Pesquera Exalmar S.A.A.

SEPARATE FINANCIAL STATEMENTS
AS OF DECEMBER 31st 2013 AND DECEMBER 31st 2012
(Free Translation form the original report in Spanish)

PESQUERA EXALMAR S.A.A.

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	Notes	31/12/2013 US$000	31/12/2012 US$000
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	5	6,920	14,956
Trade Account Receivable (Net)	6	17,159	4,581
Inventories (Net)	7	55,511	26,115
Account Receivable form Related Entities	8	3,347	3,710
Other Assetsd (Net)	9	48,767	43,717
Total Current Assets		131,704	93,079
NON-CURRENT ASSETS			
Financial Investments	10	1,045	784
Properties, Plant and Equipment (Net)	11	208,897	189,727
Intngible Assets (Net)	12	100,794	97,732
Goodwill	13	88,719	88,719
Total Non-Current Assets		399,455	376,962
TOTAL ASSETS		531,159	470,041

	Notes	31/12/2013 US$000	31/12/2012 US$000
LIABILITIES AND QUITY			
CURRENT LIABILITIES			
Short-Term Borrowings	14	58,649	52,134
Trade Account Payables		21,103	23,182
Other Liabilities	15	7,742	4,169
Account Payables from Related Entities	8	168	31
Income Tax	26(c)	-	295
Provision for employes benefits	16	4,210	7,125
Total Current Liabilities		91,872	86,936
NON-CURRENT LIABILITIES			
Long-Term Borrowings	14	205,225	132,674
Deferred Tax	27	4,357	11,572
Provisions	31	4,630	4,630
Total Non-Current Liabilities		214,212	148,876
Total Liabilities		306,084	235,812
EQUITY			
Issue Share Capital	17(a)	88,565	88,565
Share Premium		69,721	69,721
Other Capital Reserve	17(b)	3,609	3,609
Retained Earnings	17(c)	63,180	72,334
Total Equity		225,075	234,229
TOTAL EQUITY AND LIABILITIES		531,159	470,041

The attaches notes are part of the Financial Staments

PESQUERA EXALMAR S.A.A.

STATEMENT OF COMPREHENSIVE RESULTS
AS OF DECEMBER 31, 2013 (UNAUDITED) AND DECEMBER 31, 2012
(Expressed in thousands of dollars (US$000))

	Notes	31/12/2013 US$000	31/12/2012 US$000
Net Revenues	18	168,890	216,989
Cost of Sales	19	(100,944)	(131,262)
Ban Expenses	20	(27,024)	(27,099)
GROSS PROFIT		40,922	58,628
Sales Expenses	21	(9,537)	(11,621)
Administration Expenses	22	(7,853)	(8,603)
Other Income	23	4,294	4,313
Other Expenses	23	(6,853)	(7,961)
OPERATING INCOME		20,973	34,756
Financial Income	24	203	773
Financial Expenses	25	(26,969)	(10,137)
Net Exchange Difference		944	1,950
PROFIT BEFORE TAX		(4,849)	27,342
Income Tax Expense	26(b)	5,581	(6,143)
NET PROFIT		732	21,199
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		732	21,199
Basic and diluted earning per Share (In U.S. Dollars)	28	0.002	0.071

The attaches notes are part of the Financial Staments

PESQUERA EXALMAR S.A.A.

STATEMENT OF CHANGE IN EQUITY
AS OF DECEMBER 31, 2013 (UNAUDITED) AND DECEMBER 31, 2012
(Expressed in thousands of dollars (US$000))

	Share Capital US$000 (Note 17(a))	Shares in custody US$000	Share Premium US$000	Other Reserves US$000 (Note 17(b))	Retained Earnings US$000 (Note 17(c))	Total Equity US$000
Balance at Jannuary 1, 2012	90,336	-	69,721	3,609	58,072	221,738
Changes in Equity:						
Comprehensive Income:						
Net Profit	-	-	-	-	21,199	21,199
Total Comprehensive Income	90,336	-	69,721	3,609	79,271	242,937
Total Changes in Equity	-	(1,771)	-	-	(6,937)	(8,708)
Balance at Jannuary 1, 2013	90,336	(1,771)	69,721	3,609	72,334	234,229
Changes in Equity:						
Comprehensive Income:						
Net Profit	-	-	-	-	732	732
Total Comprehensive Income	-	-	-	-	732	732
Cash Dividends Declared	-	-	-	-	(9,886)	(9,886)
Total Changes in Equity	-	-	-	-	(9,154)	(9,154)
Balance at December 31, 2013	90,336	(1,771)	69,721	3,609	63,180	225,075

The attaches notes are part of the Financial Staments

PESQUERA EXALMAR S.A.A.

STATEMENTS OF CASH FLOWS
AS OF DECEMBER 31, 2013 (UNAUDITED) AND DECEMBER 31, 2012
(Expressed in thousands of dollars (US$000))

	31/12/2013 US$000	31/12/2012 US$000
OPERATING ACTIVITIES		
Receipts For:		
Cash generates form Operations	156,312	226,933
Other Cash Inflow from Operations	3,838	2,417
Payments To:		
Suppliers of good and services	(136,485)	(133,434)
Payments Made to, or on Behalf of the Employee	(26,361)	(21,344)
Income Tax Paid	(3,359)	(26,385)
Other Cash Outflow from Operations	(31,123)	(12,148)
Net Cash generated from Operating Activities	**(37,178)**	**36,039**
INVESTING ACTIVITIES		
Receipts For:		
Sales of Property, Plant and Equipment	456	1,896
Payments To:		
Purchase of Investments	(261)	-
Purchase od Investments	(2,016)	(1,128)
Purchase of Property, Plant and Equipment	(37,181)	(40,722)
Other Cash Outflow from Investing Activities	1,351	(4,812)
Net Cash used in investing Activities	**(37,651)**	**(44,766)**
FINANCING ACTIVITIES		
Receipts For:		
Long-Term Borrowings Received	364,702	301,994
Payments To:		
Long-Term Borrowings Paid	(288,023)	(252,220)
Buy-back of Shares		(1,771)
Dividends Paid	(9,886)	(28,054)
Net Cash (Used in) generated form financing activities	**66,793**	**19,949**
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(8,036)**	**11,222**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**14,956**	**3,734**
CAHS AND CASH EQUIVALENTS AT END OF THE YEAR	**6,920**	**14,956**

The attaches notes are part of the Financia

1. CONSTITUTION, ECONOMIC ACTIVITY, APROBAL OF THE FINANCIAL STATEMENT, OPERATING REGULATION, OPERATIONS, ENVIROMENTAL REGULATION AND MAIN CONTRACTS AND AGREEMENTS.

i. Constitution and Economic Activity

Pesquera Exalmar S.A.A. (hereinafter “The Company”), was constituted in Peru on November 25, 1997. The Company’s legal domicile, where its administrative offices are, is Av. Victor Andres Belaunde 210, San Isidro - Lima, Perú.

The Financial Statements and the corresponding explanatory notes are stated in thousands of US Dollars, unless otherwise indicated.

The Company and its subsidiaries are engaged in the extraction, transformation, marketing and export of hydro-biological products for direct and indirect human consumption, as well as the import of raw materials for the activities of its line of business, wholesale purchase/sale of said products, their representation and other related activities, such as the production of fishmeal and fish oil.

The Company owns 6 plants located along the Peruvian coastline (Tambo de Mora, Chimbote, Chicama, Callao, Paita and Huacho) and 2 frozen plants, dedicated to process seafood products related to direct human consumption, located in Paita and Tambo de Mora, as well as 60 (62 en 2012) own fishing vessels engaged basically in the extraction of anchovy.

The attached separate Financial Statements are prepared to comply with requirements in effect in Peru about the presentation of financial information and they reflect the activity of the Company, including the effects of the consolidation of the company under joint control Corporación del Mar S.A. The Company prepares and presents consolidated Financial Statements, which are presented separately.

ii.Approval of the Financial Statements

The Financial Statements for the period ended as of December 31, 2013 prepared in accordance with the International Financial Reporting Standards, have been authorized for issuance by the Company’s Management.

The separate Financial Statements for the year ended as at December 31, 2012, prepared in accordance with International Norms of Financial Information, were approved by the Annual Mandatory Shareholders’ Meeting held on April 15, 2013.

iii. Operating Regulation

The industrial activities of the Company are mainly regulated by Decree Law Nº 25977 – General Fishing Law dated November 7, 1992 and its Regulation, Supreme Decree Nº 012-2001-PE dated March 13, 2001, Law Nº 28611 – General Law on Environment dated June 23, 2005 and Legislative Decree Nº 1084 – Law on Maximum Limits of Catch by Vessel dated June 28, 2008 and its Regulation, Supreme Decree Nº 021-2008-PRODUCE dated December 12, 2008, which set the rules for the fishing activity with the purpose of promoting its sustainable development as a source of nourishment, employment and income and ensuring a responsible exploitation of the hydro-biological resources, optimizing the economic benefits, in harmony with the preservation of the environment and the conservation of biodiversity. Likewise, it establishes the exigency to supervise the protection and preservation of the environment, demanding that the necessary measures be adopted to prevent and reduce the damages and contamination risks in the marine, land and atmospheric environment.

The administration and control of the fishing activity nationwide corresponds to the Ministry of Production, which sets forth during the year, based on the information provided by IMARPE, the biological bans of the fishing resources to preserve some marine species such as anchovy, white anchovy and hake. These bans are established during the reproductive stages of the corresponding species or when the annual extraction quota assigned is reached. The ban periods affect the operations of the Company since they limit the catch of marine species used in the production of fishmeal and fish oil.

The General Fishing Law establishes that the fishing permits (fishing licenses) are those specific rights that the Ministry of Production grants to engage in fishing activities. The fishing permits are granted in relation to each specific fishing vessel and, in accordance with the current legislation, have no defined term.

The above-mentioned legislation additionally establishes that in case the vessel suffers an accident the causes its total loss or scrapping, the owner of the vessel has the right to obtain an authorization from the Ministry of Production for the construction of another vessel of identical hold capacity. The legislation does not establish limitations for the exercise of this right regarding the construction characteristics of the new vessel and the deadlines for the construction.

