(Free translation from the original in Spanish)

PESQUERA EXALMAR S.A.A.

FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND DECEMBER 31, 2015

Gaveglio Aparicio y Asociados Sociedad Civil de Responsabilidad Limitada.
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CONTENTS

US$ = United States dollar
S/ = Peruvian sol

(Free translation from the original in Spanish)

INDEPENDENT AUDITOR´S REPORT

To the Shareholders and Board of Directors
Pesquera Exalmar S.A.A.

February 28, 2017

We have audited the accompanying financial statements of **Pesquera Exalmar S.A.A.** (a subsidiary of Caleta de Oro Holding S.A., a company incorporated in Panama) which comprise the statement of financial position at December 31, 2016 and 2015, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory notes from 1 to 30.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with International Standards on Auditing approved for application in Peru by the Board of Deans of Institutes of Peruvian Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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February 28, 2017
Pesquera Exalmar S.A.A.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Pesquera Exalmar S.A.A.** at December 31, 2016 and 2015, and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

Gaveglio Aparicio y Asociados

Countersigned by

---(partner)
Francisco Patiño
Peruvian Certified Public Accountant
Registration No.01-25611

(Free translation from the original in Spanish)

PESQUERA EXALMAR S.A.A.

STATEMENT OF FINANCIAL POSITION

ASSETS

	Note	As of December 31, 2016 US$000	As of December 31, 2015 US$000
CURRENT ASSETS			
Cash and cash equivalents	6	6,743	1,693
Trade receivables	7	2,295	2,224
Inventories	8	69,712	50,599
Receivables from related parties	9	2,146	2,902
Other receivables	10	26,598	20,535
Current income tax asset		2,446	2,075
Total current assets		109,940	80,028
NON-CURRENT ASSETS			
Other receivables	10	17,151	16,448
Property, plant and equipment	11	216,530	222,667
Intangible assets	12	114,556	112,080
Goodwill	13	88,719	88,719
Other assets		1,620	1,431
Total non-current assets		438,576	441,345
TOTAL ASSETS		548,516	521,373

LIABILITIES AND EQUITY

	Note	As of December 31, 2016 US$000	As of December 31, 2015 US$000
CURRENT LIABILITIES			
Borrowings	14	78,633	37,253
Trade payables	15	35,243	24,620
Payables to related parties	9	22	20
Provisions	15	8,407	6,997
Total current liability		122,305	68,890
NON-CURRENT LIABILITIES			
Borrowings	14	191,486	200,312
Provisions	15	3,648	2,168
Deferred income tax liability	16	11,793	7,097
Total non-current liabilities		206,927	209,577
Total liabilities		329,232	278,467
EQUITY	17		
Share capital		89,772	89,772
Share premiun		69,721	69,721
Other capital reserves		29,494	28,392
Retained earnings		30,297	55,021
Total equity		219,284	242,906
TOTAL LIABILITIES AND EQUITY		548,516	521,373

The accompanying notes from pages 7 to 49 are part of the financial statements.

(Free translation from the original in Spanish)

PESQUERA EXALMAR S.A.A.

STATEMENT OF COMPREHENSIVE INCOME

	Note	For the year ended December 31, 2016 US$000	2015 US$000
Sales	18	136,131	156,237
Cost of sales	19	(90,801)	(97,345)
Costs incurred in non-production periods	20	(28,204)	(24,304)
Gross profit		17,126	34,588
Selling expenses	21	(8,508)	(9,638)
Administrative expenses	22	(7,702)	(7,096)
Other income	24	10,795	13,104
Other expenses	24	(12,953)	(17,456)
		(18,368)	(21,086)
Operating (loss) profit		(1,242)	13,502
Finance income	25	29	79
Finance costs	25	(22,071)	(18,463)
Exchange difference, net	3	2,062	(1,764)
		(19,980)	(20,148)
Loss before income tax		(2,122)	(6,646)
Income tax	26	(3,502)	7,921
(Loss) profit for the year		(24,724)	1,275
Other comprehensive income:			
Revaluation surplus, net of income tax		1,102	24,783
Total comprehensive income for the year		(23,622)	26,058
Basic and diluted (loss) earning per share (expressed in US dollars)	27	(0.084)	0.004

The accompanying notes from pages 7 to 49 are part of the financial statements.

