variables costs (insurance, taxes and depreciation) increased on a unit basis due to the volume drop.
- ✓ Excluding depreciation, the Own Catch Cost per MT reached \$70 in 2010 vs \$46 in 2009.



B.2 Cost of Purchases from Third Parties

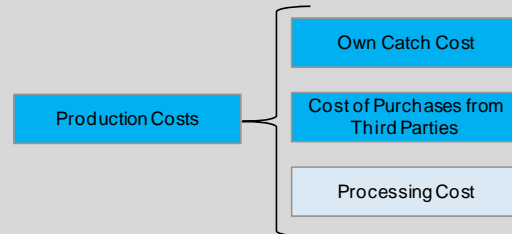


Cost of Purchases from Third Parties				
(Amounts in US\$ Thousands)	2010	2009	Variation	%
Fish Purchased (MT)	179,279	236,105	(56,826)	
US\$ / MT Fish Purchased	\$306	\$206	\$100	48.4%
Total	\$54,926	\$48,740	\$6,186	12.7%

- ✓ The 2010 cost of purchasing fish from third parties increased in \$100 per MT due to: (i) the increase in fishmeal price and (ii) the decrease of fish supply.
- ✓ Consistent with the Company's strategy of marginal contribution from additional volume, Exalmar increased the third party share in the raw material supply from 45.1% in 2009 to 50.2% in 2010.



B.3 Processing Cost



Processing Cost				
(Amounts in US\$ Thousands)	2010	2009	Variation	%
Total Costs	\$16,930	\$20,986	(\$4,056)	-19.3%
Fishmeal Produced (MT)	83,438	119,206	(35,768)	-30.0%
US\$/MT Fishmeal Produced	\$203	\$176	\$27	15.3%

Processing Cost Breakdown	2010		2009		Variation	
	US\$ 000'	US\$ /MT	US\$ 000'	US\$ /MT	US\$ /MT	%
Fuel	\$7,472	\$90	\$8,518	\$71	\$18	25.3%
Personnel	\$1,813	\$22	\$2,272	\$19	\$3	14.0%
Depreciation	\$2,497	\$30	\$3,284	\$28	\$2	8.6%
Packing	\$1,526	\$18	\$2,211	\$19	(\$0)	-1.4%
Energy	\$1,222	\$15	\$1,562	\$13	\$2	11.8%
Maintenance	\$709	\$8	\$709	\$6	\$3	42.9%
Fishing Rights	\$767	\$9	\$1,117	\$9	(\$0)	-1.9%
Others	\$924	\$11	\$1,313	\$11	\$0	0.5%
Total	\$16,930	\$203	\$20,986	\$176	\$27	15.3%

In 2010 the Processing Cost increased by \$27 per MT (+15.3%) as a result of:

- Increase in Fuel (+25.3%) due to: (i) higher oil cost (R500, +26.3%) and (ii) exchange rate appreciation (+5.9%);
- The drop in volume negatively impacted the Fixed Costs (maintenance) as well as Personnel Cost;
- Excluding depreciation, the Processing Cost per MT reached \$173 in 2010 vs. \$148 in 2009 (+16.5%).



C. Ban Period Expenses

Ban Period Expenses			
	2010	2009	% Var.
Total Days	237	206	49.1%
First Half	101	110	-8.2%
Second Half	136	96	177.6%
 (Amounts in US\$ Thousands)			
	2010	2009	%
Personal	\$4,150	\$2,674	55.2%
Third Party Services	\$3,523	\$2,514	40.1%
Supplies	\$1,511	\$1,162	30.0%
Management Expenses	\$1,328	\$1,319	0.7%
Taxes	\$227	\$194	17.0%
Depreciation	\$11,820	\$10,170	16.2%
Total Ban Expenses	\$22,559	\$18,033	25.1%

- Ban period and fishing season depends on the Peruvian Ministry of Production's decision (PRODUCE).
- 2010 recorded 31 additional days of ban period when compared with 2009.
- Ban Period Expenses increased due to the additional Personnel Cost during 2H as a result of the *Fenómeno de la Niña*.
- Excluding depreciation costs, Ban Period Expenses reached \$10.7 million (+36.6%)



D. Operative and Financial Expenses

Administrative & Selling Expenses

(Amounts in US\$ Thousands)	2010	2009	Variation	%
Administrative Expenses	\$4,521	\$3,859	\$662	17.2%
Selling Expenses	\$5,740	\$6,128	(\$388)	-6.3%
% of Revenues	3.1%	4.8%		
Total	\$10,261	\$9,987	\$274	2.7%

Other Income / (Expenses)

(Amounts in US\$ Thousands)	2010	2009	Variation	%
Severances (Law 1,084)	(\$1,897)	(\$6,347)	\$4,450	-70.1%
Other Income	\$1,903	\$1,065	\$838	78.7%
Other Expenses	(\$2,845)	(\$3,806)	\$961	-25.2%
Total	(\$2,839)	(\$9,088)	\$6,249	-68.8%