Consequently, Management deems that fishing licenses are intangible assets of an undetermined useful life.

On June 28 and December 12, 2008, the Law and Regulations on Maximum Catch Limits per Vessel (LMCE due to its initials in Spanish), were approved, respectively, which are in effect as of the first fishing season of 2009. The allocation of the LMCE was done based on the greater participation percentage in the annual national fishing and the authorized capacity in the fishing permit in a proportion of 60% and 40%, respectively, for the industrial fleet and only based on the best fishing year for the wooden vessels. The years considered for the determination of the greater percentage of each vessel were 2004 to 2007 inclusive. This rule establishes the possibility that the holders of fishing permits can execute

Permanence Guarantee Covenants of the LMCE Regime with the Ministry of Production to guarantee the in-effect period of the regime up to 10 renewable years.

The Company limited the extractive activities of the fishing resource in each fishing season to the amount on the LMCE that have been allocated to it, being able to use one or more vessels with valid fishing permits at the time of publication of the Law for the extraction of the fishing resource.

The Company's Management considers it has complied with the rules and regulations that apply to it and that no contingency related to their compliance shall arise.

iv. Operations

(d.1) Fishmeal and Fish Oil

Since 2009, the Company operated under the regime of the Law on Maximum Catch Limits per Vessel (LMCE), through which each vessel of a shipbuilder or fishing company was granted an aliquot to determine the volume of fishing permitted per vessel. As of December 31, the Company has had 158 production days and 207 days of plant stoppage (122 y 152 production days and plant stoppage as of September 30, 2012, respectively).

Asimismo, al 31 de diciembre de 2013, los períodos de veda generaron costos operativos para la Compañía por US$27,024 (US$ 27,099 al 31 de diciembre de 2012) los cuales se presentan dentro del rubro "Gasto de veda" del estado de resultados integrales.

During 2013, the Company was allocated the following aliquot for the extraction of anchovy:

- In the Center-North region the company has 6.451% of the total quote from 2013 (6.42% to December 31, 2012):

The first fishing season 2013 began on May 17 and finished on July 31. The total quota was assigned in 2.05 million MT (In 2012, the first fishing season began on April 30 to July 31, and the quote assigned was 2.70 MT)

The second fishing season 2013 began on November 12, 2013 and finished on January 3, 2014. The total quota was assigned in 2.30 million MT (In 2012, the second fishing season began on November 22, 2012 and finished in January 31, 2013 and the quota assigned was 0.81 million MT)

- In the South Region the company has 4.34% of the total quote from 2013 (4.34% to December 31, 2012):

The total country quota assigned was 0.40 million MT in the first fishing season that began on January 11, 2013 finished on June 30, 2013. (In 2012 the quota assigned was 0.40 million MT in the first fishing season that began on February 15, 2012 to June 30, 2012)

The total country quota assigned was 0.43 miles MT in the second fishing season that began on October 31, 2013 and finished on March 31, 2014. (In 2012 the quota assigned was 0.31 million MT in the second fishing season that began on August 07, 2012 to December 31, 2012).

(d.2) Direct Human Consumption

As of December 31, 2013 the total capture from Mackerel and Jack Mackerel were 3,941 MT

Regarding DHC activity has purchased the following raw materials from third parties: 10,647 MT of Giant Squid, 167 MT of Mahi Mahi, 112 MT of Squid, which led a production of 5,870 MT of Giant Squid, 233 MT of Mahi Mahi and 233 MT of Frozen Squid.

Finally, local sales represent 12% and export sales represent 88% of the total sales of frozen production.

v. Environmental Regulation

The General Fishing Law requires that an Environmental Impact Study be made before initiating any fishing activity.

According to Decree Law Nº 25977 – General Fishing Law, Article 6 and its Regulation as per Supreme Decree Nº 01-94-PE, for the protection and preservation of the environment, it is required and necessary that the necessary measures be adopted to prevent and reduce pollution damages and risks to the land, sea and atmospheric environments.

The Company's operations are carried out protecting public health and the environment and they comply with all the applicable regulations.

As of December 31, 2013, the Company has executed works in its several locations, related to the environmental protection for US$4,061 (US$766 as of December 31, 2012) such as the construction of solid-residues collection centers, acquisition of boilers, pumps and steam dryers. There are no liabilities for environmental obligations as of December 31, 2013.

vi. Main Contracts and Agreements

(f.1) Corporate Bonds

In January 2013, the company issued bonds in an aggregate principal amount of US$ 200,000,000 under 144A REGS and will mature on January 31, 2020 (seven years).
The Bonds will bear interest at 7.375% per annum from the Original Issue Date or from the most recent interest payment date to which interest has been paid or duly provided for,

payable semiannually in arrears on January 31 and July 31 of each year (each, an "Interest Payment Date"). With the funds raised by the issuance of the Bond we proceeded to cancel the syndicated loan that the company held with Portigon AG, New York Branch for $140 million and the rest for other investing.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used by the Company in the preparation and presentation of the financial statements are the following:

(a) Agreement of Compliance and Basis of Preparation and Presentation

The separate Financial Statements are prepared and presented in accordance with the Norms and Interpretations issued or adopted by the International Accounting Standards Board (IASB), which include the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and Interpretations issued by the Standing Interpretations Committee of the International Financial Reporting Standards (CIIFRS) or the former Standing Interpretations Committee (SIC) - adopted by the IASB. For this purpose the historical cost basis was used, except for certain items of property and financial instruments measured at appraised values or fair value, as explained below in the section on significant accounting policies. Historical cost is generally based on the fair value in return for the exchange of assets

(b) Responsibility for the Information and Estimates Performed

The information contained in these Financial Statements is the responsibility of the Company's Management. For the elaboration of same, certain estimates have been used to quantify some of the assets, liabilities, income, expenses and commitments that are registered on them, based on experience and other relevant factors. The final results of such estimates could vary.

These estimates are revised on a continuous basis. The modifications to the accounting estimates are recognized prospectively, accounting for the effects of change in the corresponding individual accounts of profit or loss for the year in which the corresponding reviews are made.

The estimates and their sources of uncertainty considered most important for the elaboration of the Company's Financial Statements refer to:

- Determination of the functional currency
- Estimate for deterioration of accounts receivable and other accounts receivable
- Estimate for devaluation of inventory
- Useful life assigned to real estate, vessels, machinery and equipment, and intangible assets.
- Taxes on profits
- Goodwill
- Provisions

-Probability of the contingencies

(c) Funcional and Presentation Currency

The Company prepares and presents its Financial Statements in US dollars, which is the functional currency. The functional currency is the currency of the main economic environment in which an entity operates, the one that influences the sales prices of the products it places in the market, among other factors.

(d) Financial Instruments

The financial instruments are defined as any contract that originates simultaneously a financial asset in one company and a financial liability or equity instrument in another one.

The financial assets and liabilities are recognize initially at their reasonable value plus the transaction cost directly attribute to the purchase or issuance of themselves, except for those classified at their reasonable value with changes in results, which are initially recognized at their reasonable value and which transaction costs directly attribute to their acquisition or issuance, are recognized immediately in the profit or loss for the period.

Financial Assets

The financial assets maintained by the Company correspond mainly to loans and entries receivable.

The accounts receivable and other accounts receivable with fixed or determinable payments, which are not negotiated in an active market, are classified as loans or entries receivable. These entries are registered at amortized cost, using the effective interest rate method minus any accumulated loss due to the recognized value deterioration. The income from interest is recognized using the effective interest rate, except for those short-term accounts receivable in which their recognition is considered not significant.

Investments available for sale correspond to equity instruments where the Company has no significant influence. Investments available for sale are measured at cost as their fair value cannot be measured reliably.

Financial Liabilities

The financial liabilities and equity instruments are classified according to the content of the agreed contractual covenants and taking into account the economic substance of the contract. An equity instrument is a contract that represents a residual participation in the equity of the Company once all its liabilities have been deducted.

Financial liabilities include: trade account payables, other account payables and financial obligations, which are valued subsequent their initial recognition at their amortized cost

using the method of effective interest rate, recognizing in results the interest earned during the corresponding period.

The company maintains derivative financial instruments to reduce risk by changes in the rate of interest; these instruments have not been designated hedge accounting and variations are recognized in the profit for the period.

(e) Inventories

Inventories are valued at the lesser acquisition and production cost or net realizable value. The cost includes the direct material costs and, in its case, the direct labor costs and the general manufacturing expenses, including also those incurred by transferring the inventory to its current location and conditions. The cost is determined using the weighted average method; the cost of inventory in transit, using the specific cost method. Net realizable value is the selling price estimated in the normal course of business, less estimated costs to put stocks on condition of sale and make your marketing. Reductions in the carrying amount of inventories to net realizable value, creates an estimate for impairment of inventories with a charge to income for the year in which they occur such reductions.

(f) Properties, plant and equipment

The properties, plant and equipment are presented at cost, minus depreciation and any loss due to recognized deterioration of value. The initial disbursements, as well as those incurred subsequently, related to goods which cost can be valued reliably and it is probable that future economic benefits can be obtained from them, are recognized as fixed assets. The disbursements for maintenance and repairs are recognized as expenses for the period in which they are incurred. The profits or losses resulting from the sale or disposition of properties, plant and equipment is determined as the difference between the proceeds of the sale and the book value of the asset, which are recognized in the profit or loss of the period, at the time the sale is considered as performed.

Depreciation is determined following the straight-line method based on the estimated useful life of the assets, represented by equivalent depreciations rates. Annual depreciation is recognized as expense or cost of another asset and is calculated considering the following estimated useful lives for the various items:

	Years
Buildings and other constructions	33
Vessels	2-29
Machinery and Equipment	2-35
Transport Unit	5
Furniture and Fixtures	10
Various Equipment and Computers	10

The estimates about the useful life, residual values, if such is the case, and the depreciation method are revised periodically to ensure that the method and the depreciation period are consistent with the pattern of economic benefits foreseen of the properties, plant and equipment entries.

The properties, plant and equipment in the process of construction or acquisition are presented at cost, less any determined loss due to deterioration. The cost of these assets in process includes professional fees and for assets that qualify, costs of loans obtained. Such assets are later reclassified to their category of properties, plant and equipment once concluded the construction or acquisition process and they are ready for their foreseen use. These assets are depreciated as of that time in a similar way to the rest of the properties.