(Free translation from the original in Spanish)

PESQUERA EXALMAR S.A.A.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	Note	Share capital US$000	Share premium US$000	Other capital reserves US$000	Retained earnings US$000	Total US$000
Balances as of January 1, 2015		89,772	69,721	3,609	63,746	226,848
Profit for the year		-	-	-	1,275	1,275
Other comprehensive income:						
- Revaluation surplus	17	-	-	24,783	-	24,783
Total comprehensive income		-	-	24,783	1,275	26,058
Dividend distribution	17	-	-	-	(10,000)	(10,000)
Balances as of December 31, 2015		89,772	69,721	28,392	55,021	242,906
Balaces as of January 1 2016		89,772	69,271	28,392	55,021	242,906
Loss for the year		-	-	-	(24,724)	(24,724)
Other comprehensive income:						
- Revaluation surplus		-	-	1,102	-	1,102
Total comprehensive income	17	-	-	1,102	(24,724)	(23,622)
Balances as of December 31, 2016		89,772	69,721	29,494	30,297	219,284

The accompanying notes from pages 7 to 49 are part of the financial statements.

(Free translation from the original in Spanish)

PESQUERA EXALMAR S.A.A.

STATEMENT OF CASH FLOWS

	Note	For the year ended December 31, 2016 US$000	2015 US$000
OPERATING ACTIVITIES			
Collections to customers		136,060	167,439
Other cash collections from operating activities		4,871	7,522
Payment to suppliers		(101,045)	(114,841)
Payment of salaries		(21,371)	(26,961)
Tax payment		(4,473)	(3,458)
Interest payment		(25,174)	(16,910)
Other cash payments from operating activities		(5,581)	(2,965)
Cash (applied to) generated by operating activities		(16,713)	9,826
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	11	(12,876)	(7,399)
Purchase of intangible assets	12	(2,395)	(580)
Other cash payments related to investing activities		(82)	(3,175)
Cash applied to investing activities		(15,353)	(11,154)
FINANCING ACTIVITIES			
Increase in borrowings	14	214,213	148,245
Payment of borrowings	14	(177,097)	(164,368)
Dividend payment	17	-	(10,000)
Cash generated by (applied to) financing activities		37,116	(26,123)
Net increase (decrease) in cash and cash equivalents		5,050	(27,451)
Balance of cash and cash equivalents at the begining of the year		1,693	29,215
Exchange differences on cash and cash equivalents		-	(71)
Cash and cash equivalents at the end of the year	6	6,743	1,693
Non-monetary transactions:			
Finance lease of property, plant and equipment		2,488	745
Finance lease of intangible assets - Fishing licenses		400	4,948
Revaluation of property, plant and equipment		2,296	34,421

The accompanying notes from pages 7 to 49 are part of the financial statements.

(Free translation from the original in Spanish)

PESQUERA EXALMAR S.A.A.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

1 GENERAL INFORMATION

a) Incorporation and economic activities -

Pesquera Exalmar S.A.A. (hereinafter the Company) is a subsidiary of Caleta de Oro Holding S.A., based in Panama, which has 60.62% of its share capital. The Company was incorporated in Peru on November 25, 1997. The legal domicile of the Company where its administrative offices are located, is Av. Víctor Andrés Belaunde No.214, San Isidro - Lima, Peru.

The Company is principally engaged in catching, transforming, selling and the exploration of hydro-biological products for direct (CHD, the Spanish acronym) and indirect (CHI, the Spanish acronym), human consumption as well as for inputs required for its business activities, retail and wholesale purchases of fish; and other related activities, such as the production of fish oil, fishmeal and frozen products.

The Company operates six fish-meal plants and fish-oil processing plants (six in 2015) in the cities of Tambo de Mora, Chimbote, Chicama, Callao, Huacho and Paita in the departments of Ica, Ancash, La Libertad, Lima and Piura. Also, it operates two frozen fish plants engaged in processing hydro-biological products for direct human consumption, in the cities of Paita and Tambo de Mora. The Company in board meeting on June 2016, approved the temporary closing of the frozen fish plant in Paita from this date until a consistent supply of raw material that allows a correct use of the plant's installed capacity using just the warehouse area of finished products related to direct human consumption.

The processing plants of biological products for indirect human consumption use the Steam Dried - SD process to produce fish meal of a range of qualities, such as "Prime", "Super Prime", "Taiwan", "Thai" and "Standard" as well as fish oil; the processing plants of biological products for direct human consumption produce frozen hydro-biological products.