Financial Expenses

(Amounts in US\$ Thousands)	2010	2009	Variación	%
Net Interest Expense	\$6,517	\$6,368	\$149	2.3%
Financial Instruments	\$912	\$723	\$189	26.1%
Total	\$7,429	\$7,091	\$338	4.8%

- +17.2% in Administrative Expenses as a result of performance bonus.
- -6.3% in Selling Expenses due to improvements in the logistic of shipping.
- Severance Payment related to DL 1084 was reduced in \$4.5 million when compared to 2009. The Company does not anticipate expenses associated to this concept in 2011.
- Other Expenses include update of payments to FONCOPES (“Fondo de Compensación para el Ordenamiento Pesquero”).
- Derivatives expenses are related to the swap of floating to fixed interest rate of the Long Term Loan. Currently the Long Term Loan accrued a fixed interest rate of 5.25%.



Financial Summary (Exalmar vs. Comparables)

(In Thousands US\$)	Dec-10				Dec-09			
	Exalmar	Austral	Copeinca	Corpesca	Exalmar	Austral	Copeinca	Corpesca
Country of Operations								
Fishmeal Sales (MT)	107,843	NA	135,896	NA	118,079	NA	199,488	NA
Fish oil Sales (MT)	23,120	NA	30,975	NA	24,138	NA	33,174	NA
Inventory - Finished Products	\$9,219	\$12,977	NA	\$64,282	\$32,335	\$22,237	NA	\$49,324
Average Fishmeal Price (US\$/MT)	\$1,495	NA	\$1,397	NA	\$948	NA	\$873	NA
Average Fish oil Price (US\$/MT)	\$831	NA	\$1,007	NA	\$592	NA	\$635	NA
Revenues	\$182,992	\$189,493	\$233,042	\$277,039	\$126,834	\$228,078	\$203,161	\$242,977
Cost of Goods Sold + Ban Expenses	(\$139,671)	(\$145,454)	(\$146,238)	(\$221,403)	(\$90,667)	(\$153,667)	(\$144,615)	(\$230,783)
Gross Profit	\$43,321	\$44,039	\$86,804	\$55,636	\$36,167	\$74,411	\$58,546	\$12,194
Selling Expenses	(\$5,740)	(\$10,427)	(\$11,431)	(\$6,069)	(\$6,128)	(\$15,631)	(\$13,658)	(\$6,784)
Administrative Expenses	(\$4,521)	(\$15,206)	(\$15,650)	(\$18,336)	(\$3,859)	(\$21,522)	(\$16,399)	(\$16,107)
Other Income / (Expenses)	(\$2,839)	(\$4,736)	(\$61,263)	(\$3,728)	(\$9,088)	\$1,133	(\$22,058)	(\$796)
Operating Income	\$30,221	\$13,671	(\$1,540)	\$27,503	\$17,092	\$38,390	\$6,431	(\$11,493)
Net Interest Expenses	(\$6,517)	(\$4,392)	(\$22,955)	(\$828)	(\$6,368)	(\$6,686)	(\$13,173)	(\$1,228)
Others	(\$228)	\$1,944	\$7,370	(\$3,275)	(\$499)	\$6,815	\$10,057	(\$98)
Earnings / (Losses) from Affiliates	\$0	\$0	\$0	\$4,141	\$0	\$0	\$0	\$5,663
Pre-Tax Income	\$23,476	\$11,222	(\$17,125)	\$27,541	\$10,225	\$38,519	\$3,315	(\$7,156)
Income Taxes	(\$6,058)	\$6,379	\$10,632	(\$4,448)	(\$3,879)	(\$12,199)	(\$3,060)	(\$221)
Net Income	\$17,418	\$17,601	(\$6,493)	\$23,093	\$6,346	\$26,320	\$255	(\$7,377)
Other Selected Financial Information								
Operating Income + D&A	\$47,632	\$32,328	\$14,441	\$59,559	\$34,041	\$57,628	\$24,699	\$26,276
Total Debt	\$60,889	\$63,728	\$217,542	\$58,323	\$122,192	\$91,530	\$143,819	\$58,479
Cash & Equivalents	\$29,908	\$1,692	\$34,201	\$27,364	\$9,937	\$3,098	\$12,478	\$42,007
Depreciation & Amortization (D&A)	\$17,411	\$18,658	\$15,981	\$32,056	\$16,949	\$19,238	\$18,268	\$37,769
Margins (As % of Revenues)								
Gross Margin	23.7%	23.2%	37.2%	20.1%	28.5%	32.6%	28.8%	5.0%
Operating Income + D&A	26.0%	17.1%	6.2%	21.5%	26.8%	25.3%	12.2%	10.8%
Operating Income	16.5%	7.2%	-0.7%	9.9%	13.5%	16.8%	3.2%	-4.7%
Net Income	9.5%	9.3%	-2.8%	8.3%	5.0%	11.5%	0.1%	-3.0%

Source: Company filings.

Note: Austral financial information converted from S/. to USD at exchange rates of 2.89 (2009) and 2.78 (2010).