(g) Lease

The leases are classified as financial leases when the terms of the contract transfer substantially all the risks and advantages inherent to the ownership of the leased asset. All the other leases are classified as operating leases

For contracts that qualify as financial leases in which the Company acts as lessee, the properties and equipment leased are initially recognized as Company assets at the lesser of their reasonable values or at the present value of the minimum lease payments, at the beginning of the term of same. The properties and equipment thus registered, depreciate by the straight-line method based on the estimated useful life of similar own goods. Annual depreciation is recognized as expense or cost of another asset. The financial charge is distributed among the periods comprised in the lease term. The corresponding obligations are recognized as liabilities.

The payment of this type of leases is divided into two parts that represent, respectively, the financial charges and the reduction of the corresponding liability. The total financial charge is distributed among the periods that constitute the term of the lease, to obtain a constant interest rate in each period, on the balance of the debt pending amortization. The contingent payments are charged as expenses in the periods in which they are incurred.

The payments derived from operating lease contracts where the Company acts as lessee are recognized as linear expenses throughout the term of the lease, except for those in which another systematic basis of allocation results more representative to reflect more adequately the pattern of the lease's benefits. The contingent payments are charged as expenses in the periods in which they are incurred.

(h) Intangible Assets

Intangible assets with finite useful lives are registered at acquisition cost and are presented net of accumulated depreciation and any accumulated loss due to deterioration. Amortization is recognized as an expense and is determined following the straight-line method based on the estimated useful life of the assets, represented by equivalent amortization rates.

The estimates on the useful life and the amortization method are revised periodically to ensure that the method and the amortization period are consistent with the pattern of economic benefits foreseen for these assets.

The intangible assets with indeterminate useful lives are not amortized, and their recoverability is revised periodically, with the purpose of determining whether the events and the circumstances and flows do not require an estimate due to deterioration.

(i) Interest in Joint Venture

A joint venture is a contractual agreement in which the Company and other parties undertake an economic activity subject to joint control.

The joint venture arrangements that involve the use of assets and other resources of the venturers rather than the establishment of a corporation, partnership or other entity, or a financial structure independent of the participants are identified as jointly controlled operations.

The joint venture arrangements that involve the establishment of a separate entity in which each participant holds interests are identified as jointly controlled entities. In the financial statements investments in joint ventures are carried at cost.

(j) Reversal of impairment of long-lived assets, excluding goodwill

The Company periodically reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where we identify a reasonable and consistent basis of allocation, corporate assets are also distributed to individual cash-generating units or, alternatively, the smallest group of cash-generating units for which identifies a consistent and reasonable basis distribution.

The value in use is determined based on estimated future cash flows discounted to their present value using a discount rate before tax that reflects current market assessments of the value of money and the asset´s specific risks.
If it is estimated that the recoverable amount of an asset (or cash-generating unit) is less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Immediately recognize an impairment loss as an expense, unless the relevant asset is maintained at values of revaluation, in which case such losses are recognized primarily as a reduction to the revaluation surplus.

An impairment loss can be reversed later and recorded as revenue in profit for the period to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined from failure to recognize any impairment loss for the asset (cash-generating unit) in prior years.

(k) Goodwill

The resulting goodwill in the combination of business corresponds to the excess of the services granted (including the value of any non-controlling interest and the reasonable value of any prior participation possessed), over the net reasonable value of the assets, liabilities and contingent liabilities identifiable and recognized at the time of acquisition. Goodwill is initially recognized as an asset at cost and subsequently presented at cost minus any accumulated loss due to deterioration.

For the purpose of the deterioration tests, goodwill are assigned to each cash-generating units of the Company that it is expected will benefit from the synergies of the business combination. A cash-generating unit, to which the goodwill purchased has been distributed, is subject to verification of deterioration of value annually and also when there are signs that the unit could have deteriorated. If the recoverable amount of the cash-generating unit were less than the book value of the unit, the loss due to deterioration of value is distributed first to reduce the book value of any purchased goodwill distributed to the cash-generating unit and then, to the other assets of the unit, prorating based on the book value of each one of the unit's assets. A loss due to deterioration of value recognized in the purchased goodwill is not reverted in the subsequent periods.

If the Company is in the process of carrying out the measurement of the business combination; during the measurement period, it will retroactively adjust the provisional amounts recognized at the date of the acquisition to reflect the new information obtained about deeds and circumstances that exist at the acquisition date and that, had they been known, they would have affected the measurement of the amounts recognized at that date. During the measurement period the Company will also recognize additional assets or liabilities if it obtains new information about deeds and circumstances that existed at the date of acquisition and that, had they be known, would have resulted in the recognition of those assets and liabilities at that date. The measurement period will end as soon as the Company receives the information it was looking for about the deeds and circumstances that existed at the time of acquisition or concludes that no more information can be obtained. However, the measurement period shall not exceed one year as of the date of acquisition.

(l) Provisions

The provisions are recognized only when the Company has a present obligation (legal or implied) as a result of a past event. It is probable that resources are required to liquidate the obligation and the amount of the obligation can be reliably estimated

The amount recognized as a provision corresponds to the best estimate of the date of the statement of financial position, the expenditure required to settle the present obligation, taking into account the risks and uncertainties surrounding most of the events and circumstances surrounding the valuation of thereof. When the amount of the provision is measured using the cash flows estimated to settle the obligation, the carrying amount is the present value of disbursements.

In the event that is expected that some or all of the expenditure required to settle the provision is reimbursed by a third party, the portion receivable is recognized as an asset when it is virtually certain recovery, and the amount of that portion can be reliably determined.

(m) Contingent Liabilities and Assets

The contingent liabilities are not recognized in the Financial Statements, they are only disclosed in notes to the Financial Statements unless the possibility of an outflow of resources is remote.

The contingent assets are not recognized in the Financial Statements, they are only disclosed in notes to the Financial Statements when it is probable that an inflow of resources will be produced.

The entries previously treated as contingent liabilities or assets will be recognized in the Financial Statements of the period in which the change of probabilities occurs, that is, when in the case of liabilities it is determined that it is probable or virtually sure in the case of assets, that an outflow or inflow of resources will be produced, respectively.

(n) Employee Benefits

Employees and workers benefits include, among other, short-term benefits to the employees such as salaries and social security contributions, annual remunerated absences, remunerated absences due to sickness, and participation in profits and incentives, if they are paid within the twelve months following the end of the period. These benefits are recognized against the profit or loss of the period when the worker has developed the services that grant him the right to receive them. The corresponding obligations payable are presented as part of the other liabilities.

(o) Recognition of Income, Cost and Expenses

Revenue is measured using the fair value of the consideration received or receivable arising therefrom. These revenues are reduced by those estimates such as customer returns, discounts and other similar items.

Sale of Products

The income coming from the sale of finished products and other products is recognized when all the following conditions are complied with:

- The Company has transferred to the buyer the significant risks and advantages derived from the ownership of the goods;
- The Company does not keep for itself any implication in the current management of the goods sold, in the degree usually associated with ownership, nor does it retain effective control over same;
- The amount of income can be reliably measured;

- It is probable that the Company receives the economic benefits associated with the transaction; and
- The costs incurred in, or to be incurred in, in relation to the transaction, can be reliably measured.

Dividends and Interest

Revenues from investment dividends are recognized when the rights of the shareholders to receive the corresponding payment have been established (once it has been determined that it is likely that the Company receives the economic benefits associated with the transaction and the amount of revenues can be measured reliably)

Interest revenues are recognized when is likely that the Company receives the economic benefits associates with the transaction and the amount of revenues can be measured reliably. These are accumulated over a periodic basis taking like a reference the pending balance of equity and the effective interest rate applicable.

Costs and Expenses

The Cost of sales is registered in the period's result when the goods are delivered simultaneously to recognition of revenues. The expenses are registered in the periods which these are related and recognized in the period's result when these are incurred, independently from the moment that these are paid.

Ban Expenses

The ban expenses that correspond to the fixed and maintenance expenses of the vessels, facilities, machinery and equipment incurred in ban periods or absence of raw materials are recognized as expenses of the period in which they are incurred. These expenses affect the gross margin in the statement of integral results.

(p) Segment Information

Operating segments are components of a company about which separate financial information is available that is evaluated regularly by the chief operating decision-making operation in deciding how to allocate resources and in assessing performance.

The Chief Execute Office (CEO) is the chief operating decision-making of the Company, the one who reviews financial information presented on a company level to determine the decisions and measure financial performance. Based on that evaluation, the CEO has determined that the Company has one operating and reportable segment.

(q) Foreign currency transactions

The Company's functional currency is the US dollar (US$). The operations in currencies other than the US dollar are considered denominated in "foreign currencies", and are recognized using the prevailing exchange rates at the date of the transactions. At the end of each reporting period, the balances of the monetary entries denominated in

foreign currency are translated using the exchange rates prevailing at that date. The balances of non-monetary entries accounted for at reasonable value that are denominated in foreign currency are translated using the exchange rates applicable at the date in which the reasonable value was determined. The balances of the non-monetary entries that are recognized in terms of historic costs in foreign currency are translated using the exchange rates prevailing at the date of the transactions.

The exchange differences originated by monetary entries are recognized in the net profit or loss in the period in which they are produced.

(r) Income Tax

The taxes on profits, both current and deferred, are recognized as expense or income, and included in the determination of the net profit or loss of the period, except if such taxes are related to entries recognized in other integral results or directly in patrimony, respectively.

The current tax on profits is determined applying the tax rate established in the tax legislation in effect over the taxable net income of the period. The current tax on profits is recognized as a period expense.

The liability for the deferred tax on profits is recognized by all the taxable temporary differences that arise by comparing the book value of the assets and liabilities and their tax base, notwithstanding the time in which it is estimated that the temporary differences that originated them will be reversed. The asset for deferred tax on profits is recognized by the deductible temporary differences that arise when comparing the book value of the assets and liabilities and their tax base, to the extent that it is probable that in the future, the Company will have sufficient taxable income against which it can apply the temporary differences that revert. The liabilities and assets are measured at the tax rate on profits, expected to be applied to the taxable profits in the year in which this liability is liquidated or the asset is realized, using the tax rate on profits enacted or substantially enacted on the date of the financial situation statement.

