PESQUERA EXALMAR S.A.A.

SEPARATE FINANCIAL STATEMENTS
AS AT JUNE 30TH 2016 AND DECEMBER 31ST 2015

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PESQUERA EXALMAR S.A.A.

FINANCIAL SITUATION STATEMENTS
AS AT JUNE 30, 2016 AND JUNE 30, 2015
(Expressed in thousands of dollars (US$000))

ASSETS

		As at June 30	
		2016	2015
	Note	US$000	US$000
CURRENT ASSETS			
Cash and Cash Equivalents	6	17,228	1,693
Trade Account Receivable (Net)	7	3,211	2,224
Inventories (Net)	8	19,994	50,599
Account Receivable form Related Entities	9	3,362	2,902
Other Assetsd (Net)	10	36,411	24,041
Total Current Assets		80,206	81,459
NON CURRENT ASSETS			
Other Account Receivables	10	22,132	16,448
Properties, Plant and Equipment (Net)	11	224,426	222,667
Intngible Assets (Net)	12	112,019	112,080
Goodwill	13	88,719	88,719
Total Non-Current Assets		447,296	439,914
TOTAL ASSETS		527,502	521,373

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		As at June 30	
		2016	2015
	NotE	US$000	US$000
CURRENT LIABILITIES			
Short-Term Borrowings	14	33,340	37,253
Trade Account Payables	15	33,353	24,620
Account Payables from Related Entities	9	26	20
Other Liabilities	15	7,876	6,997
Total Current Liabilities		74,595	68,890
NON-CURRENT LIABILITIES			
Long-Term Borrowings	14	200,715	200,312
Deferred Tax	15	2,168	2,168
Provisions	16	10,785	7,097
Total Non-Current Liabilities		213,668	209,577
Total Liabilities		288,263	278,467
EQUITY	17		
Capital emitido		89,772	89,772
Share Premium		69,721	69,721
Revaluation surplus		24,783	24,783
Other Capital Reserve		3,609	3,609
Retained Earnings		51,354	55,021
Total Equity		239,239	242,906
TOTAL EQUITY AND LIABILITIES		527,502	521,373

The attaches notes are part of the Financial Staments

PESQUERA EXALMAR S.A.A.

FINANCIAL SITUATION STATEMENTS
AS AT JUNE 30, 2016 AND JUNE 30, 2015
(Expressed in thousands of dollars (US$000))

	Note	As at June 30 2016 US$000	2015 US$000
Net Revenues	18	80,000	67,803
Cost of Sales	19	(54,970)	(41,497)
Ban Expenses	20	(7,705)	(13,609)
GROSS PROFIT		**17,325**	**12,697**
Sales Expenses	21	(4,141)	(4,760)
Administration Expenses	22	(3,908)	(3,402)
Other Income	23	1,469	4,706
Other Expenses	23	(2,494)	(4,518)
		(9,074)	(7,974)
OPERATING INCOME		**8,251**	**4,723**
Financial Income	24	21	41
Financial Expenses	24	(8,166)	(8,446)
Net Exchange Difference	3.1-a-i	(84)	176
		(8,229)	(8,229)
PROFIT BEFORE TAX		22	(3,506)
Income Tax Expense	25	(3,689)	(6,158)
NET PROFIT		**(3,667)**	**(9,664)**
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		(3,667)	(9,664)
Basic and diluted earning per Share (In U.S. Dollars)	26	(0.012)	(0.033)

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FINANCIAL SITUATION STATEMENTS
AS AT JUNE 30, 2016 AND JUNE 30, 2015
(Expressed in thousands of dollars (US$000))

	Note	Share Capital US$000	Shares in custody US$000	Share Premium US$000	Other Reserves US$000	Retained Earnings US$000	Total Equity US$000
Balance as at Jannuary 1, 2015		89,772	-	69,721	3,609	63,746	226,848
Comprehensive Income		-	-	-	-	1,275	1,275
Revaluation surplus	17	-	-	-	24,783	-	24,783
Cash Dividends Declared	17	-	-	-	-	(10,000)	(10,000)
Balance as at December 31, 2015		89,772	-	69,721	28,392	55,021	242,906
Balance as at Jannuary 1, 2016		89,772	-	69,721	28,392	55,021	242,906
Comprehensive Income		-	-	-	-	(3,667)	(3,667)
Balance as at June 30, 2015		89,772	-	69,721	28,392	51,354	239,239

The attaches notes are part of the Financial Staments

PESQUERA EXALMAR S.A.A.

STATEMENTS OF CASH FLOWS
AS AT JUNE 30, 2016 AND JUNE 30, 2015
(Expressed in thousands of dollars (US$000))

	As at June 30	
	2016	**2015**
	US$000	**US$000**
OPERATING ACTIVITIES		
Cash generates form Operations	79,013	43,442
Other Cash Inflow from Operations	1,798	2,504
Suppliers payments	(21,673)	(67,992)
Remunerations payments	(9,965)	(16,433)
Income Tax Paid	(921)	(1,907)
Interst payment	(8,166)	(8,446)
Other Cash Outflow from Operations	(1,979)	(1,709)
Net Cash generated from Operating Activities	**38,107**	**(50,541)**
INVESTING ACTIVITIES		
Payments To:		
Purchase of Property, Plant and Equipment	(9,725)	(2,736)
Purchase of intangible assets	(86)	(242)
Other Cash Outflow from Investing Activities	(1,007)	(2,150)
Net Cash used in investing Activities	**(10,818)**	**(5,128)**
FINANCING ACTIVITIES		
Long-Term Borrowings Received	67,813	84,696
Long-Term Borrowings Paid	(79,567)	(50,990)
Dividends payments	-	-
Net Cash (Used in) generated form financing activities	**(11,754)**	**33,706**
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	15,535	(21,963)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	1,693	29,215
CAHS AND CASH EQUIVALENTS AT END OF THE YEAR	**17,228**	**7,252**
CONCILIACION DEL RESULTADO NETO CON EL EFECTIVO GENERADO POR (APLICADO A) LAS ACTIVIDADES DE OPERACIÓN		
Profit(loss) of the year	(3,667)	(9,664)
Adjustments to net income that do not affect cash flows from		
Operating Activities:		
Depreciation	9,694	10,009
Amortization	147	110
Disposals of property, plant and equipment	329	2,268
Expense (income) for deferred income tax	3,688	5,099
Net changes in working capital:		
Trade accounts receivable	(987)	(24,361)
Accounts receivable from related entities	(460)	324
Inventories	30,605	(38,158)
Other accounts receivable	163	(10,702)
Trade accounts payable	(2,290)	10,694
Accounts payable to related entities	6	(3)
Other accounts payable	879	3,843
Net Cash used by operating activities	38,107	(50,541)
Transactions not affecting cash flows:		
Finance leases of property, plant and equipment	2,057	-

The attaches notes are part of the Financial Staments

PESQUERA EXALMAR S.A.A.

NOTE TO FINANCIAL STATEMENTS
AS AT JUNE 30^{TH}, 2016 AND DECEMBER 31^{ST}, 2015

1 GENERAL INFORMATION

a) Constitution and Economic Activity -

Pesquera Exalmar S.A.A. (hereinafter "The Company"), is a subsidiary from Caleta de Oro Holding S.A., company domiciled in Panama, which owns 60.62% to the social capital shares. 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 214, San Isidro - Lima, Peru.

The Company are mainly dedicated to the extraction, transformation, marketing and export of hydro-biological products for direct human consumption (DHC) and indirect human consumption (IHC), as well as the import of raw material 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 operates 6 plants of fishmeal and fish oil production located along the Peruvian coastline (in the cities of Tambo de Mora, Chimbote, Chicama, Callao, Huacho and Paita in the regions of Ica, Ancash, La Libertad, Lima and Piura) and 2 frozen plants, dedicated to process hydro-biological products related to direct human consumption (DHC), located in the cities of Paita and Tambo de Mora.

IHC Plants produces, through indirect drying systems (Steam Dried – SD), fishmeal from a variety of qualities, such as "Prime", "Super Prime", "Taiwan", "Thai" and "Standard" and fish oil; while the DHC Plants produces frozen products.

As at June 30^{th} the Company owns 43 fishing vessels with storage capacity of 11,784 m3, with a fishing quota of 6.67% in the North- Center area and 4.52% in the South area (43 owns fishing vessels with a storage capacity of 11,927 m3, with a fishing quota of 6.61% in the North-Center area and 4.46% in the South area, in 2015). During the 2015 the Company got rid of 15 vessels (10 wood vessels and 5 steel vessels) and its quota was move to other operating vessels.

The Company currently operates an average of 18 steel vessels and 5 wooden vessels with storage capacity of 6,816 m3 of steel and 522 m3 of wooden (21 vessels with storage capacity of 6,220 m3 in 2015).

During 2015 the Company had a sinister with a vessels named "Costa de Oro", which the Company was indemnified by the insurance (Note 11)

b) 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.

c) Operations -

i) Fishmeal and Fish Oil -

As at June 30th, 2016, the Company has had 44 days of production and 138 days of ban period in the year (83 and 98 days of production and ban period respectively, as at June 30th, 2015). Also, as at June 30th, 2016, the ban periods generated operating costs for the Company of US$ 7,705 thousand (US$ 13,609 thousand as at June 30th, 2015).