At December 31, 2016, the Company owns 33 purse seiner vessels with a total storage capacity of 8,985 M3, with a fish-catch quota in the Mid-Northern region of Peru of 6.67% and in the Southern of 4.52% (43 purse seiner vessels with a total storage capacity of 11,927 M3, with a fish-catch quota in the Mid-Northern region of Peru of 6.61% and in the Southern of 4.46% in 2015). During 2016, the Company dismantled 10 vessels made of steel and their related fish-catch quotas were transferred to the remaining operating vessels. During 2015, the Company sank 15 vessels (10 of them made of wood and 5 made of steel).

The Company currently operates with 18 steel vessels and 5 wood vessels, with operating storage capacity approximately of 6,661 M3 of vessels made of steel and 418 M3 of vessels made of wood (21 vessels with operating storage capacity of 6,220 M3 in 2015).

On December 18, 2016 the Company had a fire event on wooden vessel called "Maria Mercedes 2" (which indemnification process has been starded with the insurance Company) in respect of which the Company recognized a loss in "Other expenses" in the comprehensive income statement. In April, 2015, the vessel called "Costa de Oro" was sinister in respect of which the Company obtained an insurance indemnification (Note 24-c).

b) Regulatory framework -

The Company's activities are governed by Decree-Law No.25977 - General Fishing Law dated November 7, 1992 and its application rules, Supreme-Decree No.012-2001-PE, dated March 13, 2001; Law No.28611 - General Law of the Environment dated June 23, 2005 and Legislative Decree No. 1084 - Law of Maximum Fish-Catch Quota per Vessel, dated June 28, 2008 and its rules for application; Supreme Decree 021-2008-PRODUCE, dated December 12, 2008, all of which govern fishing activities in order to promote their sustainable growth as a source of food, employment and income and ensure responsible exploitation of hydro-biological resources, optimizing economic benefits, in harmony with the preservation of the environment and the conservation of bio-diversity.

Also, this regulatory framework includes requirements to protect and preserve the environment, by demanding measures to be taken by fishing entities to prevent and reduce the damage and risks of contamination of the sea, land and the atmosphere.

The administration and control of fishing activity in Peru has been the responsibility, of the Ministry of Production,which, based on the information provided by Peruvian Sea Institute (Instituto del Mar del Perú - IMARPE), which establishes fishing ban periods during the year in order to preserve some marine species, such as anchovy, white anchovy and hake. These fishing bans are established during the reproductive stage of the respective species or when the annual fishing quota has been reached. Fishing ban periods (non-production) affect the Company's operations since they limit the volume of fish-catch intended for the production of fishmeal and fish oil.

The general fishing law sets forth that fishing permits (fishing licenses) are those specific rights that the Ministry of Production grants entities to carry out fishing activities. Fishing licenses are granted by vessel and based on local laws and regulations are not time-restricted.

The aforementioned legislation also establishes that in the event of sinking, destruction, export or dismantling of a vessel, the vessel owner is entitled to obtain an authorization of the Ministry of Production to construct another vessel with the same storage capacity. Said piece of legislation does not set any limitations to exercise this right regarding the characteristics of construction of the new vessel or any due date for construction.

On June 28 and December 12, 2008, the Law of Maximum Fish Catch Limits per Vessel (LMCE) and rules for application were passed, respectively effective for the first fishing season of 2009. The allocation of the LMCE is made based on the highest percentage share in the national annual fish catch 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 year's catch in the case of wooden fishing vessels. The years considered for determination of the higher share percentage per each vessel are from 2004 to 2007. Under this piece of legislation, the fishing license holders are entitled to sign Agreements to Maintain the LMCE Regime with the Ministry of Production to secure the same regulatory framework for up to 10 renewable years. This term reaches maturity in 2018.

The Company limited the extractive activities in each fishing season for up to the amount of the LMCE that had been assigned to it; and it is allowed to use one or more vessels holding fishing licenses effective at the date of release of the Law to extract the hydro-biological resources until the Company subsequently obtains the required fishing permit.

c) Operations -

i) Fishmeal and fish oil -

At December 31, 2016, the Company has been given 121 days of production and 244 days of plant shut-down (159 and 206 days, respectively at December 31, 2015). Also, at December 31, 2016 fish-ban periods gave rise to operating costs of US$28,204 thousand (US$24,304 thousand at December 31, 2015).