(s) Profit per Share

The profit per common share has been calculated by dividing the period's net profit attributable to the common shareholders by the weighted average of the number of common shares outstanding during said period. Due to the fact that there are no potential diluents common shares, that is, financial instruments or other contracts that grant the right to obtain common shares, the diluted profit per common share is equal to the basic profit per common share.

(t) Shares in Custody

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Not recognize any gain or loss in the income statement on the purchase, sale, issue or cancellation of own equity instruments of the Company. Such treasury shares may be acquired and held by the entity or by other members of the consolidated group. The consideration paid or received is recognized directly in equity

(u) Cash and Cash Equivalents

Cash comprises cash at hand and free-availability deposits. Cash equivalents comprises short-term financial investments, with maturities under three months counted as of the acquisition date, easily convertible into known amounts of cash and are not subject to significant risks of changes in their value.

2. NEW STANDARDS AND INTERPRETATIONS ISSUED INTERNATIONALLY

(a) New IFRS and interpretations not significantly affect the reported amount and disclsures in the current and prior year.

The following standards and interpretations and amendments to existing standards were issued with mandatory for accounting periods beginning on or after January 1, 2010 or subsequent periods, but were not relevant to the operations of the Company:

- **Amendments to IFRS 7 - Disclosures - Transfers of Financial Assets.**
  Effective for annual periods beginning on or after July 1, 2011. The amendments to IFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level still continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period. This pronouncement did not have major implications on the disclosures of the Company, in the absence of such transactions in the years 2012 and 2011.

- **Amendments to IAS 12 - Deferred Income Taxes - Recovery of assets.**
  Effective for annual periods beginning on or after January 1, 2012. The amendments to IAS 12 provide an exception to the general principles of IAS 12, in that the measurement of deferred assets and liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the amount book value of an asset. Specifically, under the amendments, investment properties that are measured using the fair value method in accordance with IAS 40 Investment Property, are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances. The amendments to IAS 12 are effective for annual periods beginning on or after January 1, 2012. The application of the amendments to IAS 12 had no major impact on the figures reflected in the financial statements, since no differences in terms of the measurement of deferred assets and liabilities based on estimates of how the entity will recover the carrying amount of its assets.

(b) New IFRS and interpretations applicable after the date of the financial statements

The following standards and interpretations have been published for the application on periods beginning after the date of these financial statements:

- **IFRS 9 Financial Instruments**. Effective for annual periods beginning on or after January 1, 2015. IFRS 9, which was published in November 2009, introduces new requirements for the classification and measurement of financial assets. The amendment to IFRS 9 in October 2010 includes requirements for the classification and measurement of financial liabilities and derecognition. The key requirements of IFRS 9 are described below:

  La NIIF 9 requiere que todos los activos financieros reconocidos que están dentro del alcance de la NIC 39 Instrumentos financieros: Reconocimiento y medición sean medidos posteriormente a su costo amortizado o valor razonable. En concreto, las inversiones en instrumentos de deuda que se llevan a cabo dentro de un modelo de negocio cuyo objetivo sea captar flujos de efectivo contractuales, y que cuyos flujos de efectivo contractuales correspondan exclusivamente a pagos de principal e intereses sobre capital, son generalmente medidos a su costo amortizado en períodos subsiguientes de la fecha de cierre.

  IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to capture contractual cash flows, and whose cash flows correspond exclusively contractual payments of principal and interest on capital are generally measured at amortized cost in subsequent periods of the closing date.

  The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability attributable to changes in credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated at fair value through profit or loss, the amount of change in fair value of the financial liability that is attributable to changes in the liability's credit risk is presented in other comprehensive income, unless the recognition of the effects of changes in a liability's credit risk in other comprehensive income arising from or increase a mismatch in profit or loss. Changes in fair value attributable to credit risk of financial liabilities not subsequently reclassified to the income statement. Previously, under IAS 39, the amount of change in fair value of financial liabilities designated at fair value through profit or loss was presented in the statement of comprehensive income.

  IFRS 9 is effective for annual periods beginning subsequent to January 1, 2015, and early adoption is permitted. The management of the Company believes that IFRS 9 will be adopted in the separate financial statements for the annual period beginning on January 1, 2015, and that its application can have a significant impact on the amounts reported for financial assets and financial liabilities of the Company and its

subsidiaries, however, it is not practicable to provide a reasonable estimate of the effect of the application of this rule until a detailed review has been completed

- **IFRS 10 Consolidated Financial Statements.** Effective for annual periods beginning on or after January 1, 2013. IFRS 10 replaces parts of IAS 27 Consolidated and Separate Financial Statements. SIC 12 Consolidation - Special Purpose Entities was withdrawn in connection with the issuance of IFRS 10. Under IFRS 10, there is only one basis for consolidation that is control. It also includes a new definition of control that contains three elements: (a) power over society in which we participate, (b) exposure, or rights, to variable returns from participation in society, (c) capacity to influence society to affect the amount of investor returns. A comprehensive guide has been included in IFRS 10 with complex scenarios.

- **IFRS 11 Joint Arrangements.** Effective for annual periods beginning on or after January 1, 2013. IFRS 11 replaces IAS 31 Interests in Joint Ventures. IFRS 11 deals with how a joint arrangement whereby two or more companies have joint control should be classified. SIC 13 Jointly Controlled Entities - No monetary contributions by participants has been withdrawn in connection with the issuance of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the agreement. Contrary to IAS 31 are three types of joint ventures: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under IFRS 11 must be accounted for using the equity method, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method or proportionate consolidation.

- **IFRS 12 Disclosure of Interests in Other Entities.** Effective for annual periods beginning on or after January 1, 2013. IFRS 12 is a disclosure standard applicable to entities that have interests in subsidiaries, joint arrangements, partnerships and / or unconsolidated structured entities. In general, the requirements in IFRS 12 disclosure issues are more stringent than current standards.

- **IAS 27 (revised in 2011) Separate Financial Statements**. Effective for annual periods beginning on or after January 1, 2013. IAS 27 contains registration and disclosure requirements for investments in subsidiaries, jointly and associates when an entity prepares separate financial statements. IAS 27 requires an entity preparing separate financial statements to account for investments at cost or in accordance with IFRS 9.

- **IAS 28 (revised 2011) Investments in Associates and Joint Ventures.** Effective for annual periods beginning on or after January 1, 2013. IAS 28 contains registration requirements for investments in associates and describes the requirements for the application of the equity method when registering investments in associates and joint ventures.

Management believes that these last five interrelated standards will be adopted in the financial statements for the annual period beginning on January 1, 2013. The application of these five standards can have a significant impact on the amounts

reported in the financial statements. However, management has not yet performed a detailed analysis of the impact of the application of these standards and therefore has not yet quantified the magnitude of the impact.

- **IFRS 13 Fair Value Measurement.** Effective for annual periods beginning on or after January 1, 2013. IFRS 13 stable a single resource guide to determine the fair value disclosures about fair value measurement. The standard defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurement. The scope of IFRS 13 is broad as it applies to financial instruments, financial and non for which other IFRSs require or permit fair value measurement and disclosures about fair value measurements, except in specific circumstances. In general, the requirements of IFRS 13 are more extensive than those required by current standards. For example, qualitative and quantitative information on the basis of the fair value hierarchy of three levels that currently requires only financial instruments under IFRS 7 Financial Instruments: Disclosures, IFRS will be extended by 13 to cover all assets and liabilities within its scope. IFRS 13 is effective for annual periods beginning on or after January 1, 2013 or later, with early application permitted. Management of the Company has not yet made a detailed analysis of the impact of the implementation of the above and the interpretation and therefore not quantified the magnitude of the impact this could have on the financial statements for 2013 onwards.

- **Amendments to IAS 1 - Presentation of items of other comprehensive income.** Effective for annual periods beginning on or after July 1, 2012. The amendments to IAS 1 maintain the option of presenting the income statement and other comprehensive income in a single statement or in two separate but consecutive statements. However, the amendment to IAS 1 requires additional disclosures must be in the other comprehensive income section so that these elements are grouped into two categories: (a) items that will not be reclassified subsequently to the income statement (b) elements that will be subsequently reclassified to the income statement when specific conditions are met. The income tax on items of other comprehensive income is required to be assigned to the same base. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012 or later. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in future accounting periods.

- **IAS 19 (revised 2011) Employee benefits.** Effective for annual periods beginning on or after January 1, 2013. The amendments to IAS 19 accounting change defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and the fair value of plan assets when they occur, and therefore eliminate the intermediate treatment allowed by the previous version of IAS 19, and accelerate the recognition of past service costs. The amendments require that all actuarial gains and losses are recognized in other comprehensive income to the net pension asset or liability recognized in the consolidated statement of financial position reflects the total value of the plan deficit or surplus.

The amendments to IAS 19 are effective for periods beginning on or after January 1, 2013 and retrospective application permitted with certain exceptions. The amendments to this rule will not affect the reported amounts in the financial statements as the Company has not granted pension plans for their workers.

- **Amendments to IAS 32 Offsetting of financial assets and liabilities.** Effective for annual periods beginning on or after January 1, 2014, and 2013 to do with revelations. The amendments clarify implementation issues relating to requirements for offsetting financial assets and liabilities. Specifically, the amendments clarify the meaning of the terms "have, at the present time, the legally enforceable right to set off" and "settle on a net basis or to realize the asset and settle the liability simultaneously." It also requires disclosure of compensation rights and related agreements (such as collateral) for financial instruments subject to an enforceable master netting agreement, or the like. Management believes that the adoption of this amendment will not have a significant impact on the amounts and disclosures in the financial statements.

- **Amendments to IFRS Annual Improvements to IFRSs 2009-2011 cycle.** Effective for annual periods beginning on or after January 1, 2013. The amendments include amendments to IAS 16 Property, Plant and Equipment and IAS 32 Financial Instruments: Presentation. The amendments to IAS 16 clarify that the parts, ancillary equipment important and permanent maintenance team should be classified as property, plant and equipment when they meet the definition of IAS 16 or, alternatively, inventories. The amendments to IAS 32 clarify that deferred income tax relating to distributions to holders of equity instruments and transaction costs of an equity transaction should be accounted for in accordance with IAS 12 Income Taxes. Management believes that the adoption of this amendment will not have a significant impact on the amounts and disclosures in the financial statements.