As at June 30th, 2016, it was assigned the next quota of anchovy extractive for the Company:

- In the North-Center area 6.67% (6.61% in 2015) of the total quota assigned by Produce ascended to 1.8 Million of MT for the 1st fishing season that began on June 18th and will ended once reached the Total Maximum Limit of Allowable Catch (MLAC) (2.58 Million of MT in the 1st Season of 2015 that began on April 9th and ended on July 31st)
- In the South area 4.52% (4.46% in 2015) of the total quote ascended to 380 thousand of MT for the 1st season of 2016 that began on January 30th and ended on June 30th (375 thousand of MT in the 1st season of 2015 that began on April 10th and ended on July 31st)

As at June 30th, 2016, The Company processed 71,592 MT of raw material (292,542 MT as at June 30th. 2015)) which 41,294 MT was catched with our own vessels (165,068 MT as at June 30th, 2015) and 30,298 MT were purchasing from third parties (127,474 MT as at June 30th, 2015)

As at June 30th, 2016, the local sales represents the 12% (21% in 2015) and the export sales represents 88% (79% in 2015).

ii) Direct Human Consumption –

As at June 30th, 2016, regard to production for direct human consumption have been captured 116.36 MT of Jack mackerel and Mackerel (133 MT in 2015), Also, the Company has purchased the following raw material: 5,647 MT of Giant squid, 670 MT of mahi mahi, 19 MT of scallops, 189 MT of Bonito and 0.16 TM of shrimp, 6 MT of squid, 41 MT of octopus, 3 MT of barrilete and 162 MT of swordfish (18,387 MT and 263 MT of Giant squid and mahi mahi respectively, in 2015), which it has obtained a production of 2,778 MT of giant squid, 387 MT of mahi mahi, 19 MT of Scallops, 184 MT of Bonito and 0.10 MT of shrimp (9,684 MT and 231 MT of giant squid and mahi mahi respectively, in 2015)

As at June 30th, 2016, the local sales represents the 16% (10% in 2015) and the export sales represents 84% (90% in 2015) of the total of frozen products.

d) Environmental Regulation -

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

According to Decree Law N° 25977 – General Fishing Law, Article 6 and its Regulation as per Supreme Decree N° 01-94-PE, for the protection and preservation of the environment, it is required and 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 at June 30th, 2016, the Company has executed works in its several locations, related to the environmental protection for US$ 1,966 thousand (US$ 1,612 thousand in 2015) such as the construction of solid-residues collection centers, acquisitions of boilers, pumps and stern dryers. There are no liabilities for environmental obligations as at June 30th, 2016.

e) Approval of the Financial Statements-

The separate Financial Statements for the year ended as at June 30th, 2016, have been authorized for issuance by the Company's Management. The separate Financial Statements as of December 31st 2015 were approved by the Annual Mandatory Shareholders Meeting held on April 13th, 2016

2 SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation-

The separate Financial Statements have been prepared according to the International Financial

Reporting Standards (hereinafter “IFRS”), issued by the International Accounting Standards Board (IASB) in force as of June 30th, 2015. Also, the Company has prepared these financial statements to comply with Regulation of Financial Reporting of the Superintendence of Securities (SMV) and corresponds to its financial statements in which its investments in the company under joint control Corporación del Mar S.A. are showed under equity method (Note 2.12).

The information contained in these financial statements is the responsibility of de Company’s Management, who expressly confirm that in its preparation have been applied all the principles and criteria is in accordance with the IFRS issued by the IASB.

The financial statements arising from the accounting records of the company and have been prepared on the historic costs basis as modified for financial assets available for sales and derivate financial instruments are recognized at fair value. The financial statements are presented in thousands of U.S. Dollars (U.S. $000) except when a different monetary expression was indicated.

The financial statements preparation accordance to IFRS requires the use of certain critical accounting estimates. It also requires the Company’s Management exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are described in Note 4.

2.2 Changes on Accounting Polices and Disclosures-

New norms and modification of norms adopted for the Company –

As at June 30th, certain IFRS and IFRIC came into effect, however, are not applicable to the activities of the Company or have not had a significant impact on the financial statements.

New standards, amendments and interpretations applicable for financial statements for annual periods beginning on or after January 1st 2015 and have not been early adopted.

- IFRS 9, “Financial Instruments”.

  IFRS 9 deals under classification; IFRS 9 addresses the classification, measurement and recognition of financial assets and liabilities. The full version of IFRS 9 was issued in July 2014 and retains but simplifies the mixed measurement model for financial instruments in IAS 39 and establishes three categories for measuring financial assets: amortized cost, fair value through other comprehensive income and fair value through profit and loss. The basis for the classification depends on the business model of the entity and the contractual cash flow characteristics of the financial assets. The guidelines of IAS 39 for impairment of financial assets and hedging contracts continue to apply. For financial liabilities were no changes regarding the classification and measurement, except for the recognition of changes in own credit risk in other comprehensive income, in the case of liabilities at fair value through profit and loss. IFRS 9 simplifies the requirements for determining the effectiveness of the hedge. IFRS 9 requires an economic relationship between the hedged item and the hedging instrument and the hedge ratio is the same as the entity uses to manage risk. The updated documentation is still required but is distinct from requiring that had been under IAS 39. The standard is effective for annual periods beginning on January 1, 2018. Earlier adoption is permitted.

- IFRS 15, "Revenue from contracts with customers."

  It establishes principles for recognizing revenue and to reveal useful information to users of financial statements with respect to the nature, amount, timing and uncertainties associated with revenue and cash flows arising from contracts with customers.

  Revenue is recognized when a customer obtains control of a good or service and therefore has the ability to direct the use and benefit from such goods and services. This standard replaces IAS 18 "Revenue" and IAS 11 "Construction Contracts" and interpretations. The IFRS 15 is effective for annual periods beginning on or after January 1, 2017 and early adoption is permitted.

The Company is in the process of evaluating the impact of these standards on the preparation of its financial statements. It is not expected that other IFRS or IFRIC interpretations that are not yet in force could have a significant impact on the financial statements of the Company.

- IAS 1 “Presentation of financial statements” initiatives modifications revelations

  The amendments to IAS 1 Presentation of Financial Statements are made in the context of the revelations of the IASB initiative, which explores how to improve exposures in the financial statements. The amendments provide clarification on a number of topics, such as:

  (i) Materiality (or importance relative): an entity not must add or breaking down information of a form that confuse or make less transparent information useful for those users. When any game is significant, it should provide enough information that explains their impact on the financial position or performance of the entity.

  (ii) Disintegration and subtotals: products or lines in the financial statements, as specified in IAS 1 may require be desegregated, where this is deemed appropriate for a better and clearer understanding of the financial position and performance of the entity. Also included are new guidelines for the use of subtotals.

  (iii) Notes: it is confirmed that the notes need not arise in order in particular.

  (iv) Other comprehensive results arising from investments recorded under the equity share method: the portion of other comprehensive results arising from investments registered low you equity sharing method, will be grouped on the basis of whether the games will be or not subsequently reclassified to the income statement. Each group then will be presented in a line separated in the State's other results comprehensive.

  These amendments to IAS 1 will become effective for financial periods beginning on or after January 1ST, 2017.

- IFRS 16, ‘Leases’ -

  Dated on January 13th 2016, was issued the IFRS 16, 'Leases' (IFRS 16) that replaces existing rules related to the treatment of leases (IAS 17, 'Leases' and IFRIC 4, 'Contracts which could contain a lease' and other related interpretations). The IFRS 16 raises a new definition of lease and a new model accounting that will impact substantially to the tenants.

  As a result of the new model, an entity will be recognized in your statement of financial position at the inception of the lease an asset that represents their right of use of the leased asset and debt by the obligation to carry out future contractual payments. Assets and liabilities are measured at initial recognition by the present value of the minimum payments of the contract. With this change it is expected that a significant amount of leases classified with the current rules as 'operating lease' will be reflected in the statement of financial situation since the inception of the lease.

  This new model applies to all contracts that they qualify as leases with the exception of contracts with duration less than 12 months (whereas for such determination assessment of how likely is the possibility of extension) and leases of assets under contracts.

IFRS 16 is effective from fiscal periods started January 1st, 2019 and allowed its early adoption, provided that also adopted the IFRS 15 in advance.

The company is in process of evaluating the impact of these standards in the preparation of their States financial separate. It is not expected that other IFRS or IFRIC interpretations that are not yet in force can have a significant impact on the financial statements of the company.

The company is in the process of assessing the impact of these standards in the preparation of its financial statements. It is not expected that other IFRS or IFRIC interpretations that are not yet in force can have a significant impact on the financial statements of the company.

2.3 Segment Information –

Operating segment information is presented in a manner consistent with the internal reporters provided to the change of making operational decisions. Responsible for making operational decisions, this is responsible for allocating resources and assessing performance of the operating segments, has been identified as the General Manager, responsible for strategic decision making.

Management considers the business from a perspective of fishing activity type: Indirect Human Consumption 85% (the same in 2014) and Direct Human Consumption 15% (the same in 2014). IHC is the main segment to level revenues and profits of the Company, the other segment (DHC) not represent a segment reportable.

In these sense, the management has determined an only reportable operating segment. The management

En este sentido, la Gerencia ha determinado un solo segmento operativo reportable. The Management manages the resources of the business from the point of view of production. The Management assesses the performance of fishmeal and fish oil on a consolidated basis. These products are sold in markets around the world. Other products sold by the Company include other minor species for direct human consumption.

General Manager evaluates the performance of segment operating on the basis of the measuring indicator adjusted EBITDA financial determined by management that considers the earnings before interest, tax, depreciation and amortization. This basis of measurement not governed by accounting rules excludes the effects of the other income and expenses to be departures non-recurring operating segment, revenues and financial expenses and difference instead.

A reconciliation of adjusted EBITDA determined by management with the (income) loss before income tax includes:

	2016 US$000	2015 US$000
EBITDA adjusted	19,117	14,654
Depreciation (Note 11)	(9,694)	(10,009)
Amortization (Note 12)	(147)	(110)
Others Incomes and expenses, net (Note 23)	(1,025)	188
Incomes and Financial expenses, net (Note 24)	(8,145)	(8,405)
Net Exchange Difference, net (Note 3.1-a-i)	(84)	176
Profit (Loss) Before Tax	22	(3,506)

2.4 Foreign Currency Translation –

Functional currency and presentation currency -

Accounts included in the financial statements of the Company are in US Dollars which is the currency of the primary economic environment the entity operates (functional currency). The financial statements are presented in US Dollars which is the functional currency and the presentation currency of the Company.

Transactions and balances -

Transactions in foreign currency are translates into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation when items are remeasured. The exchange rates used are those published by the Superintendencia de Banca, Seguros y AFP (Note 3.1-a)

Gains and losses from exchange differences resulting from the collection and / or payment of such transactions and from the translation of monetary assets and liabilities denominated in foreign currency at the exchange rate of the closing of the year recognized in the statement of comprehensive income in under "Exchange Difference, net".

2.5 Financial Assets -

Classification -

The company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, financial assets held to maturity, loans and receivables and financial assets available for sales. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the date of initial recognition. As of March 31st, 2016 and December 31st 2015, the Company only has loans and receivables and financial assets available for sale, the characteristics and treatment are discussed below.

Loans and Receivables –

Loans and receivables are non-derivate financial assets that entitle fixed or determinable that are not quoted in an active market. They are included in current assets; except for maturities greater than 12 months from the date of statement financial position.

These are classified as non-current assets. Loans and receivables comprise the Company "Cash and cash equivalents", "Trade accounts receivable" and "Other receivables" in the statement of financial position (Notes 2.9 and 2.10). Loans and receivables are initially recognized at fair value and subsequently measured at amortized cost by the effective interest method less impairment estimation (Note 2.7).