At December 31, 2016 the Company was assigned the following anchovy-catch limits:

- Mid-Northern region 6.67% (6.61% in 2015) of the total fish-catch limit in the country amounting to 1.8 million MT for the first fishing season of 2016 which started on June 18 and ended on July 27, 2016 including the days of fishing exploratory (2.58 million MT for the first fishing season of 2015 which started on April 9, and ended on July 31, 2015) and 6.97%, including the leased fishing quota (6.61% in 2015). For the second fishing season the total fish-catch limit in Peru was set at 2 million MT which started on November 11, 2016 and ended on January 27, 2017, including the exploratory fishing days (1.11 million MT in the second fishing season 2015 which began on November 17, 2015 and ended on January 31, 2016).

- Southern region: 4.52% (4.46% in 2015) of the total fish-catch limit in the country amounting to 0.382 million MT for the first fishing season of 2016 which started on January 30 and ended on 30 June 2016 (0.375 million MT for the first fishing season of 2015 which started on March 26 and ended on July 31, 2015). For the second fishing season in 2016 the total fish-catch limit in Peru was set at 0.382 million MT, which started on July 7, and ended on December 31, 2016 (0.450 million MT in the second fishing season of 2015 which started on August 04 and ended on December 31, 2015).

At December 31, 2016 the Company processed 336,864 MT of anchovy (417,491 MT at December 31, 2015), of which, 161,596 MT was caught with our own fleet (222,455 MT at December 31, 2015) and 175,268 MT was acquired from third parties (195,036 MT at December 31, 2015).

At December 31, 2016 the Company's production was 77,979 MT of SD fish meal and 11,870 MT of fish oil (94,788 MT and 11,912 MT of fish meal and fish oil, respectively at December 31, 2015).

At December 31, 2016 local sales represented 14% (13% in 2015) of total sales and exports represented 86% (87% in 2015) of total sales of fish meal and fish oil.

ii) Direct human consumption -

	2016 MT	2015 MT
Own catch:		
Mackerel	10,423	133
Raw material from third parties:		
Squid	14,245	20,874
Whole parrot fish	762	362
Bonito	209	1,647
Others	417	702
Production:		
Squid	7,129	10,626
Whole parrot fish	422	269
Bonito	204	1,658
Others	387	631

At December 31, 2016, local sales account for 8% (15% in 2015) and export sales account for 92% (85% in 2015) of the total of the frozen sales.

d) Environmental regulation -

The Peruvian General Fishing Law requires entities to perform an Environmental Impact Assessment (EIA) prior to the beginning of any fishing activity.

Under Decree Law No.25977 - General Fishing Law, Article 6, and Rules for Application, under Supreme Decree No.01-94-PE, fishing entities are required to adopt measure intended to protect the environment and reduce the damages of pollution and the related risks on the sea, land and air environments.

The Company's operations are carried out under the premise of protecting public health and the environment, in compliance with all applicable laws and regulations.

At December 31, 2016 the Company has implemented work related to the protection of the environment in all its locations amounting to US$697 thousand (US$1,612 thousand in 2015) such as the construction of centers for the collection of solid waste, cleaning water treatment, cells for the physical treatment of pump water, the acquisition of furnaces, pumps and vapor-dryers. There are no environmental liabilities or obligations at December 31, 2016.

e) Approval of the financial statements -

The financial statements of 2016 were issued with Management's authorization on February 20, 2017 and will be submitted for consideration of the Board for approval on February 28, 2017 and then submitted to the Annual Mandatory General Shareholders' Meeting for changes and/or final approval.

Management considers that the financial statements 2016 will be approved without modifications. The financial statements at December 31, 2015 were approved by the General Shareholders' Meeting dated April 13, 2016.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation -

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter IFRS), issued by the International Accounting Standard Board (hereinafter the "IASB"), effective as of December 31, 2016 and 2015 which include the international Financial Reporting Standards (IFRS), the International Accounting Standards (IAS) and the interpretations issued by the International Financial Reporting Interpretations Committee (hereinafter "IFRIC"). Also, financial statements include the investment in a joint controlled entity called Corporación del Mar S.A. (CORMAR) recognized under the equity method of accouting (Note 2.11).

The information contained in these financial statements is the responsibility of the Company's Management, which expressly confirms that in preparing them it has applied all the principles and criteria contained in the IFRS issued by the IASB.