- **20 Costs CINIF stripping the production phase of a mine on the surface.** Effective for annual periods beginning on or after January 1, 2013. Applicable to Stripping costs incurred when a mine is in production. According to this interpretation, stripping costs that generate a profit by improving access and meet the above definition of an asset, are recognized as an addition or increase in an existing asset under certain conditions, while those relating to activities operational clearing daily activities are accounted for in accordance with IAS 2 Inventories. Management believes that the application of this interpretation is not applicable to the operations of the Company.

3. FINANCIAL INSTRUMENT

a) Categories of Financial Instruments

The financial assets and liabilities of the Company are made up of:

	2013 US$000	2012 US$000
Financial Assets		
Cash and Cash Equivalents	6,920	14,956
Loans and Receivables	52,555	43,887
Total	**59,475**	**58,843**
Financial Liabilities		
At Amortized Cost	292,887	212,190
Total	**292,887**	**212,190**

b) Financial Risks

The Company is continuously exposed to credit risk, liquidity risk and market risk arising from fluctuations in exchange rates, interest rates and prices. These risks are managed through specific policies and procedures established by the Financial Management.

(i) Market Risk

Foreign Exchange Risk

The Company invoices the sale of its products mainly in US dollars. The exposure to foreign exchange risk arises mainly from the commercial accounts payable, other accounts payable and financial obligations in Nuevos Soles.

As of December 31, 2013 and December 31, 2012; the monetary balances in Nuevos Soles are expressed in US Dollars at the exchange rate published by the Superintendencia de Banca, Seguros y AFP (SBS) in effect as of that date, wich was US$0.358 ask y US$0.358 bid (US$0.392 ask, y US$0.392 bid as of December 31,2012) per S/.1.00, and:

	2013 US$000	2012 US$000
Financial Assets		
Cash and Cash Equivalents	6,920	3,807
Trade Accounts Recivables (Net)	17,159	14,764
Other Account Receivables (Net)	32,049	23,603
Account Receivable from Related Entities	3,347	3,097
Total	**59,475**	**45,271**
Financial Liabilities		
Financial Obligations	263,874	133,298
Trade Account Payables	21,103	31,504
Other Account Payables	7,742	25,788
Account Payable to Related Entities	168	726
Total	**292,887**	**191,316**

The company uses derived financial instruments (forwards) to reduce the risk of foreign exchange variations of its accounts payable in foreign currency.

Interest Rate Risk

The Company is exposed to interest rate risk which is mainly caused by its debt. The interest rate risk is managed by company's management through a conservative policy of its debt, which includes obtaining balanced debt at interest rates fixed and variable.

The management believes that the fair value risk of interest rate does not differ significantly from the market interest rate that is available to the Company for similar instruments. As of December 31, 100% of bank liabilities and debt Bonds are set with fixed interest rate.

Price Risk

The Company is exposed to commercial risks coming from changes in the sales prices of fishmeal and fish oil (commodities), which are determined in an international market subject to changes based on the world economy.

Legislative Decree Nº 1084, system of individual quotas per vessel, marked a significant change in the marketing of fishmeal and fish oil, allowing the companies to increase their future commitments (pre-sales) due to the fact that as of the time the Ministry of Production (PRODUCE) determines the annual fishing quota, each company can determine its minimum production of fishmeal.

This handling of the production enabled that during the 2013 period the price of fishmeal keeps in the range of US$1,380/TM - US$2,028/TM (in the range of US$1,160/TM - US$1,843/TM in 2012).

(ii) Credit Risk

The credit risk of the Company arises from the inability of debtors to meet their obligations, to the extent that they have matured. Management believes that the Company mitigates credit risk due to periodic credit evaluation. Historically overseas customers are charged against letters of credit that at sight and sales to domestic customers are usually in cash, not having significant doubtful account problems.

The Company places cash in well-known financial institutions; establish conservative credit policies and constantly asses the conditions of the market they operate. Consequently, the Company does not expect significant losses in this regard.

(iii) Liquidity Risk

A reasonable management of liquidity risks implies maintaining sufficient cash and cash equivalents, and the possibility of obtaining and/or having obtained financing through an adequate number of sources of credit.

The Company has appropriate levels of cash and cash equivalents, besides has credit lines available to financing working capital needs by US$ 175 Million.

As of December 31, 2013, contractual maturity of the financial liabilities of the Company is as follow. (Undiscounted amounts including accrued interest)

The Company manages the risk with the amounts included in each of the abovementioned categories, which includes keeping good relationships with local financial institutions to ensure sufficient credit facilities at all times, as well as keeping its working capital solvent with cash flows provided by its operating activities.

As of December 31, 2013	Less than 1 year US$000	Between 1 and 2 years US$000	Between 2 and 3 years US$000	Between 3 and 5 years US$000	Total US$000
Financial Obligations	58,649	1,715	1,495	202,015	263,874
Trade Account Payables	21,103	-	-	-	21,103
Account Payable to Related Entities	168	-	-	-	168
Other Account Payables	7,742	-	-	-	7,742
Total	87,662	1,715	1,495	202,015	292,887

As of December 31, 2012	Less than 1 year US$000	Between 1 and 2 years US$000	Between 2 and 3 years US$000	Between 3 and 5 years US$000	Total US$000
Financial Obligations	52,134	27,950	30,853	73,871	184,808
Trade Account Payables	23,182	-	-	-	23,182
Account Payable to Related Entities	31	-	-	-	31
Other Account Payables	4,169	-	-	-	4,169
Total	79,516	27,950	30,853	73,871	212,190

(iv) Capital Risk Managment

The Company's capital risk management is aimed at safeguarding its ability to continue as a going concern in order to generate returns for its shareholders, benefits for other groups of interest and maintain an optimal capital structure to minimize the cost of capital.

The Finance Management reviews the capital structure. As part of this review, the Chief Finacial Officer (CFO) considers the cost of capital and the risks associated with each class of share are suitable as of December 31, 2013 and December 31, 2012.

The leverage ratio was as follows:

	2013 US$000	2012 US$000
Financial Obligations	263,874	184,808
Less: Cash and Cash Equivalents	(6,920)	(14,956)
Net Debt	256,954	169,852
Total Equity	225,075	234,229
Leverage Ratio	1.14	0.73

c) Fair Value of Financial Instruments

The management considers that the values in the books of the financial instruments of the company at 31 December 2013 and 2012 do not differ significantly from their fair values due to their maturity in the short term. In the case of long-term debt, the management believes that the book value is similar to fair value since it accrued interest equivalent to the rates in the market.

5. CASH AND CASH EQUIVALENTS

The Cash and the Cash equivalent are as follow:

	2013 US$000	2012 US$000
Cash and Checkig Accounts(a)	6,920	2,956
Fixed-Term Deposit (b)	-	12,000
Total	6,920	14,956

(a) Cash and checking accounts mainly comprise checking accounts in local banks, denominated in Peruvian nuevos soles and US dollars, and are of free availability.

(b) As of December 31, 2012, time deposits corresponded to funds in a local bank that earned interest at 1.30%, has maturity in January 2013.

6. TRADE ACCOUNT RECEIVABLES (NET)

The Trade Account Receivables (net) are made up of the following:

	2013 US$000	2012 US$000
Trade Receivables	17,160	4,592
Allowance for doubtful debts	(1)	(11)
Total	17,159	4,581

Sales to foreign customers are mostly guaranteed by letter of credit payable at sight. Incases that do not require letter of credit, the foreign sale will be charged with documents (Cash against documents). No export loans are granted, the term of payment is determinate by the delay of the bank with the documents which are required by the letter of credit and the trading time that the local bank will take with foreign documents, this period can last 30 from the date of invoice. As long as the payment for export documents has not been made (ownership of the property), there will not be delivered to the buyer.

The Company considers the internal data from credit history in order to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. 92% of the commercial receivables that are neither past due nor impaired have the best credit scoring attributable under the external credit scoring system used by the Company. Of the commercial receivables balance 71% is concentrated in 10 major customers. There are no other customers who represent more than 26% of the total balance of commercial receivables.

As of December 31, 2013 and 2012, commercial receivables include balances due and not paid, which have been already estimated for impairment. The Company has no guarantees about these outstanding balances, excluding foreign accounts receivable, which are secured mostly with export letters of credit. The ageing summary of such balances is as follows:

	2013 **US$000**	**2012** **US$000**
Whitin maturity periods	16,238	4,359
Overdue up to 60 days	822	183
Overdue from 61 days to 180 days	74	35
Overdue from 181 days to 360 days	25	0
Overdue over 360 days	1	15
Total	17,160	4,592

Allowance for doubtful accounts is determined in accordance with the policies established by Management and recognized considering, among other factors, balances with receivable older than 360 days and your chances of being recovered, and evidence of debtor's financial difficulties which increase beyond normal the risk of uncollectible receivable balances, so that the amount has a level that Management considers adequate to cover possible losses on accounts receivable from the date of the statements of financial position.

The amount of the allowance is recorded in statement of comprehensive income for the period. Subsequent amounts recovered are recognized as credit in income for the period. Basic criteria to write off impaired financial assets against the referred to valuation account are as follows: (i) collection procedures have been exhausted, including the execution of warranties; and (ii) financial issues of the counterparty evidencing the inability to collect the debt.

The Company maintains an allowance for doubtful accounts at a level that is considered by management as in line with the potential risk of bad debts. Aging of accounts receivable and clients’ conditions are constantly monitored to ensure fairness of the allowance in the financial statements. Consequently, Management considers that no further provisions in excess of the allowance for doubtful accounts are required.

7. INVENTORIES (NET)

Los inventarios (neto) se componen de lo siguiente:

	2013 US$000	2012 US$000
Fishmeal and Fish Oil (IHC)	45,948	14,070
Supplies (IHC)	6,471	6,426
Finished Products (HDC)	2,576	5,231
Packages and Packaging	889	761
	55,884	26,488
Allowance for obsolescence of inventories	(373)	(373)
Total	55,511	26,115

Management estimates that inventories will be shortly realized or consumed.