The trade receivables are amounts due for the sale of products to clients in the ordinary course of business. The trade receivables have an average recovery of about 45 days. Non-significant amounts of sales that depart from the usual credit conditions, why has not identified any financial component in product sales.

2.6 Compensation of Financial Instruments-

Financial assets and liabilities are compensated and the net amount is reported in the statement of financial position when legally required right to compensate the recognized amounts exits and if there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. The legally enforceable right should not be contingent on future events and should be required in the ordinary course of business and in any event of default or insolvency of the Company or the counterparty.

2.7 Impairment of financial assets -

Assets carried at amortized cost –

The Company evaluates at the end of each period whether there is objective evidence of impairment of a financial asset or group of financial assets. If there is impairment of a financial asset or group of financial assets, an impairment loss is recognized only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has a impact on the estimated of future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing financial difficulties, failure or delay in the payment of interest or principal on its debts, the probability of falling into bankruptcy or other financial reorganization and when objectively observable data indicating that there has been a measurable decrease in the estimated of future cash flows, such as changes in arrears or economic conditions that are correlated with defaults cash.

For the category of loans and receivables, the amount of the impairment loss is measured as the difference between the carrying value of assets and the present value of the estimated of future cash flows (excluding future credit losses that have not incurred and considering the guarantees received from customers if applicable) discounted at the original effective interest rate of the financial asset. The carrying amount of the asset is reduced and the amount of the loss is recognized in the income statement

If, in a subsequent period, the amount of the impairment loss decreases and the decrease is related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor’s credit rating), the reversion of the previously recognized impairment loss is recognized in the statement.

2.8 Cash and cash equivalents -

In the statement of cash flows, prepared under the indirect method, cash and cash equivalents include cash on hand, time deposits and demand deposits in banks with original maturities of three months or less.

2.9 Accounts Receivables -

The trade receivables are amounts due from customers for the sale of fishmeal and fish oil and frozen products in the normal course of business. If receivables are expected in one year or less are classified as current assets. Otherwise, are presented as non-current assets. The trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for impairment (Note 2.7).

2.10 Inventories -

Inventories are recorded at cost or net realizable value, whichever is lower. Cost is determined using the weighted average cost method, except in the case of inventories to be received which is determined using the specific identification method. The cost of finished goods and products includes the costs of raw materials, direct labor, other direct costs (based on normal operating capacity), including also those incurred in bringing the inventories to their present location and condition current. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to put in stocks and condition of sale to the market. By reductions in the book value of inventories to their net realizable value, an estimate is made for impairment of inventories charged to earnings of the year.

The estimate for obsolescence of materials and spare parts in stock is determined based on the slow-rotation accounts.

2.11 Joint Ventures -

The Company applies IFRS 11 sets to all agreements and after analyzing the nature of those has determined which are businesses under common control (joint venture).

The Company has a participation of 50% of Corporacion del Mar S.A., it is an entity under common control through an agreement signed with The Company Austral Group S.A.A. The accounting policies of the business under common control, if necessary, have been modified to ensure consistency with the policies adopted by the Company.

The investment value of the Company's businesses under common control is recognized by the equity method in the financial statements of economic interest and is recognized as cost in the separate financial statements as required by IFRS 11 and IAS 27 respectively. As of June 30th, 2016 and December 31st, 2015, the value of the investment recognized by equity method is zero, and its acquisition cost of US $ 320 thousand.

Dividends are recognized in income when the right to receive payment is established.

2.12 Property, plants and equipment –

Property, fishing boats, fleet equipment and machinery and equipment are stated at historical cost less accumulated depreciation and impairment in its carrying amount. The historical cost of an item of property, plant and equipment comprises its purchase price and includes expenditure directly attributable to the acquisition or construction required to bring the asset to the location and condition necessary to be able to operate as expected by the Management.

Subsequent costs are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that is expected to generate future economic benefits to the Company and the cost of these assets can be reasonably measured. Expenditure incurred to replace a component of an item or item of property, plant and equipment are capitalized separately, punishing the carrying amount of the component being replaced. Other disbursements for maintenance and repairs are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation of other fixed assets is calculated using the straight-line method to allocate their cost to their residual values over the estimated useful life as follows:

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

The residual values and useful lives of assets are reviewed and adjusted, if necessary, to the date of each statement of financial position. Any changes in these estimates are adjusted prospectively.

Carrying value of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount (Note 2.16).

Gains and losses arising from the sale or retirement of an item of property, plant and equipment correspond to the difference between the sale value and its carrying amount and are recognized under "Other income" and "Other Expenses" statement of comprehensive income.

2.13 Intangible Assets -

Computer programs –

Costs associated with maintaining computer programs (software) are recognized as expenses when incurred. Development costs that are directly attributable to the design and testing of computer programs, unique and identifiable, under control of the Company are recognized as intangible assets when they meet the following criteria:

- it is technically feasible to complete the software product so that it can be used;
- Management intends to complete the software product and use or sell it;
- it has the ability to use or sell the software product;
- it can be demonstrated that the computer program is likely to generate future economic benefits;
- it has the technical, financial and other necessary resources to complete the development of the computer program that allows its use or sale; and
- The expenditure attributable to the software product during its development can be measured reliably.

Costs directly attributable to the cost include: computer software development, employee costs and a portion of relevant costs. Other development costs that do not meet these criteria are recognized in income as incurred. Development costs previously recognized in profit or loss is not recognized as an asset in subsequent periods.

The acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to set in use conditions the specific software. These costs are amortized during their estimated useful lives that not exceeding the 10 years.

Fishing License –

The cost of fishing licenses for anchovy to January 1, 2010, date of transition to IFRS of the Company, is primarily determined using the estimated fair value calculated by independent appraisers (‘deemed cost’). Fishing licenses acquired through business combination are shown in their fair value at the acquisition date determined by independent appraisers. Fishing licenses are intangible assets with indefinite useful life; accordingly they are not amortized and are recorded at cost. The carrying of fishing licenses is reviewed at each balance sheet date. If the fair value of the licenses is estimated to be less than its carrying value corresponding punish their fair value (Note 2.14).

2.14 Goodwill -

Goodwill represents the excess of cost of acquisition over the fair value of the participation of the Company in the net identifiable assets, liabilities and contingent liabilities of the acquired subsidiary at the date of acquisition. The carrying amount of goodwill is tested annually for impairment and is shown at cost less accumulated impairment losses. The gain or loss on sale of subsidiaries includes the carrying amount of goodwill relating to it.

For purposes of impairments testing, goodwill are allocated to cash-generating units (hereinafter CGU). The distribution is made to those CGUs or group of CGUs that are expected to benefit from the business combination in which the goodwill arose identified according to operating segments.

Goodwill impairment reviews are conducted annually or more frequently when occur to events or changes in circumstances that indicate a potential deterioration in value. The carrying amount of the CGUs containing goodwill, compared to its recoverable value, which is the largest among its value in use and its fair value less costs for sale. Any impairment is recognized as an expense and its subsequent reversal is not possible.

2.15 Impairment of non-financial assets -

Assets that have an indefinite useful life, such as goodwill and fishing licenses are not subject to amortization and are tested annually for impairment. Assets subject to depreciation or amortization are tested for impairment whenever occur events or circumstances indicate that their carrying amount may not be recoverable. Impairment losses correspond to the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of assets is the greater value between the net amounts that would arise from its sale or its value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which generate identifiable cash flows (Cash Generating Units). The carrying amounts of non-financial assets other than goodwill that have been reduced due to impairment are reviewed at each reporting date to see if there have been reversals of impairment at the reporting date.

If the carrying amount of an asset or Cash Generating Unit exceeds its recoverable value, a provision is recognized in results to adjust the asset to its recoverable amount. An impairment loss is reversed if there has been any change in the estimates used to determine the recoverable amount.

2.16 Financial Liabilities -

The Company classifies its financial liabilities in the following categories: “financial liabilities at fair value through profit or loss” and “other financial liabilities”. The classification depends on the purpose for which is assumed the liabilities and how they are managed. Management determines the classification of its financial assets at the date of initial recognition liabilities. As of June 30th, 2016 and December 31st, 2015, the liabilities of the category of “other financial liabilities” substantially correspond to bank liabilities and trade payables whose characteristics and treatment are discussed below:

Financial Obligations –

Financial liabilities are initially recognized at fair value, net of transaction costs incurred. These liabilities are subsequently carried at amortized cost; any difference between proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

The fees you incurred for obtaining credits are recognized as transaction costs to the extent that it is probable that some or the entire loan will be received. In this case the fee is deferred until the loan is received. To the extent that there is no evidence that it is probable that some or the entire loan is received, commissions are capitalized as payments for liquidity services and amortized over the period of the loan to which it relates. Financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months from the date of the statement of financial position.

Trade accounts payable –

The trade accounts payable are obligations to pay for goods or services received from suppliers in the normal course of business. Accounts payable are classified as current liabilities if payment is due within one year or less, otherwise they are presented as non-current liabilities.

Accounts payable are recognized initially at fair value and subsequently, to the extent that the effect of the discount to present value is important, are remeasured at amortized cost using the effective interest method; otherwise they are shown at its nominal value.

2.17 Provisions -

Provisions are recognized when: i) the Company has a present obligation, legal or assumed, resulting from past events; ii) is likely to require an outflow of resources to settle the obligation; and iii) the amount can be estimated reliably. No provisions for future operating losses are recognized.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using an interest rate before tax that reflects current market conditions on the value of money and the risks specific to the obligation.

2.18 Leases –

Leases in which a significant portion of the risks and benefits relating to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement based on the straight-line method over the period of the lease.

Leases of items of property, plant and equipment where the Company assumes substantially all the risks and benefits of ownership are classified as finance leases. Finance leases are capitalized at the beginning of the lease at the lower value by comparing the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The obligations for corresponding lease payments, net of lease finance charges, are included in other long-term payable accounts.

The interest element of the finance cost is charged to the income statement in the period of the lease so that a constant periodic rate of interest on the remaining balance of the liability for each period is obtained. Property, plant and equipment acquired under finance leases are depreciated according to a systematic basis over the period of expected use consistent with the depreciation policy the lessee adopts for depreciable assets that others have. If there is reasonable assurance that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise depreciate the asset will depreciate in the shortest period resulting from comparing the asset's useful life and the lease term.

2.19 Current Income Tax and deferred Tax -

The expense for income tax for the period comprises the current income tax and deferred tax. The income tax is recognized in the income statement except to the extent that it relates to items recognized as “other comprehensive income” or directly in equity. In this case, the income tax is also recognized in “other comprehensive income” or directly in equity, respectively.