The financial statements which are based on the Company's accounting records and from the jointly controlled entity Corporación del Mar S.A., were prepared under the historical cost convention modified by land recognized at fair value (Note 11-d). The financial statements are presented in thousands of U.S. dollars (US$000), except when a different currency is indicated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires Management to 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 disclosed in Note 4.

2.2 Changes in accounting policies and disclosures -

New standards, amendments and interpretations adopted by the Company -

At December 31, 2016 some IFRS and IFRIC were effective; however, they are not applicable to the Company or have not had a significant impact on the Company's financial statements.

New standards and amendments and interpretations effective for the financial statements for annual periods beginning on or after January 1, 2017, which have not been early adopted -

- IFRS 9, "Financial instruments"

  IFRS 9, addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014 and retains but simplifies the mixed measurement model of the financial instruments of IAS 39 and establishes three primary measurement categories for financial assets: amortized cost, fair value through OCI and fair value through P&L.

  The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge contracts continues to apply. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests.

  It requires an economic relationship between the hedged item and hedging instrument and for the "hedged ratio" to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted.

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

  It establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

  Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 "Revenue" and IAS 11 "Construction contracts" and related interpretations. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 and earlier application is permitted.

- IFRS 16, "Leases" -

  On January 13, 2016, IFRS 16, "Leases" (IFRS 16) was issued replacing the current guidance (IAS 17, "Leases" and IFRIC 4, "Determining whether an arrangement contains a lease" and other related standards). IFRS 16 introduces a new definition of a lease and a new accounting model that will have a material impact on lessees.

  As a result of the new accounting treatment, an entity is required to recognize in the statement of financial position, at the inception of the lease, an asset for the right of use of the leased asset and a liability for the obligations to make future contractual payments. At initial recognition, the asset and liability will be measured at the present value of the minimum lease payment under contract. As a result of this change, a large number of leases classified as "operating leases" under the current standards will be shown on the face of the statement of financial position from the inception of the lease.

This new accounting model is applicable to all contracts qualifying as leases, excepted for those contracts with an effective period of less than 12 months (considering in that determination the likelihood of contract extension) and lease contracts of assets that are considered immaterial.

IFRS 16 applies to annual periods beginning on or after January 1, 2019, with earlier application permitted if IFRS 15 is also applied.

- Amendment to IAS 12 "Income tax" on recognition of deferred tax assets generated by unrealized gains -

  The amendments to IAS 12 in January 2016 clarify the deferred income tax accounting when an asset is measured at fair value and that fair value is below the tax base of the asset. The amendments confirm the following:

  - There is a temporary difference when the carrying amount of an asset is lower than its tax base at the end of the reporting period.
  - An entity may assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit.
  - When tax laws restrict the source of taxable base against which particular types of deferred tax assets can be recovered, the recoverability of deferred tax assets can only be assessed in combination with other deferred income tax assets of the same type.
  - Tax deductions resulting from reversing deferred income tax assets are excluded from the estimate of future taxable profit that will be used to assess the recoverability of those assets.

  The estimated effective date of these changes for accounting periods beginning on or after January 1, 2017.

- IAS 7 "Statement of cash flows", changes in disclosure initiatives -

  Going forward, entities will be required to explain changes in their liabilities arising from financing activities.

  This includes (i) changes arising from cash flows (eg drawdowns and repayments of borrowings) and (ii) non-cash changes such as acquisitions, disposals, accretion of interest and unrealised exchange differences. Changes in financial assets must be included in this disclosure if the cash flows were, or will be, included in cash flows from financing activities. This could be the case, for example, for assets that hedge liabilities arising from financing liabilities.

  Entities may include changes in "other items" as part of this disclosure, for example by providing a "net debt" reconciliation. However, in this case the changes in the other items must be disclosed separately from the changes in liabilities arising from financing activities.

  The information may be disclosed in tabular format as a reconciliation from opening and closing balances, but a specific format is not mandated.

  The estimated effective date of these changes is January 1, 2017.

- IFRS 10 "Consolidated financial statements" and IAS 28 "Investments in associates and joint ventures", amendments to the sale or contribution of assets between an investor and its associate or joint venture.

  The IASB has made limited scope amendments to IFRS 10 "Consolidated financial statements" and IAS 28 "Investments in associates and joint ventures".

The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a "business" (as defined in IFRS 3 "Business Combinations").