The allowance for obsolescence of inventories was determined based on evaluation of operational areas, which details the materials that are obsolete. In Management's opinion, this estimate adequately covers the risk of impairment at December 31, 2013 and 2012.

8. BALANCES AND TRANSACTIONS WITH RELATED ENTITIES

As of December 31, 2013 and 2012, the Company entered into the following trading transactions with related parties, during the normal course of operations:

	2013 US$000	2012 US$000
Invoicing of network services and other	171	331
Expenses for Office rental and others	(39)	(21)
Purchase of Fixed Asstes	-	(761)

As a result of these transactions, the following balances receivable and payable were generated:

	2013 US$000	2012 US$000
Receivables		
Corporación Exalmar S.A.	2,005	2,091
Corporación del Mar S.A.	1,392	1,171
Complejo Agroindustrial Beta S.A.	443	1,043
Compañía Hotelera El Sausal S.A.	851	927
Inmobiliaria Seville S.A.	523	375
Other Related Entities	100	70
Allowance for impaiment of receivables from related entities	(1,967)	(1,967)
	3,347	3,710

	2013 US$000	2012 US$000
Payables		
Inmobiliaria Seville S.A.	135	-
Complejo Agroindustrial Beta S.A.	19	-
C.M.V. Servicios Ejecutivos S.A.	3	20
Other Related Entities	11	11
	168	31

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

As of December 31, 2013 and 2012, the Company has not granted any guarantee to financial entities on behalf of related entities.

The remuneration paid to Senior Management as of December 31, 2013 was US$2,084 (US$1,702 as of December 31, 2012) the remuneration paid to Directors for *per diem* as of December 31, 2013 was US$118 (US$72 as of December, 2012).

9. OTHER ACCOUNT RECEIVABLES (NET)

The other accounts receivable are made up of the following:

	2013 US$000	2012 US$000
Advances to shipowners (a)	20,183	29,423
Tax Credits - VAT (b)	8,761	7,016
Personnel and Shareholders (c)	4,775	5,075
Prep aid Expenses	3,740	1,105
Claims to third parties	1,400	904
Balance in favor of the Income Tax (Note 25(f))	7,957	-
Miscellaneous	2,125	378
Total	48,941	43,901
Allowance for impaired receivables	(174)	(184)
Total	48,767	43,717

(a) Corresponds to advance payments to ship-owners for extraction of hydro biological resources in favor of the Company.

(b) Tax credit from VAT corresponds to the credit balance of the Value Added Tax (VAT) paid for the acquisition of goods and services, deductible from the VAT to be applied to the Company' future sale of goods and services provided, and by requesting a refund of the Balance in favor of exporters. As of December 31, 2013, the Company has recovered US$8,761 for this concept.

(c) During 2012, the Company granted a loan to a shareholder for US$7,500 million which bears interest rate of 8%. On December 28, 2012 the shareholder made the loan repayment of $ 5,000 million. To date receivable has a balance of US$ 2.5 million.

10. FINANCIAL INVESTMENTS

As of December 31, 2013 and 2012 financial investments are primarily composed of Corporación del Mar S.A.A.

11. PROPIEDADES, EMBARCACIONES, PLANTA Y EQUIPO (NETO)

As of December 31, 2013 and December 31, 2012, property, vessels, machinery and equipment are as follows:

	Land US$000	Buildings and Other Constructions US$000	Vessels US$000	Machienary and Equipment US$000	Transport Units US$000	Furniture and Fixtures US$000	Miscellaneous Equipment US$000	Work in Progress US$000	Total US$000
Cost:									
Balance as of January 1, 2012	8,776	13,099	163,245	94,282	2,050	362	1,241	25,061	308,116
Additions	-	-	-	-	-	-	-	44,389	44,389
Additions due to business combinatiopn	-	-	10,576	-	-	-	-	-	10,576
Disposals	-	-	(1,031)	(1,788)	(115)	-	-	-	(2,934)
Transfers	-	1,060	5,263	19,440	133	53	151	(26,100)	-
Balance as of December 31, 2012	8,776	14,159	178,053	111,934	2,068	415	1,392	43,350	360,147
Additions	-	-	-	-	-	-	-	38,442	38,442
Disposals	-	-	(3,725)	(1,307)	-	-	-	(209)	(5,241)
Transfers	-	4,371	10,961	24,618	260	493	1,047	(41,750)	-
Balance as of December 31, 2013	8,776	18,530	185,289	135,246	2,328	908	2,439	39,833	393,348
Depreciation Acumulated:									
Balance as of January 1, 2012	-	4,135	101,980	38,059	1,826	336	700	-	147,036
Additions	-	433	10,688	5,633	88	5	89	-	16,936
Disposals	-	-	(514)	(8)	(115)	-	-	-	(637)
Additions due to business combinatiopn	-	-	7,085	-	-	-	-	-	7,085
Balance as of December 31, 2012	-	4,568	119,239	43,684	1,799	341	789	-	170,420
Additions	-	554	9,518	7,637	106	41	145	-	18,001
Disposals	-	-	(3,002)	(968)	-	-	-	-	(3,970)
Balance as of December 31, 2013	-	5,122	125,755	50,353	1,905	382	934	-	184,451
Net Cost:									
Balance as of December 31, 2013	8,776	13,408	59,534	84,893	423	526	1,505	39,833	208,897
Balance as of December 31, 2012	8,776	9,591	58,814	68,250	269	74	603	43,350	189,727

The annual depreciation cost from properties, vessels, plants and equipment as of December 31, 2013 has been distributed as follows:

	2013 US$000	2012 US$000
Cost of Sales (Note 19)	7,652	6,295
Ban Period Expenses (Note 20)	9,949	10,599
Sales Expenses (Note 21)	256	-
Administratives Expenses (Note 22)	144	42
Total	18,001	16,936
	18,001	16,936

Property, vessels, machinery and equipment include assets acquired under finance leases as follows::

	2013 US$000	2012 US$000
Buildings	2,472	2,472
Machinary and Equipment	29,787	28,099
Vessels	20,965	20,212
Others	904	1,438
	54,128	52,221
Less - Accumulated depreciacition	(29,781)	(27,237)
Total	24,347	24,984

The Company has insurance contracts to cover potential risks related to property, vessels, machinery and equipment, as well as potential claims that might arise in the normal course of business, in the understanding that such policies sufficiently cover their inherent risks.

Additions related to new acquisitions as of December 31, 2013 are mainly to implementation realized in the proceeds plants from Human Consumption Indirect by US$ 14,504, improvement on fishing vessels by US$ 6,465, implementations in the proceed plants from Human Consumption by US$ 18,649 and for the implementations form administrative order by US$ 1,968.

Additions related to new acquisitions as of December 31, 2012 are mainly to implementation realized in the proceeds plants from Human Consumption Indirect by US$ 21,517, improvement on fishing vessels by US$ 8,050, implementations in the proceed

plants from Human Consumption by US$ 12,736 and for the implementations form administrative order by US$ 2,074.

As of December 31, 2012, the Company maintains assets that worth US$772, related to properties, vessels, plants and equipment fully depreciated and continue in use.

The Company has reviewed the projections of the expected results for the remaining years of useful life of fixed assets, and in the opinion of management, the recoverable value of property, vessels, plant and equipment at December 31, 2013 and 2012, are greater than their book values, so it is not necessary to record an allowance for impairment loss for these assets at the date of the financial statements.

12. INTANGIBLE ASSETS (NET)

As of December 31, 2013 and 2012, intangible assets are as follows:

	SAP Software US$000	License US$000	Total US$000
Cost:			
Balance as of January 1, 2012	1,105	71,951	73,056
Additions		25,780	25,780
Balance as of Decemeber 31, 2012	1,105	97,731	98,836
Additions		3,144	3,144
Balance as of Decemeber 31, 2013	1,105	100,875	101,980
Accumulated Amortization:			
Balance as of January 1, 2012	1,104	-	1,104
Amortization of the year	-	-	-
Balance as of Decemeber 31, 2012	1,104	-	1,104
Amortization of the year	-	82	82
Balance as of Decemeber 31, 2013	1,104	82	1,186
Total As of Decemeber 31, 2013	1	100,793	100,794
Total As of Decemeber 31, 2012	1	97,731	97,732

Licenses correspond to vessels and plants permits acquired either by purchase or business combinations.

According to Management´s opinion, the recoverable value of intangible assets is higher than its book value, thus it is not necessary to record any provision of impairment loss for those assets at the date of the financial statements.

13. GOODWILL

As of December 31, 2013 and 2012, movement of goodwill was as follows:

	2013 US$000	2012 US$000
Cost:		
Balance at the begining of year	88,719	51,708
Increase	-	36,539
Adjustment for deferred income tax	-	472
Total	88,719	88,719

The increase of combinations that occurred in 2012 corresponds to the godwill on the acquisition of the following companies: Walda SAC, SAC Poas Fisheries, Southern Fisheries SAC and Fisheries Valentina S.A.C.

The generation of future economic benefits to the Company is supported by the increase in production volumes that generate capture and acquired businesses.

The Company has reviewed the projections of the expected results and in his opinion the recoverable value of goodwill as of June 30, 2013 and December 31, 2012 are higher than their book values, thus it is not necessary to record a provision for impairment loss for the asset at the date of the financial statements. The assessment of the resilience of the carrying value of goodwill includes projected cash flows calculated using the perpetuity of the average ten-year operating cash flows projected annual growth rate of 3.5% until 2015 and the use of 9.6% as the discount rate.

14. FINANCIAL OBLIGATIONS

Financial Obligations are comprised as follows:

Bank overdrafts

As of December 31, 2013, bank overdrafts comprise balances payable to local banks in nuevos soles and U.S. dollars for US$163 (As of December 31, 2012 for US$4,113), accrue interest at an annual interest rate of 4.1% and they have no specific guarantees.

Promissory Notes

As of December 31, 2013 and 2012, this item includes notes in U.S. dollars obtained to finance working capital, bearing interest at an annual effective rate between 0.70% and 2.15% (2.27% and 8.17% as of December 31, 2012). The bank notes that finance working capital are not collateralized by fixed assets; they are guaranteed with warrants in the case of pre shipment and are unsecured in the case of working capital that has a maturity period less than one year.