The charge for current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the date of statement of financial position. Management periodically evaluates positions taken in tax returns with respect to situations tax position in which applicable tax regulation is subject to interpretation. The Company will, where appropriate, makes provisions on the amounts expected to be paid to the tax authorities.

The deferred income tax is recognized in full, using the liability method, recognizing the effect of temporary differences arising between the tax bases of assets and liabilities and the balances shown in the financial statements. However, the passive deferred tax income arising from the initial recognition of goodwill; or if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting or taxable profit nor loss, is not accounted for. Deferred tax is determined using tax rates (and laws) in force or substantially in force at the date of the statement of financial position and are expected to apply when the deferred tax asset is realized or the income tax liability rent is paid.

The deferred tax assets are recognized in income only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be used.

The balances of deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and current tax liabilities with when the deferred income taxes assets and liabilities relate to the same taxation authority on either same collateral or different taxable entities where there is intention and ability to settle the balances on a net basis entity.

2.20 Employee Benefits -

Holiday –

Annual holiday and other staff absences compensated absences are recognized on an accrual basis. The provision for the estimated liability for annual holiday of staff, which is calculated on the basis of remuneration for every twelve months of services rendered by employees, it is recognized on the date of the statement of financial position.

The Company does not provide post-employment benefits and also operates an equity compensation plan based on shares.

Compensation for time served –

Compensation for time served of staff of the Company relate to their indemnities rights calculated in accordance with the applicable legislation, which is to be deposited in bank accounts designated by the workers in the months of May and November each year. Compensation for length of service of staff is equivalent to average monthly salary in effect on the date of its deposit. The Company has no further payment obligations once made annual fund deposits to which the worker is entitled.

Gratuities –

The Company recognizes a liability and an expense for bonuses to employees based on the laws in force in Peru. Gratuities are two annual remunerations paid in July and December each year.

Participation in earnings –

The Company recognizes a liability and an expense for employee participation in the profits of the Company on the basis of existing legislation. The participation of employees in profits equivalent to 10% of the taxable income determined in accordance with legislation enacted income tax.

2.21 Share Capital -

Common shares are classified as equity when there is no obligation to transfer cash or other asset class. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the amount received, net of taxes.

The own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the income statement on the purchase, sale, issue or cancellation of equity instruments of the Company. Such treasury shares may be acquired and held by the entity or by other members of the consolidated group. Consideration paid or received shall be recognized directly in equity.

2.22 Liabilities and Contingent Assets -

Contingent liabilities are not recognized in the financial statements only disclosed in the notes to the financial statements, unless the possibility of the use of resources is remote. Contingent assets are not recognized in the financial statements and are disclosed only when it is probable that an inflow of resources occurs.

2.23 Revenue Recognition-

Revenue is recognized at the fair value of the consideration received or receivable for the sale of goods and services made in the normal course of operations of the Company. Revenue is shown net of sales tax, returns, rebates and discounts.

The Company recognizes revenue when these can be measured reliably, it is probable that future economic benefits will flow to the entity and when transactions meet specific criteria for each of the Company's activities as described below lines.

Sale of fish meal and oil and other products -

The sale of products derived from fishing and other products is recognized when all the following conditions are met:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company doesn´t retains neither continuing managerial involvement in the goods sold, the degree usually associated with ownership nor effective control over them;
- The amount of revenue can be measured reliably; It is likely that the Company receives the economic benefits associated with the transaction; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

For each export of fishmeal and fish oil, the Company enters into a forward sale contract at market prices.
Deliveries of the products are determined case by case.

Interests –

Interests Income is recognized on the basis of the proportion of elapsed time, using the effective interest method. When interest income on loans or investments are impaired, the Company reduces fair value at its recoverable value, it is the same estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as reversing interest income. Interest income from loans and impaired loans is recognized using the original effective interest rate of the instrument.

2.24 Recognition of cost and expenses-

Cost of sales of products is recognized in income on the date the products are delivered simultaneously with the recognition of revenue from its sale. The other costs and expenses are recognized on an accrual basis regardless of when they are paid and, if applicable, in the same period in which the income to which they relate are recognized.

2.25 Distribution of dividends -

Dividend distribution to the Company's shareholders is recognized as liability in the financial statements in the period in which the dividends are approved by the General Meeting of Shareholders.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors -

Company's activities expose it to a variety of financial risks: market risk (including the exchange rate risk, fair value interest rate risk, interest rate on cash flows and price risk) , credit risk and liquidity risk. The overall risk management program of the Company mainly focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

Financial Management is responsible for the overall management of risks in specific areas such as the exchange rate risk, fair value interest rate risk, credit risk and liquidity risk areas. The Financial

Management identifies, evaluates and hedges financial risks in close cooperation with the operating units of the Company. The principal financial risks to which the Company is exposed are presented:

a) Market risks -

i) Exchange rate Risk -

The Company is exposed to the risk of fluctuation in the exchange rate in those items that are maintained in currencies other than the U.S. dollar, primarily the Nuevo Sol (Peruvian currency). Domestic and foreign sales of the Company are denominated and settled mainly in U.S. dollars. The exchange rate risk arising from transactions with suppliers and borrowings that are agreed in that currency

Management minimizes this risk partially through: i) maintaining debit balances in foreign currency, ii) maintaining export volumes and profitability and iii) signing contracts currency forwards (forwards). The Company does not have a specific policy regarding the contracts of foreign currency forwards to hedge the exposure to foreign currency. The balances in foreign currency as at June 30th, 2016 and March 31st, 2015 were the following:

	2016	**2015**
	S/.000	**S/.000**
Assets:		
Cash and Cash Equivalents	6,880	1,702
Trade Accounts Recivables (Net)	2,160	513
Account Receivable from Related Entities	6,919	5,915
Other Account Receivables (Net)	37,046	40,474
	53,005	48,604
Liabilities:		
Financial Obligations	774	2,322
Trade Account Payables	49,822	37,952
Account Payable to Related Entities	87	70
Other Account Payables	24,189	22,774
	74,872	63,118
Equity Net	(21,867)	(14,514)

As at June 30th, 2016, the exchange rates used for the Company for translating foreign currency balances have been US$ 0.304 per S/. 1 for assets and liabilities (US$ 0.293 per S/. 1 for assets and liabilities as of December 31st 2015).

As at June 30th, 2016, the Company registered losses in currency charge by USD 84 thousand (US$ 176 thousand in currency charges earnings), which net import was included in difference charge items in the comprehensive financial statements.

Al 30 de junio de 2016, la Compañía registró pérdidas en cambio netas por US$84 mil (ganancia en cambio neta por US$176 mil en junio de 2015), cuyo importe neto se incluye en el rubro de diferencia en cambio, neta en el estado de resultados integrales. The difference in charge is generated mainly of allotments and other fishery owners, trade payables and other Payables maintained in Soles.

i) Price Risk -

The company is not exposed to a risk of prices since it has no financial instruments which may fluctuate as a result of changes in market prices.

ii) Interest rate risk on fair value and cash flows -

The risk of interest rate for the company emerges from its financial obligations. It debt to rates variable exposes to the company to the risk of rate of interest on their flows of cash. To fixed rate debt exposes the company to the risk of interest rate on the fair value of its liabilities.

The company's policy is to keep financing fixed interest rate. In this regard, the management believes that the risk of interest rate on the fair value of its obligations is not important since their funding contracts interest rate not differed significantly from the interest rates of the market which are available to the company for similar instruments.

b) Credit Risk -

Management considered that the company has no significant credit risk on accounts receivable trade from third-parties, affordance to fishing vessels owners and related entities because there have been significant problems of non-collection. Regarding the accounts receivables for affordance to fishing vessels owners, the company gets warranty on boats, properties and others active in order cover it has by charge.

The company places its excess liquidity into financial institutions of prestige, sets conservative credit policies and constantly evaluates the conditions prevailing in the market in which it operates. As a result, management does not expect that the company incurred significant losses due to performance of counterparties.

c) Liquidity Risk -

Finance Area oversees cash flow projections made on the liquidity requirements of the Company to ensure that sufficient cash to meet operational needs while maintaining sufficient bank credit lines (US$ 190 million) and a credit committed line (US$ 20 MM) . These projections take into account the debt financing plans and compliance with the objectives of financial ratios of the statement of financial position.

Excess cash balances and above that required for working capital management are invested primarily in time deposits.

The following table shows an analysis of non-derivative financial liabilities of the Company, which have been classified into maturity groups, based on the period between the date of the statement of financial position and the dates of their contractual maturities. The amounts in the table reflect cash flows including interest accrued over the remaining contractual period and in case of liabilities with variable interest rates, flows were estimated by applying the rate of interest existing at the date the statement of financial position.

	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
As at June 30, 2016					
Financial Obligations	26,737	1,487	2,844	259,000	290,068
Trade Account Payables	33,353	-	-	-	33,353
Account Payable to Related Entities	26	-	-	-	26
Other Account Payables	7,876	-	-	-	7,876
Total	67,992	1,487	2,844	259,000	331,323
As at March 31, 2015					
Financial Obligations	30,958	1,395	2,383	266,375	301,111
Trade Account Payables	24,620	-	-	-	24,620
Account Payable to Related Entities	20	-	-	-	20
Other Account Payables	6,997	-	-	-	6,997
Total	62,595	1,395	2,383	266,375	332,748

Management manages the risk associated with the amounts included in each of the above categories, which include maintaining good relations with local banks in order to ensure sufficient credit at all times, as well as solve their working capital with cash flows from operating activities.

3.2 Risk management of the capital structure -

The objectives of the Company at managing capital are to safeguard its ability to continue as a going concern in order to generate returns for shareholders, benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital. To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors its capital on the basis of the gearing ratio. This ratio is calculated by dividing net debt by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as equity as shown in the statement of financial position plus net debt.

Finance Management considers the cost of capital and the risk associated with each class of capital are adequate to June 30th, 2016 and December 31st, 2015. The leverage ratios as at June 30th, 2016 and December 31st, 2015 were as follows:

	2016 US$000	2015 US$000
Financial Obligations (Note 15)	234,055	237,565
Less: Cash and Cash Equivalents (Note 6)	(17,228)	(1,693)
Net Debt (A)	216,827	235,872
Total Equity	239,239	242,906
Total Debt+Equity (B)	456,066	478,778
Leverage Ratio (%) : (A) / (B)	0.48	0.49

3.3 Estimated fair value financial instruments –

The carrying value less estimated impairment of accounts receivable and accounts payable are not significantly different from their fair values. The fair value of financial liabilities for purposes of exposure is made estimating the future contractual cash flows discounted at the interest rates prevailing in the market and available for similar financial instruments of the Company (Note 14-f)

For the classification of the type of valuation used by the Company of financial instruments at fair value, we have established the following levels of measurement:

- Level 1: Quoted prices is used in active markets for identical assets or liabilities.
- Level 2: It is uses information about the active or passive different to values of quote (level 1) but that can be confirmed, be direct (for example, prices) or indirectly (for example, from of prices).
- Level 3: It is uses information about the active or passive that not is based on data that is can confirm in the market (i.e., information not observable).