Where the non-monetary assets constitute a "business", the investor will recognize the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognized by the investor only to the extent of the other investor's investors in the associate or joint venture. The amendments apply prospectively.

The IASB decided to defer the application date of this amendment until such time as the IASB has finalized its research project on the equity method.

The Company is currently evaluating the impact these standards may have on the preparation of its financial statements. No other IFRS or IFRICs not yet effective are expected to have a significant impact on the Company's financial statements.

2.3 Segment reporting -

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the General Manager, who makes strategic decisions.

Management analyses its business considering the type of fishing activity as follows: indirect human consumption and direct human consumption in 2016 and 2015, respectively. Its major business segment, based on the Company's revenue and profits, is indirect human consumption; the other segment is not considered a reporting segment. In this regard, Management has determined only one reporting operating segment. Management manages its business from a production perspective.

Management assesses performance of the fish-meal and fish-oil business on a consolidated basis. These products are sold in markets worldwide. Other products sold by the Company include other species to a lower scale intended for human consumption.

General Manager assesses the performance of the operating segments based on the adjusted EBITDA, which considers earnings before interest, tax, depreciation and amortization. This non-GAAP performance metrics excludes the effects of other income and expenses because they are non-recurring items in the operating segments, and neither does it include income and expenses and exchange differences.

A reconciliation of the adjusted EBITDA determined by Management against loss before income tax is as follows:

	2016 US$000	2015 US$000
Adjusted EBITDA	20,699	38,168
Depreciation (Note 11)	(19,464)	(20,097)
Amortization (Note 12)	(319)	(217)
Other income and expenses, net (Note 24)	(2,158)	(4,352)
Financial income and expenses, net (Note 25)	(22,042)	(18,384)
Exchange difference, net (Note 3)	2,062	(1,764)
Loss before income tax	(21,222)	(6,646)

2.4 Foreign currency translation -

Functional and presentation currency -

Items included in the financial statements of the Company are expressed in U.S. dollars, which is currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in U.S. dollars (US$), which is the Company's functional and presentation currency.

Transactions and balances -

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. The exchange rates used are those published by the Peruvian banking, insurance and pension fund regulator (Superintendencia de Banca, Seguros y AFP - SBS) (Note 3).

Foreign exchange gains and losses resulting from the settlement and/or payment of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income within "Exchange difference, net".

2.5 Financial assets -

Classification -

The Company classifies its financial assets in the following categories: at fair value through profit and loss, held to maturity, loans and receivables and available-for-sale. 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. At December 31, 2016 and 2015, the Company only maintains loans and receivables, the characteristics and treatment of which are described below.

Loans and receivables -

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the date of the statement of financial position. These are classified as non-current assets. The Company's loans and receivables comprise "Cash and cash equivalent" "trade receivables", "Receivable from related parties" and "other receivables" in the statement of financial position (Notes 2.8 and 2.9).

Loans and receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment (Note 2.7).

Trade receivables are amounts due from customers for the merchandise sold in the ordinary course of business. Trade receivables have an average collection period of 33 days approximately. There are no significant amounts of sales which deviate from ordinary credit conditions. Consequently, there is no financing component in the goods sold.

2.6 Offsetting financial instruments -

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.7 Impairment of financial assets -

Assets carried at amortized cost -

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred 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 an impact on the estimated 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 significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of income.

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

2.8 Cash and cash equivalents -

In the statement of cash flows, prepared under the direct method, cash and cash equivalents includes cash in hand, term deposits and deposits held at call with banks with original maturities of three months or less.

2.9 Trade receivables -

Trade receivables are amounts due from customers for fishmeal, fish oil and frozen food sold in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets.

If not, they are presented as non-current assets. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment (Note 2.7).

2.10 Inventories -

Inventories are stated at the lower of cost and net realizable value. Cost is determined by using the weighted-average cost method, except for in-transit inventories that are determined using the method of specific identification. The cost of finished goods comprises raw materials, direct labor, other indirect manufacturing costs, including those incurred in fishing ban periods (Note 4.2) (based on normal operating capacity). It also includes the costs incurred to transport inventories to its current location and bring them to their current condition.

Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. For the decreases in the carrying amounts of inventories at their net realizable value, a provision for impairment is made with a charge to the statement of income.

The provision for obsolete materials and spare parts in warehouse is determined on the basis of slow moving items.