Long-Term Bank Loans

As of December 31, 2013, this item is mainly composed of the Corporate Bond loan under REGS 144 format for $ 200 million with a term of seven years, bearing interest at a fixed annual interest rate of 7.375%. The repayment period is six months, with an expiration date January 31, 2020.
As of December 31, 2012, includes the syndicated loan with Portigon AG, New York branch, bears interest at an annual rate of LIBOR + 3.9%, secured by assets of the Company (Note 11), maturing in 2017. It was paid on February 2013.

Financial Lease Liabilities

Financial leasing contracts established in U.S. dollars to finance acquisitions of fixed assets, with an effective interest annual rate between 5.27% and 9.23%, secured by the same assets, the Company granted an option to purchase of the asset at the end of and with maturity periods not exceeding five years.

Break down of financial obligation by maturity is as follows:

Year	2013 US$000	2012 US$000
2013	199	52,134
2014	58,450	27,950
From 2015 to 2020	205,225	104,724
Total	263,874	184,808

The present value of finance lease payments included in other long-term financial liabilities is as follows:

	2013 US$000	2012 US$000
Up to one year	2,666	2,236
More than one year	3,403	3,927
Total payable including finance charges	6,069	6,163
Finance Charges pending to be applied in Future period income	(460)	(671)
Total	5,609	5,492

15. OTHER PAYABLES

Other payables are comprised as follows:

	2013 US$000	2012 US$000
Certificaciones del Perú S.A.	1,935	631
SGS del Perú S.A.C.	857	560
Pacifico Peruano Suiza	466	16
Pesquera San Francisco S.A.	674	674
Pesca Puntos	389	344
Anticipos	110	241
Sigma Fondo de Inversion	285	285
Tributos	863	205
Gutierrez Flores Cleofe	118	129
Caja de Beneficios del Pescador	73	144
Ministerio de la Producción	507	154
Others	1,465	786
Total	7,742	4,169

16. EMPLOYEE BENEFIT OBLIGATIONS

Employee benefit obligations are as follows:

	2013 US$000	2012 US$000
Employees' profit sharing	729	5,431
Vacations	1,228	1,312
Remuneration	981	120
Employees' severance payments	388	170
National Pensions and ESSALUD	884	92
Total	4,210	7,125

17. EQUITY

(a) Issue Share Capital

As of December 31, 2013 and 2012, issued share capital represented by 296,996,557 authorized, issued and paid ordinary shares at a par value of S/.1.00 each.

As of December 31, 2012, there are shares in custody by 1,460,413, at a par value of S /. 1.00 each.

(a.1) Outstanding ordinary shares and equity interest

The movement in the number of common shares outstanding was as follows:

	2013 US$000	2012 US$000
Shares outstanding at beginning and end of year	90,336	90,336

The shareholder structure (in thousands of shares) was as follows:

Shareholders	2013 Shares	Percentage	2012 Shares	Percentage
Caleta de Oro Holding S.A.	180,048	60.62%	180,048	60.62%
Caleta de Oro Holding del Perú S.A.C.	25,000	8.42%	25,000	8.42%
Stafedouble S.L. Sociedad Unipersonal	15,000	5.05%	15,000	5.05%
Others	76,949	25.91%	76,949	25.91%
	296,997	100.00%	**296,997**	100.00%

(b) Other capital reserves – Legal reserve

According to the General Law of Companies in Peru, the legal reserve is created by transferring 10%, as a minimum, of the net income for each period, after deducting accumulated losses, until reaching an amount equivalent to a fifth of capital. In the absence of undistributed earnings or freely available reserves, the legal reserve shall be used to offset losses, and subsequently replaced. The legal reserve may be capitalized, in which case, it shall also be subsequently replaced.

As of December 31, 2013, a minimum of US$ 6,174, which corresponds to 10% of net profit of 2010, 2011 y 2012, will be transferred to the legal reserve in 2013 with the approval of the financial statements by the General Meeting of Shareholders. As such the amount of retained earnings is not distributable for this amount.

(c) Retained Earnings

(c.1) Regulatory Framework

Pursuant to Legislative Decree N° 945, dated December 23, 2003, domiciled legal entities that agree to allocate dividends or any other type of profit sharing shall withhold 4.1% on the amount to be allocated, except if any such dividends or profit sharing will be allocated to domiciled legal entities.

There are no restrictions for dividends remittances or for the capital repatriation to foreign investors.

(c.2) Distribución de dividendos

On April 15, 2013, the General Meeting resolved to distributed dividends from retained earnings as of December 31, 2012, up to the amount of US$ 9,886 and delegated in the directory the right to agree to an additional dividend of US$ 4, 000.

On April 10, 2012, the General Meeting resolved to distribute dividends from retained earnings as of December 31, 2011, up to the amount of U.S. $ 6.937.

18. NET SALES

As of December 31, 2013 and 2012, sales to customers by geographical location are shown below:

	2013 US$000	2012 US$000
Exports		
Asia	115,215	119,013
Europe	12,393	60,778
America	11,083	15,510
Oceánia	817	65
Africa	852	3,928
	140,360	199,294
Local Sales and Others	28,530	17,695
Total	168,890	216,989

19. COST OF SALES

As of December 31, 2013 and 2012, cost of sales comprises:

	2013 US$000	2012 US$000
Beginning inventory of finished products (Note 7)	19,301	40,996
Production Costs:		
Raw Materials, inputs and supplies	91,271	75,229
Manufacturing Expenses	16,544	14,350
Depreciation (Note 11)	7,652	6,295
Personnel Costs	14,802	14,261
Finished Products Sinister		
Wastage	(102)	(568)
Less ending inventory of finished products (Note 7)	(48,524)	(19,301)
Total	100,944	131,262

20. BAN PERIOD EXPENSES

As of December 31, 2013 and 2012, ban period expenses comprise:

	2013 US$000	2012 US$000
Depreciation (Note 11)	9,949	10,599
Services from third parties	7,428	7,116
Personnel Charges	5,849	6,074
Comsumption of sundry supplies	2,059	1,910
Sundry management cherges	1,416	1,240
Taxes	323	160
Total	27,024	27,099

21. SELLING EXPENSES

As of December 31, 2013 and 2012, selling expenses comprise:

	2013 US$000	2012 US$000
Personnel Charges	1,065	885
Transport of finished products	1,988	2,902
Commissions on sale of finished products	358	481
Rental expense	95	248
Safety and security	576	513
Inspection and analysis	967	1,268
Stowage and packaging	348	362
Services export expenses	2,543	3,582
Storage of finished products	248	570
Depreciation (Note 11)	256	-
Others	1,093	810
Total	9,537	11,621

22. ADMINISTRATIVE EXPENSES

As of December 31, 2013 and 2012, administrative expenses comprise:

	2013 US$000	2012 US$000
Personnel Charges	3,456	4,319
Communications	322	226
Fees	879	1,562
Maintenance and repairs	48	144
Rental expenses	776	823
Taxes	180	93
Insurance	47	42
Depreciation (Note 11)	144	42
Others	2,001	1,352
Total	7,853	8,603

23. OTHER INCOME AND EXPENSES

As of December 31, 2013 and 2012, other income and expenses comprise:

	2013 US$000	2012 US$000
Other Income:		
Provisions Adjustment	456	1,932
Income on Sales of Fuels and Materials	98	545
Income from disposal of property, machinery and equipment	485	509
Drawback Reimbursement	704	-
Others	2,551	1,327
Total	4,294	4,313
Other Expenses:		
Workers´s participation in previous years	2,131	2,474
Tax penalties and fees incurred	2,656	1,303
Compensation under Legislative Decree N° 1084	350	690
Allowance for impairment of accounts receivable to related entities	-	1,697
Others	1,716	1,527
Total	6,853	7,691

24. FINANCIAL INCOME

As of December 31, 2013 and 2012, financial income is as follows:

	2013 US$000	2012 US$000
Interest on loans and receivables	-	435
Interest on bank deposits	203	338
Total	203	773

25. FINANCIAL EXPENSES

As of December 31, 2013 and 2012, financial expenses are as follows:

	2013 US$000	2012 US$000
Interest on loans and bank overdrafts	19,478	7,214
Loss on derivate financial instruments	4,824	608
Interest on finance lease liabilities	436	472
Others Interests	2,231	1,843
Total	26,969	10,137

26. INCOME TAX

(a) Income Tax Regime

(i) Income Tax Rates

The corporate income tax rate for domiciled legal entities is 30%.

Legal entities domiciled in Peru are subjected to an additional rate of 4.1% on any amount that may be considered indirect income, including, among others, amounts charged to expenses and unreported income, expenses which may have benefited the shareholders or workers, among others, outside business expenses or shareholders participation, which are assumed by the legal entity.

(ii) Transfer Pricing

For the purposes of income tax calculation and General Tax on Sales in Peru, legal entities engaged in transactions with related companies or with companies resident in territories with low or no taxation, shall: (a) file an annual affidavit for transfer pricing information when the amount of their transactions with related parties being greater than S/.200,000 (b) have a Transfer Pricing Technical Study, including the supporting documentation for this study. This formal obligation arises when the amount of accrued income exceeds S/.6,000,000, and the entity has conducted transactions with related companies for an amount over S/.1,000,000.. Both formal obligations will also be payable in the event that at least one transaction to, from or through countries with low or no taxation had been made.

The Company has Transfer Pricing Study for 2012 and 2011.

According to Company´s opinion, there are no significant transfer pricing liabilities as of December 31, 2012 and 2011.

(iii) Significant amendments to the income tax regulations in Peru

Under Law 29884, the Congress devolves faculties to the Executive Power to make amendments by Legislative Decrees to the current tax regime in order to improve the Peruvian Tax System.

Under these faculties have been issued Legislative Decrees 1112, 1116, 1120 and 124 that introduce changes to current income tax regimen in Peru, mostly, from the fiscal year 2013. Following is a summary of the most important changes:

- Computable cost. It is established that the calculated cost must be supported with documentary proof of payment validly issued. In the case of real estate acquired through leasing or lease-back the calculated cost will increase with subsequent costs embodied in the asset according to accounting standards.