However, the management has used it better judgment in the estimation of fair value of its financial instruments, any technique to make this estimate implies a certain level of inherent fragility. As a result, the value reasonable not is indicative of the value net of realization or of liquidation of them instruments financial.

The grounds are measured at the revalued value resulting from the technical appraisals made by independent appraisers, which are based on existing securities in the market at the date of the financial statements (level 2).

4 CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Used estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting policies and estimates -

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition will seldom equal the related actual results. Management of the Company does not expect the changes, if any, have a significant effect on the financial statements.

The estimates and assumptions that have a significant risk of causing a material adjustment in balances of assets and liabilities within the next year are presented below.

a) Estimated impairment of goodwill –

The company applies them guidelines designated in it NIC 36 ' deterioration of active ', for determine annually if their active permanent require of a provision for impairment in accordance with the political accounting indicated in them notes 2.13, 2,14 and 2.15. This determination requires the use of professional judgement by management to analyze the indicators that may signal deterioration as well as in determining the value in use. In the latter case, the variables and assumptions that determine future cash flows are based with projections of operations and in the discount rate to apply. As a result of this process the company concluded that not is requires of provision any by concept of deterioration.

It value recoverable of a unit generating of effective (here in after UGE) is determines on the base of its value reasonable less them expenses necessary to perform its sale. These calculations require the use of estimates. The company has evaluated and concluded that possesses three UGEs, which are:

- Vessels
- Indirect Human Consumption Plants
- Direct Human Consumption Plants

In management's opinion, the main critical assumptions used in the model to determine the fair value less the costs necessary to make the sale of the UGEs, are as follows:

Prices: For the vessels the model assumes as cost of raw material of 18% of fishmeal value. For the plants the model use the average prices of fishmeal and fish oil of 1,636 US$/TM and 1,915 US$/MT respectively. The Management expects that prices will be stables and will increased consistently according to the expectations and market demand.

MLAC – Total Quote: The Company have am extraction anchovy quote of 6.67% of the total biomass determinate for IMARPE in basis of the law and regulation on maximum limits of catch by vessel (MLCV). This quota is added the participation from third parties (5.50%) reached a 12.17% of participation. The total quote pf the Company for the year 2015 (1^{st} and 2^{nd} season) ascended to 3,393 thousand of MT. The IHC and DHC Plants process under its normal capacity.

Weighted Average Cost of Capital (WACC): The model use a wacc before tax of 7.84% not adjusted by inflation.

Others -

Costs: For the Vessels are considered the costs of extraction, such as operating costs and maintenance. Costs incurred in periods of no production are stable in time updated only by inflation. The costs of extraction are based on budgeted costs prepared by the management. Costs of production where the model assumes total raw material to see what fishing ships of the company and they sold their plants at market prices are considered for the plants.

For it is generated a deterioration, the following variables should vary follows, keeping constant other variables:

- Discount rate, should have been higher than 13%, for the UGE of fleet, 15% for the plants UGE CHI and 17% for the UGE of plants CHD.
- The total quote assigned should be 2,250 thousand of MT for the UGE of fleet, 2,450 thousand of MT for IHC Plants. For the DHC Plant has been calculated a minimum assignation for each type of product (Jack mackerel and mackerel, giant squid, mahi mahi), obtained a quote of 37,649 of MT
- The minimum price should be US$/MT 1,278 for fishmeal and US$/MT 1,497 for fish oil for UGE of fleet; US$/MT 1,318 for fishmeal and US$/MT 1,543 fie fish oil for UGE of IHC.
  For the DHC plant has been calculated the minimum assignation for each type of product as follow: Jack mackerel and mackerel for US$/MT 861, Giant squid for US$/MT 1,863, squid for US$/MT 1,796 and Mahi mahi for US$/MT 5,468.

Without prejudice to the foregoing, management determined that the costs budgeted on the basis of their past performance and its expectations of the market are in accordance with the conditions of the law of LMCE. Therefore, the generation of future economic benefits for the company is supported by the capture and production volumes increase.

b) Useful life and impairment of property, plant and equipment –

Depreciation of fixed assets is calculated using the straight-line method to allocate their cost to their residual values over the estimated useful life. This results in depreciation charges and / or wears proportional to the estimated amortization of assets measured in number of years. The useful life of assets is assessed on the basis of: i) the physical limitations of the asset, and ii) the evaluation of the demand. These calculations require to makes estimates and assumptions about the total demand for the production of the Company and capital expenditures that will be required in the future.

c) Carrying value of fishing licenses –

The Company evaluates the carrying value of licenses each year based on the discounted cash flows determined using the methodology of value in use.

4.2 Critical judgments in applying accounting policies –

a) Functional currency and presentation currency -

The functional currency of the Company is determined by the currency of the primary economic environment in which it conducts its operations. To determine the functional currency, management uses its judgment to assess the nature of operations of the Company taking into account certain primary indicators in IAS 21 including the currency that influences in sales prices and cost of services and the currency of the country whose competitive forces and regulations mainly determine their selling prices. Additionally, management has used its judgment to determine the functional currency, considering some of the secondary factors referred to in IAS 21 and concluded that the U.S. Dollar is the currency that faithfully represents the economic substance of their business and transactions.

b) Expense allocation to bans and stocks -

Management believes that the production period of the Company corresponds to the calendar year, regardless of periods of ban imposed by the Peruvian fishing authorities. In this regard, management believes that annual production costs of the Company comprise all costs incurred in the calendar year. Consequently, ban costs incurred during the year are allocated to the cost of inventories recognized or charged to income for the year they are incurred on the basis of the actual normal operating capacity of each year; which includes the respective quota allocated to the Company by the regulator in Peru. As at June 30st, 2016, costs of non-production period incurred for US$ 7,705 are recognized as expenses of the period in the financial statements (US$ 13,609 thousand in 2015) (Note 20).

5 FINANCIAL INSTRUMENTS BY CATEGORY

The classification of financial instruments by category is as follows:

	2016 US$000	2015 US$000
Financial Assets:		
Cash and Cash Equivalents	17,228	1,693
Trade Accounts Receivables (Net)	3,211	2,224
Account Receivables from Related Entities	39,430	34,549
Other Account Receivables (Net)	3,362	2,902
Total	63,231	41,368
Financial Liabilities:		
Financial Obligations	234,055	237,565
Trade Account Payables	33,353	24,620
Other Account Payables	7,876	6,997
Account Payable to Related Entities	26	20
Total	275,310	269,202

The credit quality of financial assets that have not expired and have not been impaired is evaluated with historical information on defaults of their counterparts. As at June 30st 2015 and 2016, are not deteriorated or accounts receivable from existing customers or new customers.

6 CASH AND CASH EQUIVALENTS

This item comprises:

	2016 US$000	2015 US$000
Cash and Checkig Accounts(a)	15,428	1,693
Time Deposits (b)	1,800	-
Total	17,228	1,693

As at June 30th, 2016, the current accounts denominated in soles and U.S. dollars by S/. 4,956 thousand and US$ 15,720 thousands, respectively (S/. 1,702 thousand and US$ 1,194 thousand respectively in 2015). These amounts are held in local banks and their availability is immediate.

As of June 30th, 2016 the time deposit are in U.S Dollars by US$ 1,800 thousand and corresponds to funds held in two local banks, which deferred interests at an effective rate of 0.05% with maturity on May, 2016.

7 TRADE ACCOUNTS RECEIVABLES

This item comprises:

	2016 US$000	2015 US$000
Trade Receivables	3,229	2,242
Allowance for doubtful debts	(18)	(18)
Total	3,211	2,224

The carrying amounts of these trade receivables are similar to their fair values due to their short-term maturities. The trade receivables are substantially denominated in U.S. dollars, have current maturities and do not accrue interest.

As at June 30th, 2016, approximately 90% of trade accounts receivable from foreign customers are guaranteed mostly letters payable at sight and 10% is subject to bank collections in the form of cash against export documents ("Cash Against Documents") (approximately 80% and 20% in 2015).

The Company assesses the credit limits of their new customers through an internal analysis of your credit history and assigns credit limits by customer. These credit limits are reviewed twice a year. 69% (54% in 2015) of trade accounts receivable corresponds to customers with balances due and for which no impairment losses are estimated given the credit experience with them. 84% of trade accounts receivable is concentrated in six major customers. No other representing clients individually or in the aggregate, more than 16% of the total balance of trade receivables.

The credit quality of the receivables that are neither past due nor impaired has been assessed on historical information reflecting compliance rates:

	2016 US$000	2015 US$000
Whitin maturity periods	2,222	1,195
Overdue up to 60 days	756	720
Overdue from 61 days to 180 days	215	291
Overdue from 181 days to 360 days	0	0
Overdue over 361 days	18	18
Total	3,211	2,224

8 INVENTORIES

This item comprises:

	2016 US$000	2015 US$000
Fishmeal and Fish Oil (IHC)		
- Fishmeal	5,441	34,650
- Fish Oil	3,034	5,269
Supplies (IHC)	3,996	3,905
Finished Products (HDC)	6,680	5,983
Packages and Packaging	1,433	1,382
	20,584	51,189
Allowance for obsolescence of inventories	(590)	(590)
Total	19,994	50,599

As at June 30th, 2016 stocks of fishmeal and fish oil amounted to 7,049 MT and 1,538 MT, respectively (32,144MT and 2,136 MT, respectively, on December 2015).

As at June30th, 2016, the Company don't keeps fishmeal or fish oil pledged as collateral for bank loans (1,250 MT as guarantee of bank loans for US$ 2,000 thousand as at December 31st, 2015).

The annual movement of the estimate for impairment of inventories has been as follows:

	2016 US$000	2015 US$000
Initial Balance	590	1,006
Aditions (Nota 23)	-	302
Penalty	-	(718)
Ending Balance	590	590

The allowance for impairment of inventories has been determined according to the assessment made by the operational areas of the Company, identifying those supplies and materials that are obsolete. Accordingly, the Management of the Company believes that no additional estimate for impairment of inventories as at June 30th, 2016.