2.11 Joint Ventures -

The Company has applied IFRS 11 to all joint arrangements and has assessed the nature of its joint arrangements and determined them to be joint ventures.

The Company holds an interest of 50% in Corporaci6n del Mar S.A., which is a jointly controlled entity under agreement signed by the Company with Austral Group S.A.A. The accounting policies applicable to joint ventures have been amended, as needed to ensure consistency of the accounting policies used by the Company.

The Company's interest in joint arrangements is recognized under the equity method in the financial statements and is recognized at cost in the financial statements in accordance with IFRS 11 and IAS 27, respectively. At December 31, 2016 and 2015, the carrying amount of that investment recognized under the equity method is nil.

Dividends are recognized in the statement of income when the rights to receive dividends have been agreed.

2.12 Property, plant and equipment -

Property (except land), vessel, fleet equipment and plant and equipment are shown at historical cost less accumulated depreciation and impairment charges in its carrying amount item. Land is recognized at fair value. Historical cost of the property, plant and equipment comprise its purchase price and the directly attributable costs of acquisition or construction required to bring the asset to the location and condition necessary for the asset to operate as Management expect.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the Company and the cost of the assets can be measured reliably.

Expenses incurred to replace a component of an item or element of property; plant and equipment are capitalized separately, writing off the carrying amount of the component being replaced. All other repairs and maintenance are charged to the statement of income during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost less their residual values over their estimated useful lives, as follows:

	Years
Buildings and other constructions	33
Vessels	2 - 29
Machinery and equipment	2 - 35
Vehicles	5
Furniture and fixtures	10
Other equipment and computer equipment	5 - 10

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the date of each statement of financial position. Any change in these estimates is prospectively adjusted.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.15).

Gains and losses on sales from the item of property, plant and equipment are determined by comparing the sales price and their carrying amount and are recognized within "Other income" and "Other expenses" in the statement of comprehensive income.

Property, plant and equipment items are written-off when no economic benefits are expected from their further use or subsequent sale.

2.13 Intangible assets -

Computer software -

Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product, use it and sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sale the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product includes: software development, employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives which does not exceed 10 years.

Fishing licenses -

The cost of fishing licenses for anchovy fishing was mainly determined by using the acquisition cost that represent the estimated fair value calculated by the appraisers. Licenses acquired through business combination are shown at their fair value at the date of the acquisition determined by independent appraisers. Licenses are intangible assets of indefinite useful life; consequently they are not amortized and are carried at cost. The carrying values of licenses are assessed at each period-end. If fair value is deemed to be lower than the related carrying amount, licenses are written-down to their fair value (Nota 2.15).

2.14 Goodwill -

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share in the net identifiable contingent assets and liabilities of the acquired entity at the date of acquisition. The carrying amounts of goodwill are annually evaluated for impairment and are shown at cost less accumulated impairment loss. Gains or losses on sales of subsidiaries include the carrying amount of goodwill that relates to them.

For the purpose of impairment testing, goodwill is allocated to each of the Cash Generating Units (hereinafter CGUs) that is expected to benefit from the synergies of the combination in which goodwill arose, according to the operating segments.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying amount of the CGU containing goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

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 that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which they generate identifiable cash flows (cash-generating units). The Carrying amount of non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

If the carrying amount of an asset or Cash Generating Unit exceeds it recoverable amount, a provision is recognized in profit or loss to adjust the assets to its recoverable amount. The impairment loss is reversed in the event of any change occurs in the estimate used to determine the recoverable amount.

2.16 Financial liabilities -

The Company classifies its financial liabilities in the following categories: at fair value through profit or loss and other financial liabilities. The classification depends on the purpose for which the financial liabilities were assumed and how were they managed. Management determines the classification of its financial liabilities at initial recognition.

At December 31, 2016 and 2015, the financial liabilities from categories "other financial liabilities" substantially correspond to "Borrowings" and "Trade payables", as described below:

Borrowings -

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

Commissions incurred to obtain the credits are recognized as transaction costs to the extent it is probable that the whole or part of the borrowing amount will be received. If so, commissions are deferred until the loan proceeds are received. As long as there is no evidence of the probability that all or part of the borrowing amount will be received, commissions are capitalized as payments of services contracted to obtain liquidity and are amortized over the period of the related borrowing.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer payment of the obligation at least for more than twelve months from the date of the statement of financial position.

Trade payables -

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently whenever the time value of money is relevant, are measured at amortized cost using the effective interest method; otherwise these accounts are subsequently measured at their nominal value.