- Sale of shares or securities. In order to determine the market value is considered the higher value available between the transaction value, the value of trading if it is the case, the asset value or any other provisions of the regulations according to the nature of the securities. On the other hand, states that third category capital loss will not be deductible when at the time of sale, before or after it, within a period not exceeding 30 calendar days occur acquisition of shares or securities of the same type as those sold or purchase options on those shares.

- Transfer Pricing. All transactions with related local or foreign, as well as transactions with residents in tax havens are subject to transfer pricing analysis. The price adjustment will only proceed when determining a lower tax in the

country, eliminating the possibility of a negative adjustment in case of superimposition at a disadvantage to the taxpayer.

- All operations that generate income or income alleged fictas made between related entities, or possibly with tax havens, transfer pricing rules will be applied. In case of non-domiciled only will proceed an adjustment for transactions that generate Peruvian source taxable income and / or deductions for the tax assessment in the country. With respect to price anticipated agreements it states that SUNAT can celebrate these agreements with other tax administrations of countries which have signed agreements to avoid double taxation.

- Regarding the Uncontrolled Price Method incorporates specific parameters to be taken into account for determining the market value in the case of import and export transactions of goods involving an international intermediary which is not the recipient of all such goods or in those made from, to or through tax havens (sixth method).

- Application of transfer pricing rules regarding to the value of goods imported and exported between related entities or tax havens. Finally, in regard to formal obligations provides that such obligations apply only in respect of transactions that generate taxable income and / or costs or expenses deductible for tax determination. SUNAT may exempt from the obligation to file the affidavit information, documentation and information gathering detailed transaction and / or have the technical study. These modifications to the formal obligations come into effect from June 30, 2012.

- Transfer pricing rules are not anymore applied for determining the tax.

- Depreciation. The depreciation percentage shall be applied on the result of adding the costs incurred subsequent to the acquisition cost, production and construction. Such means the costs incurred in respect of an asset that has been affected the generation of taxable income, in accordance with the provisions of accounting standards, it must recognize as cost.

- The maximum deductible or deductible will be the amount referred to in the preceding paragraph, except that in the last year in deductible amount is greater than the value of the property remaining to depreciate, in which case the latter will be deducted.

- Donations. For donations expense deduction states that perceiving entity qualifying deductible donations will be SUNAT and no longer MEF. This modification is effective as of June 30, 2012.

- Expenses not deductible. Expenses are not deductible constituted by the difference between the nominal value of a claim arising between related parties and third party transfer value to assume the credit risk of the debtor.

- In case these credit transfers generate receivables generated on behalf of the transferor, there are not deductible expense provisions and / or penalties for bad debts of these accounts.
- Exchange difference. The rules on capitalization of exchange differences on foreign currency liabilities related to stock and fixed assets are eliminated from the year 2013. Notwithstanding the above it is provided that the exchange difference generated until December 2012 according to the current regulations has been activated, continue to be governed by the previous treatment.

- Staff training costs. The limit on the deduction of the costs of training personnel of the Company has been removed.

- Vehicle expenses. Included in the deduction limit for motor vehicle expenses incurred in the categories of trucks B1.3 and B1.4. Excluded mainly pickup trucks.

- Expenses Research and Technological Innovation. Standards are incorporated to achieve the deduction of expenditure on scientific research and technological innovation technology to determine the net income of third category.

- Technical Assistance. On the application of the rate of 15%, requirement to obtain an affidavit by the company providing the service is eliminated. The requirement to obtain a report from an auditing firm which is certified by the provision of technical support is provided only for services the total consideration exceeds the 140 UIT in effect at the conclusion of the contract. This rule will be effective from August 1, 2012.

- Monthly account payments. Have been reduced from 2% to 1.5% rate applicable under the percentage system and modified the system for calculating payments. The change means that are paid monthly in advance, the greater sum resulting from applying the coefficient system with the amount calculated by applying the percentage of 1.5%. The ability to change the percentage of the monthly advance since May and based on the results that the statement of profit and loss at April 30, applying the coefficient resulting from this Statement has been incorporated. Specific rules are provided for the case of advances for the months of August to December 2012, since this amendment takes effect from August prepayment.

- Corporate Reorganization. In the case of voluntary revaluations without tax effect new presumptions that do not admit evidence to the contrary and seek for the taxation on profit that would be understood has been distributed. Regarding simple splits off and reorganizations in which it was agreed not to revalue the assets making up the block transferred assets have been established presumptions seeking potential tax on the capital gain that would be generated product of the difference between the market value and the computable costs on transferred assets.

- In the case of voluntary revaluations tax effect, taxable income as a result of the reorganization may not be offset by tax losses of the parties involved in the reorganization.

(iv) Tax Situation

The affidavits of income tax of the Company which is pending review by the tax administration, which has the power to make such review within four years following the year of filing of the affidavit of income tax are from the period 2010 to 2013.

In 2013, the tax authorities performed an audit of the income tax of Fisheries Exalmar SAA for the years 2008 and 2009, without significant observations.

In 2012, the tax authorities performed an audit of the income tax of Fisheries Exalmar SAA for the years 2006 and 2007, without significant observations.

Due to the possible interpretations that the tax authorities can give legal standards applicable in each year, to date, it is not possible to determine whether the reviews will result or liabilities for the Company, so that any potential tax increase or surcharge that may result from tax revisions would be applied to the results of the period in which they are determined.

In November 2013 and January 2014, Pesquera Exalmar S.A.A. was notified by the Tax Administration to realize the audit of income tax for the years 2010, 2011 and 2012; which began on January 20, 2013.

In the opinion of management any potential additional tax would not be significant to the financial statements as of December 31, 2013 and 2012.

(b) Income Tax Recognized in Profit of the Year

Income tax comprises:

	2013 US$000	2012 US$000
Current Income Tax	40	14,111
Income Tax Deferred	(5,621)	(7,968)
Total	(5,581)	6,143

The tax expense corresponds to current income tax payable, calculated by applying a rate of 30% on taxable income, after deducting the share of workers D. Legislative 892, a percentage of 10%.

(c) Income Tax Payable

The debit balance with the tax authorities related to income taxes are as follows:

	2013 US$000	2012 US$000
To recover:		
Tax paid in excess	7,957	-
Payables:		
Income Tax Payable	-	295

27. DEFERRED TAX LIABILITIES

The movement of deferred income tax liability and the description of temporary differences that originated them are as follows:

As of December 31, 2013		… Additions(deductions)…		
Temporary Differences	Opening Balances US$000	Income/Loss for the period US$000	Other Changes US$000	Closing Balances US$000
Assets:				
Provision for vacation payable	331	(97)	-	234
Ban period expenses	-	131	1,531	1,662
Tax Loss	-	3,428		3,428
Other provisions	1,133	93	63	1,289
Liabilities:				
Assets Revaluation	(5,796)	880	-	(4,916)
Incremental deemed cost	(4,991)	514	-	(4,477)
Deductions on fixed assets due to exchange	(1,578)	1	-	(1,577)
Insurance Compensation	(671)	671	-	-
Deferred Liabilities (Net)	**(11,572)**	**5,621**	**1,594**	**(4,357)**

As of December 31, 2012		… Additions(deductions)…		
Temporary Differences	Opening Balances US$000	Income/Loss for the period US$000	Other Changes US$000	Closing Balances US$000
Assets:				
Provision for vacation payable	190	141	-	331
Other provisions	461	-	672	1,133
Liabilities:				
Assets Revaluation	(12,820)	6,728	296	(5,796)
Incremental deemed cost	(6,082)	1,091	-	(4,991)
Deductions on fixed assets due to exchange	(1,586)	8	-	(1,578)
Insurance Compensation	(671)	-	-	(671)
Deferred Liabilities (Net)	**(20,508)**	**7,968**	**968**	**(11,572)**

28. EARNINGS PER SHARE

The net basic and diluted earnings per share were calculated by dividing net income attributable to the shareholders by the weighted average number of outstanding ordinary shares during the period.

(a) The weighted average number of outstanding shares for six-month period ended at December 2013 and 2012, 296,996,557 per valued at S/.1.00 each.

(b) As of December 31, 2013 and 2012, the calculation of the net basic and diluted earnings per share is as follows:

	As of December 31, 2013		
	Earnings (numerator) US$000	**Number of Shares (denominator)**	**EARNINGS per share US$000**
Basic and diluted earnings per ordinary share	732	296,997	0.002

	As of December 31, 2012		
	Earnings (numerator) US$000	**Number of Shares (denominator)**	**EARNINGS per share US$000**
Basic and diluted earnings per ordinary share	21,199	296,997	0.071

29. OPERATING LEASES

As of December 31, the Company has committed operating leasing the following minimum lease payments with lessees:

	2013 US$000	**2012 US$000**
Less than one year	2,919	549
Between one (1) and five (5) years	4,321	2,195
Total	7,240	2,744

Lease expenses recognized in the statement of comprehensive income is US$2,919 in December, 2013 (US$549 en 2012)

30. NON-CASH TRANSACTIONS AND CASHFLOW STATEMENT

As of December 31, 2013 and 2012, the Company entered into the following non-cash investing and financing activities which are not reflected in the statement of cash flows:

	2013	**2012**
	US$000	**US$000**
Acquisition of property, plant and equipment through finance leases	2,387	-
Block Assets for merger:		
Property, Plant and Equipment		4,301
Higher price paid fir business combination		37,011
Intnagible Assets		25,780
Other Assets and Liabilities		1,621

31. COMMITMENTS AND CONTINGENCIES

Sureties and guarantees granted

To guarantee obligations, the Company has granted bank bonds amounting to US$3,380 to the Tax Administration Service, US$442 to Gas Natural de Lima y Callao S.A and US$2,220 to PRODUCE

Contingencies

The Company has certain contingencies possible from labor and civil lawsuits against the Company for U.S. $ 5.156, and for which the writings were made for discharge. The Company and its legal advisors are of the view that there are sufficient grounds to argue these claims, and estimate that the final resolution of these does not have significant effects on the financial statements.

Likewise, the company also presents probable contingencies of U.S. $ 4.630 Provisions recorded in the account.

32. SUBSEQUENT DEEDS

On January 31, 2014 ended the second fishing season 2013, having captured the totally of individual quota assigned to Pesquera Exalmar S.A.A.

On February 6, 2014 the company obtained that operation license definitive to operate the frozen plant from Tambo de Mora.