9 **RELATED COMPANIES**

a) Balances receivable from and payable to related parties as at June 30th, 2016 and December 31st, are as follows:

	2016 US$000	2015 US$000
Receivables:		
Corporación Exalmar S.A.	5,089	5,044
Corporación del Mar S.A.	1,679	1,655
Compañía Hotelera El Sausal S.A.	725	701
Complejo Agroindustrial Beta S.A.	536	335
Comercializadora Global	247	86
Inmobiliaria Seville S.A.	35	31
Other Related Entities	26	25
	8,337	7,877
Less: Estimated doubtful accounts	(4,975)	(4,975)
	3,362	2,902

	2016 US$000	2015 US$000
Payables		
Complejo Agroindustrial Beta S.A.	16	16
C.M.V. Servicios Ejecutivos S.A.	8	2
Others minor	2	2
	26	20

Management estimates that it will recover the receivable balances to its parts related as of June 30th, 2016, so the date of the financial statements has not recognized additional allowance. The assessment of the collectability of these accounts is held at the end of each period, which includes examining the financial position of the companies involved.

The carrying values of these receivables and payables are similar to their fair values due to their short-term maturities. These accounts bear interest at an annual interest rate of 13.74% and have no specific guarantees.

As at June 30th, 2016 and December 31st, 2015, the Company has provided guarantees to financial institutions on behalf of related entities by S/. 6 millions

a) The main transactions with related parties, which are held at market value, which become balances receivable and payable comprise:

	2016 US$000	2015 US$000
Loans	195	55
Invoicing of network services and other	174	358
Expenses for Office rental and others	(6)	(10)

b) Remuneration of key managements

As at June 30th, 2016, the wages and other benefits to management manager, considered key personnel, ascended to US$ 952 thousand (US$ 795 thousand in 2015), also, the remuneration to the board ascends to US$ 78 thousand (US$ 80 thousand in 2015).

10 OTHER RECEIVABLES

This item comprises:

	2016 US$000	2015 US$000
Advances to shipowners (a)	30,133	26,507
Tax Credits - VAT (b)	1,999	3,599
Balance in favor of the Income Tax (Note 25-c)	1,564	2,075
Personnel and Shareholders (c)	6,944	5,955
Prepaid Expenses	15,550	266
Claims to third parties	706	499
Others	1,795	1,734
	58,691	40,635
Allowance for impaired receivables	(148)	(146)
Total	58,543	40,489
Non-current portion	(22,132)	(16,448)
Current portion	36,411	24,041

Other accounts receivable of the Company have current maturity.

(a) The accounts receivable are mainly owners fishing funds provided by the Company to perform these maintenance and repair of their boats and grants to meet its working capital needs. These receivables accrue interest monthly at rates between 8% and 10% and no specific guarantees. The Company gets these compensating amounts with the amounts billed shipowners from raw material that they delivered to our production plants during the fishing periods.

(b) Corresponds to the balance in favor of the VAT paid on the acquisition of goods and services tax deductible as applicable to sales of goods and services in the future make the Company and who are taxed on that tax, in the short term and by requesting repayment of the balance in favor of exporting material benefit. As at June 30th, 2016, the Company has recovered US$ 6,411 thousand by this concept (US$ 12,617 as of December 31st 2015).

(c) On July 23, 2012, the Company entered into a loan agreement to shareholders in the amount of US$ 7,500 thousand. The loan matures in 2014 and bears interest at the annual rate of 8%. The December 28, 2012, the shareholder made the partial repayment of the loan in the amount of US$ 5,000 thousand.

11 PROPERTY, PLANT AND EQUIPMENT

a) Composition of balance-

The movement of the item of property, plant and equipment and related accumulated depreciation for the years ended June 30th, 2016 and December 31st, 2015 and has been as follows:

	Land	Buildings and Other Constructions	Vessels	Machienary and Equipment	Transport Units	Furniture and Fixtures	Miscellaneous Equipment	Work in Progress	Total
	US$000	US$000	US$000	US$000	US$000	US$000	US$000	US$000	US$000
Year 2015:									
Initial net carrying value	9,329	25,091	58,726	101,743	348	488	1,679	7,496	204,900
Additions	-	-	-	-	-	-	-	7,344	7,344
Disposals	34,421	-	-	-	-	-	-	-	34,421
Transfers and Others	-	-	(17,173)	(754)	(69)	(16)	(19)	-	(18,031)
Depreciation Charge	-	906	4,041	6,207	39	33	370	(11,596)	-
Impairment Charge	-	(1,173)	(7,469)	(10,837)	(115)	(64)	(439)	-	(20,097)
Payment to Depreciation	-		13,626	407	68	16	13		14,130
Final net carrying value	43,750	24,824	51,751	96,766	271	457	1,604	3,244	222,667
Balance as at June 30, 2015:									
Cost	43,750	25,091	41,553	100,989	279	472	1,660	14,840	228,634
Depreciation Acumulated	-	(267)	10,198	(4,223)	(8)	(15)	(56)	(11,596)	(5,967)
Net Book Value	43,750	24,824	51,751	96,766	271	457	1,604	3,244	222,667
Year 2016:									
Initial net carrying value	43,750	24,824	51,751	96,766	271	457	1,604	3,244	222,667
Additions	-	-	-	-	-	-	-	11,782	11,782
Disposals	-	-	-	-	-	-	-	-	-
Transfers and Others	-	-	(4,924)	-	-	(162)	-	-	(5,086)
Depreciation Charge	-	125	1,378	261	-	6	11	(1,781)	-
Impairment Charge	-	(598)	(3,586)	(5,213)	(46)	(33)	(218)	-	(9,694)
Payment to Depreciation	-		4,595	-	-	162	-		4,757
Final net carrying value	43,750	24,351	49,214	91,814	225	430	1,397	13,245	224,426
Balance as at June 30, 2016:									
Cost	43,750	25,216	38,007	101,250	279	316	1,671	24,841	235,330
Depreciation Acumulated	-	(865)	11,207	(9,436)	(54)	114	(274)	(11,596)	(10,904)
Net Book Value	43,750	24,351	49,214	91,814	225	430	1,397	13,245	224,426

b) Financial Leases -

Property, vessels, plant and equipment includes assets acquired under finance leases as follows:

	2016 US$000	2015 US$000
Deferred Cost	4,745	-
Cost of Sales (Note 20)	2,023	3,907
Ban Period Expenses (Note 21)	2,522	5,740
Sales Expenses (Note 22)	130	131
Administratives Expenses (Note 23)	274	231
Total	9,694	10,009

c) In 2015, the revaluation of land presents a balance of US$ 34,421 thousands in the movement of the fixed asset that discounted from the income tax deferred US$ 9,638 thousands (note 16), heritage is a balance of US$ 24,783 thousands.

d) Impairment tests of property, plant and equipment –

i) Operatives -

Management has reviewed the projections of the results expected for the years remaining useful life of the fixed assets as part of the identified UGEs and in his opinion is not necessary to establish any provision by loss impairment for those operating assets at the date of the financial statements. (Note 4.1-a).

ii) Inoperatives -

As at June 30th, 2016 and December 31st, 2015, the company has non-operating fixed assets whose net book value is US$ 1,648 miles (Note 1-a).

The recoverable value of these active inoperative is fair value less the costs necessary to make the sale, determined by independent appraisers as at June 30th, 2016.
Management believes that it is not necessary to make additional provisions for impairmentto the accounted for US$ 1,390 thousand (US$ 1,390 thousand at December 31th, 2015).

The movement of the deterioration as at June 30th, 2016 and December 31st, 2015 are as follows:

	2016 US$000	2015 US$000
Initial Balance	1,390	3,038
Aditions	-	-
Penalty	-	(1,648)
Final Blance	1,390	1,390

e) Others -

- Additions to construction in progress at June 30th, 2016 comprise mainly investments realized in improved fishing vessels for US$ 5,916 thousand (US$ 3,664 thousand in 2015), in processing plants for indirect human consumption for US$ 4,486 thousand (3,882 thousand in 2015) implementations in processing plants for direct human consumption for US$ 1,358 thousand (US$ 498 thousand in 2015 and administrative implementations of US$ 108 thousand (US$ 680 thousand in 2015).
- The Company maintains insurance contracts to protect their main asset against fire and all risk, as well as potential claims that might be filed by the exercise of their activity. In Management's opinion, their insurance policies are consistent with international practice applicable to the industry and the risk of potential losses for claims considered in the insurance contract.

12 INTANGIBLE ASSETS

The movement for the category of intangible assets and related accumulated amortization for the years ended June 30th, 2016 and December 31st, 2015, was as follows:

	SAP Software US$000	License US$000	Total US$000
Year 2015:			
Initial net carrying value	2,479	104,235	106,714
Additions	580	5,003	5,583
Amortitation charge	(217)	-	(217)
Final net carrying value	2,842	109,238	112,080
As at December 31, 2015			
Cost	4,461	109,238	113,699
Accumulated depreciation	(1,619)	-	(1,619)
Net Carrying Value	2,842	109,238	112,080
Year 2016:			
Initial net carrying value	2,842	109,238	112,080
Additions	86	-	86
Amortitation charge	(147)	-	(147)
Final net carrying value	2,781	109,238	112,019
As at June 30, 2016			
Cost	4,547	109,238	113,785
Accumulated depreciation	(1,766)	-	(1,766)
Net Carrying Value	2,781	109,238	112,019

Fishing licenses correspond to boats and processing plants of fishmeal and fish oil that have been acquired by purchase and business combination.

According to current legislation, fishing licenses are granted by the Ministry of Production to a specific vessel and for a defined time period. This period begins when the Ministry of Production issues it gives rise to the fishing license and ends (for reasons other than that the boat is removed or destroyed) if the holder does not meet present certain documentation required at the beginning of each year calendar (Note 1-b).

Also, the fishing license shall remain in force indefinitely if the Company meets submit the required documentation. In addition, it is prohibited to transfer fishing licenses to third parties by any means separately of the respective vessels that were granted. In this sense, each fishing vessel, along with its license, it is considered as a separate cash generating unit.

In Management's opinion, the recoverable value of intangible assets exceeds their book value, so it is not necessary to make a provision for impairment of such assets at the date of the financial statements. (Nota 4.1-a).

13 GOODWILL

As at June 30th, 2016 and December 31st, 2015, the amount of goodwill amounts to US$ 88,719 thousand. Is shows then the distribution of the added value to two of the three units generating of effective (boats and consumption human indirect):

	2016 US$000	2015 US$000
Vessels	70,682	70,682
Plants	18,037	18,037
Total	88,719	88,719

In the management opinion, as at June 30th, 2016 and December 31st, 2015, the calculation of the recoverable value is based on projections of future cash flows which in turn are based on Budgets approved by management and covering a 10-year horizon.

Therefore, it is not necessary to constitute a provision for impairment on goodwill at the date of the financial statements (Note 4.1-a).

14 FINANCIAL OBLIGATIONS

This item comprises:

	2016 US$000	2015 US$000
Bonds	202,987	203,070
Short-Terms Bank Loans	24,569	28,590
Financial Lease Liabilities	6,499	5,905
Total	234,055	237,565

	2016 US$000	2015 US$000
Less current portion of financial obligations:		
Bonds (Provision of Interests)	(6,595)	(6,595)
Short-Terms Bank Loans	(24,569)	(28,399)
Financial Lease Liabilities	(2,176)	(2,259)
Bank Overdrafts	-	-
	(33,340)	(37,253)
Total Long-Term financial obligations:		
Bonds	196,392	196,475
Short-Terms Bank Loans	-	191
Financial Lease Liabilities	4,323	3,646
Total	200,715	200,312

a) Bonds -

On January 2013, the Company completed an international issue of corporate bonds under the format REGS 144A for US$ 200 million as principal for a period of 7 years and an annual fixed interest rate of 7.375%. The period of interest payment is semi-annual, with an expiration date to January 31st, 2020. The cash flows were used to prepay the syndicated loan that the Company kept with Portigon AG, New York Branch for US$ 140

million and the difference in various investments.
As of June 30st, 2015, the principal of the bonds is net of costs directly related to US$ 3,746 thousand and accrued interest amounting to US$ 7,375 thousand (US$ 6,310 thousand in 2014).

During the term of the underwriting contract in which (i) the Bonds have Investment Grade rating from two recognized risk rating agencies, and (ii) are not incurred in default or Event of Default is not it has cured (the occurrence of the events described in the preceding clauses (i) and (ii) collectively called the “Event of Suspension of Covenant”), the Company will not be subject to the following provisions (collectively the “Covenants Suspended”) of the underwriting agreement:

- Limitation on Debt and Disqualified Stock;
- Limitation on Restricted Payments;
- Limitation on Restrictions of dividends and others payments which affect the restricted subsidiaries;
- Limitation on Transactions with Affiliates;
- Limitation on Asset Sales;
- Limitation on Business Activities; and
- Limitation on Consolidation, Merger and Sale of Assets.

As at December 31st, 2015, the Company has not breached any restriction (‘covenants’) and expects to meet these requirements over the next 12 months.

b) Bank Notes -

As at June 30th, 2016, this item includes notes denominated in U.S. dollars obtained to meet the working capital needs of the Company, bearing interest at an annual effective rate between 0.80% and 4.11% (the same in 2015). These notes are secured by stocks ‘warrants’ in the case of pre shipment and are unsecured when the funds are for working capital, and whose maturity periods not exceeding one year.

c) Financial Leases obligations -

The financial lease obligations are denominated in US dollars and are kept in local financial institutions (Banco de Credito del Peru, BBVA Continental, Interbank and Banco Santander) in order to finance acquisitions of fixed assets; accrue interest at an annual effective rate between 3.60% and 7.16%, guaranteed with the same fixed assets, given the option to the Company to purchase the assets at the end of the lease term and whose maturity periods not exceeding 6 years.

As at June 30th, 2016 and December 31st, 2015, the minimum payments to be made and the present value of obligations under finance leases contracts are as follows

	2016	**2015**
	US$000	**US$000**
Up to one year	2,421	2,501
More than one year	4,624	3,949
	7,045	6,450
Future finance charges on finance leases	(546)	(545)
Present value of finance leases	6,499	5,905

d) Bank overdrafts -

As at June 30th, 2016 the Company has no bank overdrafts.

e) The maturity of financial liabilities is as follows:

Year	2016 US$000	2015 US$000
2015	26,745	30,658
From 2016 to 2020	207,310	206,907
Total	234,055	237,565

f) The value in books and the value reasonable of the obligations financial is the following:

	Value in Books		Reasonable Value	
	2016 US$000	2015 US$000	2016 US$000	2015 US$000
Bonds	202,987	203,070	153,500	122,200
Bank Notes	24,569	28,590	24,232	28,198
Financial Leases	6,499	5,905	6,470	5,879
Total	234,055	237,565	184,202	156,277

The values in books of the obligations financial to short term is closer to its value reasonable. The fair values of the bonds have been determined by applying the rate of 21.21%, those of the bank notes by applying the rate of 3.17% and those of capital leases by applying the rate of 4.06% (19.11% for the bonds, 3.17% for promissory notes banking and 4.06% for leases in 2015).

15 TRADE ACCOUNTS PAYABLE AND OTHER ACOUTBS PAYABLE

This item comprises:

	2016 US$000	2015 US$000
Trade Accounts payable (a):		
Bills payable	29,012	22,349
Provision of bills receivable	4,341	2,271
	33,353	24,620

	2016 US$000	2015 US$000
Other Payables:		
Taxes	280	287
Remuneration payable	413	160
Vacations payable	2,009	1,180
Social security and pension arrears	125	314
Participation of workers	-	538
Compensation for time served	239	333
Accrued expenses (b)	3,076	2,727
Provisions (c)	2,168	2,168
Advances from customers	361	140
Others	1,373	1,318
	10,044	9,165
Non-current portion	(2,168)	(2,168)
Current portion	7,876	6,997

(a) Trade accounts payable are principally for purchase of goods and services associated with the fishery. These payables are denominated in soles and U.S. dollars are considered current maturities, do not generate interest and have not provided guarantees for these obligations. The carrying amount of trade payables is similar to its fair value.

(b) Accrued expenses relate to services received in previous years, whose billings were not received by the closing date. These expenses are primarily related to insurance, customs charges, certifications and energy.

(c) The provisions primarily include US$ 2,168 thousand (the same in 2015) corresponding to ongoing legal proceedings. The amounts accrued do not include any amount that may result in the event that the counterparty required paying additional penalties.

16 DEFERRED INCOME TAX

The movement in the account tax deferred income for years ended June 30th, 2016 and December 31st, 2015 is as follows:

	2016 US$000	2015 US$000
Initial Balance	7,097	6,838
Payment to the comprehensve income state (Note 25-a)	3,688	(9,379)
Payment to equity	-	9,638
Final Balance	10,785	7,097

The movement in deferred tax assets and liabilities during the year, without considering netting is as follows:

	Opening Balances US$000	… Additions(deductions)… Income/Loss for the period US$000	Other Changes US$000	Closing Balances US$000
As at June 30, 2016				
Assets:				
Provision for vacation payable	368	42		410
Tax Loss	5,228	(4,050)	-	1,178
Underwritting costs	620	(78)	-	542
Other provisions	819	(226)	-	593
	7,035	(4,312)	-	2,723
Liabilities:				
Future repairs	(8,466)	614	-	(7,852)
Impairment of supplies	(4,089)	10	-	(4,079)
Deduction on fix assets	(1,577)	-	-	(1,577)
	(14,132)	624	-	(13,508)
Deferred Liabilities (Net)	(7,097)	(3,688)	-	(10,785)
As at December 31, 2015				
Assets:				
Provision for vacation payable	312	56		368
Ban period expenses	249	(249)	-	-
Tax Loss	194	5,034	-	5,228
Underwritting costs	944	(324)	-	620
Other provisions	1,850	(1,031)	-	819
	3,549	3,486	-	7,035
Liabilities:				
Future repairs	(4,621)	5,793	(9,638)	(8,466)
Impairment of supplies	(4,108)	19	-	(4,089)
Impairment of fixed assets	(81)	81	-	-
Deductions of fixed assets for exchange differences	(1,577)	-	-	(1,577)
	(10,387)	5,893	(9,638)	(14,132)
Deferred Liabilities (Net)	(6,838)	9,379	(9,638)	(7,097)

17 EQUITY

a) Issued Capital -

The authorized, subscribed and paid capital as of June 30th, 2016 is represented by 295,536,144 common shares at a nominal value of S/.1 each. (295,536,144 in 2014).

As at June 30th, 2016 and December 31st, 2015, the shareholding structure (in thousands of shares) in the share capital of the Company is as follows:

Shareholders	2016 Shares	Percentage	2015 Shares	Percentage
Caleta de Oro Holding S.A.	180,048	60.92%	180,048	60.92%
Caleta de Oro Holding del Perú S.A.C.	25,000	8.46%	25,000	8.46%
Bancard International Investment Inc.	26,701	9.03%	-	0.00%
Stafedouble S.L. Sociedad Unipersonal	-	0.00%	15,000	5.08%
Others	63,787	21.59%	75,488	25.54%
	295,536	100.00%	**295,536**	100.00%

b) Share issue premium -

The General Meeting of Shareholders held on October 4, 2010 approved the capital increase of the Company by local and international offering of up to 57,500,000 shares of Class "A" with a nominal value of S/.1 each. The placement in local and international market of S/.57, 500,000 new shares were added to equity of the Company for a market value of S/.4.75 each, representing an increase in capital of US$ 20.584 and recognition a capital grant of US$ 69,721 thousand, net of costs associated with the issuance of US$ 7,467 thousand.

c) Others Capital Reserves -

Legal Reserve -

The General Meeting of Shareholders held on October 4, 2010 approved the capital increase of the Company by local and international offering of up to 57,500,000 shares of Class "A" with a nominal value of S/.1 each. The placement in local and international market of S/.57, 500,000 new shares were added to equity of the Company for a market value of S/.4.75 each, representing an increase in capital of US$ 20.584 and recognition a capital grant of US$ 69,721 thousand, net of costs associated with the issuance of US$ 7,467 thousand.

Others Reserves -

It is includes revaluation of land whose amounts are determined based on technical appraisals made by an independent expert valuer. The revaluation surplus, which is recorded net of its effect by deferred income tax, is transferred to accumulated results when assets that gave origin are removed or sold.

d) Distribution of Dividens -

Dividends distributed to shareholders other than domiciled legal entities are assigned to the following rates of 4.1% to 6.8% for distributions adopted or made available in cash or in kind during the years 2015 and 2016; 8.8% for the years 2017 and 2018, and 9.3% from 2019 onwards. The distribution of retained earnings until December 31st, 2014, remains subject to 4.1%, even though the distribution thereof is made in the following years. Such income tax charge of these shareholders; it is retained and paid by the Company.

En Junta Obligatoria Anual de Accionistas de fecha 13 de abril de 2015, se delegó al Directorio la aprobación de la distribución de dividendos luego de proceder con la verificación de la extracción efectiva del LMCE correspondiente a las embarcaciones pesqueras de la Sociedad (la “Cuota”) para la primera temporada de pesca de 2015. Al haber concluido la primera temporada de pesca el 31 de julio de 2015 y luego de la verificación de la extracción definitiva del LMCE, el Directorio aprobó la distribución de dividendos por US$10,000 mil. Los dividendos equivalen a S/.0.0947 (equivalente a US$0.0338) por acción común, y fueron pagados en septiembre de 2015.

In the General Meeting of Shareholders held on April 13th, 2016, it was approved the not dividend distribution

18 SALES

Sales by product type for the years ended June 30th, 2016, comprising:

	2016 US$000	2015 US$000
Fishmeal	64,970	48,192
Fish Oil	7,627	6,391
Fish for direct human consumption (frozen)	7,102	11,294
Others	301	1,926
	80,000	67,803

Sales by destination for the years ended as at June 30th, 2016, comprising:

	2016 US$000	2015 US$000
Exports		
Asia	52,153	35,848
Europe	9,088	6,449
America	8,448	12,635
	69,689	54,932
Local Sales and Others	10,311	12,871
Total	80,000	67,803

The corresponding amounts (MT) shipped and sold as at June 30th, 2016 were as follows:

	2016 TM	2015 TM
Fishmeal	42,008	25,622
Fish Oil	3,353	4,438
Fish for direct human consumption (frozen)	3,288	10,468
	48,649	40,528

19 COSTS OF SALES

Cost of sales for the years ended June 30th, 2016, comprising:

	2016 US$000	2015 US$000
Beginning inventory of finished products (Note 8)	43,824	16,145
Costo de producción:		
Raw Materials, inputs and supplies	18,871	62,625
Personnel cots	2,935	2,326
Manufacturing Expenses	1,424	11,072
Depreciation (Note 11)	2,023	3,907
Less ending inventory of finished products (Note 8)	(14,107)	(54,578)
Total	54,970	41,497

20 COSTS INCURRED IN NON-PRODUCTION PERIODS

The costs incurred in non-production periods as at June 30th, 2016 and December 31st, 2015, comprising:

	2016 US$000	2015 US$000
Personnel Charges	1,541	3,332
Comsumption of sundry supplies	570	632
Services from third parties	2,583	2,887
Various chrges of managment	368	790
Taxes	121	228
Depreciation (Note 11)	2,522	5,740
Total	7,705	13,609

21 SELLING EXPENSES

Selling expenses as at June 30th, 2016 and December 31st, 2015, comprising:

	2016 US$000	2015 US$000
Personnel Charges	596	525
Transport of finished products	611	670
Commissions on sale of finished products	192	133
Rental expense	-	121
Safety and security	212	175
Inspection and analysis	389	293
Stowage and packaging	118	212
Services export expenses	1,317	1,309
Storage of finished products	28	555
Depreciation (Note 11)	130	131
Others	548	636
Total	4,141	4,760

22 ADMINISTRATIVE EXPENSES

Administrative expenses as at June 30th, 2016 and December 31st, 2015, comprising:

	2016 US$000	2015 US$000
Personnel Charges	1,890	1,705
Communications	132	125
Fees	464	355
Maintenance and repairs	70	64
Rental expenses	310	326
Taxes	1	4
Insurance	12	18
Depreciation (Note 11)	274	231
Others	755	574
Total	3,908	3,402

23 OTHER INCOME AND EXPENSES

Other income and expenses as at June 30th, 2016 and December 31st, 2015, comprising:

	2016 US$000	2015 US$000
Other Income:		
Indemnity insurance	524	3,285
Reversal of provisions	228	338
Income for selling fuels amd materials	125	200
Income for drawback	198	157
Other minors	394	726
Total	1,469	4,706

(a) Corresponds to the payment of the insurance policy with Pacifico Peruano Suiza by the damaged boat "Don Alfredo" in the month on February 2016.

	2016 US$000	2015 US$000
Other Expenses:		
Fiscal and taxes penalties assumed	1,148	1,682
Net cost on disposal of assets	329	2,267
Shrinkage	148	-
Other minors	869	569
Total	2,494	4,518

24 FINANCIAL INCOME AND EXPENSES

Financial income and expenses as at June 30th, 2016 and December 31st, 2015, comprising::

	2016 US$000	2015 US$000
Financial Income		
Interest on short-term deposits	21	41
Total	21	41
Financial Expenses		
Interest on bond, bank loans and averdrafts	7,351	7,760
Interest on obligations under finance leases	173	179
Other interests	642	507
Total	8,166	8,446

25 INCOME TAX

a) The expense for income tax shown in the statement of comprehensive income comprises:

	2016 US$000	2015 US$000
Income Tax:		
Current Income Tax	1	(17)
Income Tax Deferred (Note 16)	3,688	6,175
Total	3,689	6,158

b) Management of the Company has determined the taxable income under the general income tax according to the tax legislation in Peru, which requires adding and deducting from the result shown in the financial statements, those items that legislation recognizes as taxable and nontaxable, respectively. As at June 30th 2015, the current rate of income tax is 28% (the same in 2015).

The income tax on profit before tax of the Company differs from the theoretical amount that would result from applying the tax rate to the income of the Company, as follows

	2016 US$000	%	2015 US$000	%
(Loss) Profit before Tax	22	100.00	(3,506)	100.00
Tax calculated using a rate of 28%	6	28.00	(982)	28.00
Tax effect over additions (deductions):				
Permanent Items	639	2,905	759	(21.65)
Applied tax loss	(4,050)	(18,409)	-	-
Others setting	(284)	(1,291)	6,381	(182.00)
Total	(3,689)	(16,767)	6,158	(175.65)

c) As at June 30th, 2016, the Company had debt balances with Tax Administration related income tax of US$ 1,564 (US$ 2,075 in 2015).

d) The Tax Administration has the authority to review and, if necessary, amend the income tax determined by the Company in the last four years, beginning on January 1 of the year following the filing of the statement sworn use tax (years subject to examination). As at December 31st the tax Administration realized an audit of the Income tax corresponding to the period 2010, 2011 and a partial revision of 2014 without non-significant observations; In this sense, the years 2012 to 2015 are subject to audit. Because there may be differences in interpretation by the Tax Administration on the rules applicable to the Company, cannot be anticipated at the time if additional revisions as a result of any tax liabilities will arise. Any additional tax, penalties, and interest refills, if they occur, will be recognized in the income year in which the disagreement with the Tax Administration is resolved. Management believes that no significant liabilities will arise as a result of these possible revisions.

In accordance with current legislation, for purposes of determining the income tax and general sales tax should be considered for transfer pricing transactions with related parties and / or tax havens, for this purpose should be available documentation and information supporting the methods and valuation criteria applied in their determination. The Tax Authority is entitled to request this information from the taxpayer.

e) According to the legislation in force, for purposes of determining the income tax and the General sales tax, should be considered of transfer pricing for transactions with related entities and/or tax havens, to such effect should be documentation and information supporting the methods and valuation criteria used in its determination. The Administration tax are empowered to request this information to the tax payer.

f) Regulatory Framework - Amendments to the Law on Income Tax –

Through Law No.30296, published on December 31st, 2014, they have been established modifications to the Law on Income Tax applicable from the year 2015 onwards.

Among the changes, reducing the tax rate on income of third category, from 30% to 28% for the years 2015 and 2016, to 27%, for the years 2017 and 2018, and 26% required from year 2019 onwards.

It has also increased the tax on dividends and other forms of distribution - 48 - profit legal persons may be agreed for non-resident individuals and corporations, from 4.1% to 6.8% for distributions adopted or made available in cash or in kind during the years 2015 and 2016; 8.8% for the years 2017 and 2018, and 9.3% from 2019 onwards. The distribution of retained earnings until December 31, 2014, remains subject to 4.1%, even though the distribution thereof is made in the following years.

g) Temporary Tax on Net Assets -

This tax to the generators of third-category income subject to the income tax general regime. Starting from the year 2009, the rate of the tax is of 0.4% applicable to the amount of the active NET that exceed S/1 million.

The amount effectively paid may use is as credit against them payments to has of the regime General of the tax to the income or against the payment of regularization of the tax to the income of the exercise taxable to which corresponds.

26 EARNING PER SHARE

a) Basic -

Basic earnings per share is calculated by dividing the net profit attributable to shareholders of the Company by the weighted average number of common shares outstanding and to be issued during the year (Note 17-a).

	2016	2015
Profit (loss) attributable to shareholders (Expressed in US$000)	(3,667)	(9,664)
Weighted average of common shares outstanding (expresseid in US$000)	295,536	295,536
Basic and diluted earnings per ordinary share	(0.012)	(0.033)

b) Diluted -

The diluted earnings per share equal basic earnings per share. In June of 2016 and 2015 has not been calculated income (loss) per common share diluted because there were not any potential diluent activities, is, financial instruments or other contracts that give the right to obtain common shares.

27 NON-CASH TRANSACTIONS AND CASH FLOW STATEMENT

The investment and financing activities that do not generate cash disbursements and cash equivalents, which affected assets and liabilities for the years ended June 30th, 2016 and December 31st, 2015, are summarized as follows

	2016 US$000	2015 US$000
Acquisition of property, plant and equipment through financial leases	2,057	-
Adquisición de activos intangibles - licencias de pesca a través de arrendamientos financieros	-	-

28 COMMITMENTS AND CONTINGENCIES

a) Guarantees granted -

As at June 30th, 2016, the Company holds the follows securities in financial institutions:

- Performance Bond issued by Banco de Crédito del Perú
  - For S/. 6,000 thousand corresponds to Tax processing
- Performance Bond issued by BBVA Continental
  - For S/. 2,000 thousand corresponds to Tax Administration in guarantee of balance devolution of export profit for the periods at May 2016
- Performance Bond issued by Interbank
  - For S/. 3,000 thousand corresponds to Tax Administration in guarantee of balance devolution of export profit for the periods at April 2016
  - For US$ 241 thousand for Gas Natural de Lima y Callao S.A

b) Contingencies -

As at June 30th, 2016, the Company has civil and labor proceedings against the Company for $ 14,104 thousand, and for which there have been corresponding written discharge. In the opinion of Management and its legal counsel, there are sufficient grounds to argue these claims and it is estimated that no significant liabilities will arise or significant effects on the financial statements of the Company. (Note-15d)

29 EVENTS AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

On date July 11th, The Company announced as relevant event the beginning of a tender offer on its bonds for up to USD 101 MM