2.17 Provisions -

Provisions are recognized when: i) the Company has a present legal or constructive obligation as a result of past events; ii) it is probable that an outflow of resources will be required to settle the obligation; and iii) the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

2.18 Leases -

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

Leases of property, plant and equipment which the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables.

The interest element of the finance cost is charged to the statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance leases is depreciated in accordance with a systematic basis over the expected period of use following the depreciation policy that the lessor has adopted regarding other depreciable assets.

If there is reasonable certainty that the lessor will obtain property at the end of the lease period, the period of expected use will be the useful life of the asset; otherwise, the asset will be depreciated over the lesser of the useful life of the asset and the lease term.

2.19 Income tax liabilities -

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

The 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 in which applicable tax regulation is subject to interpretation. The Company establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is fully recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for 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 accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

2.20 Employee benefits -

Vacation leave -

Personnel's annual vacations and other remunerated absences are recognized on the accrual basis. The provision for the estimated obligation for annual vacations is calculated based on one monthly remuneration per each twelve-month period of services actually provided by personnel, which is recognized at the date of the statement of financial position.

The Company does not provide subsequent labor benefits and neither does it have in place any share-based plan.

Employees' severance indemnities -

Employees' severance indemnities, for the Company's personnel, comprise their indemnification rights, calculated in accordance with the regulations in force; they have to be credited to the bank accounts designated by workers, in May and November each year. The compensation for employees' severance indemnities is equivalent to half-month salary effective at the date of deposit. The Company is not required to make additional payments once the annual deposits are made of the funds to which the worker is entitled.

Statutory bonuses -

The Company recognizes a liability and an expense for bonuses to employees under legal tax regulations current in Peru. The annual expense consists of two annual one-month salaries paid in July and December every year.

Workers' profit sharing -

The Company recognizes a liability and an expense for statutory workers' profit sharing of the Company. Workers' profit sharing is equivalent to 10% of the entity's taxable income, which is determined in accordance with current income tax laws and regulations. The Company recognizes workers' profit sharing as administrative costs or expenses, depending on the worker' functions.

2.21 Share capital -

Common shares are classified as equity when there are no obligations to transfer cash or other kind of assets.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Capital interests which are not re-acquired (portfolio shares) are recognized at cost and deducted from equity. Gain or loss on the purchase, sale, issuance or amortization of the Company's equity instruments are not recognized in the income statement.

These shares may be acquired or held by the entity o by other group members. The consideration paid or received is recognized directly in equity.

2.22 Contingent liabilities and assets -

Contingent liabilities are not recognized in the financial statements, they are only revealed in the notes to the financial statements, unless it is probable that the use of resources is remote. Contingent assets are not recognized in the financial statements and are only disclosed when it is probable that the Company generates revenue of economic benefits in the future.

2.23 Revenue recognition -

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is shown, net of value-added tax, returns, rebates and discounts.

The Company recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below.

Sale of fish meal, fish oil and other products -

The sale of products derived from fishing activities and other products are recognized when they meet the following conditions:

- The Company has transferred to the customer all significant risks and rewards derived from the ownership of such goods;
- The Company does not maintain current management on goods sold, management usually related to ownership, and does not maintain effective control on such goods;
- The amount of income and be reliably measured;
- It is probable that the Company will receive economic benefits related to the transaction; and
- Costs incurred, or to be incurred, related to the transaction may be reliably measured.

Interest income -

Interest income is recognized on a time-proportion basis using the effective interest method. Interest income on impaired loan and receivables are recognized using the original effective interest rate.

2.24 Recognition of costs and expenses -

Cost of sales is recognized in profit or loss when the products are delivered to the customer, simultaneously when revenue from sale is recognized. Other costs and expenses are recognized based on the accrual principal, regardless of the when settled and in the same period when corresponding revenue is recognized, if applicable.

2.25 Dividend distribution -

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

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors -

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

The Company's financial management is responsible for the administration of financial risks, such as exchange rate risk, fair value interest rate risk, credit risk and liquidity risk.

Financial management identifies, evaluates and manages financial risk in close coordination with the Company's operating units. The principal risks to which the Company is exposed to are:

a) Market risk -

i) Foreign exchange rate risk -

The Company is exposed to foreign exchange risk for items that are maintained in different currencies other than the US dollar, mainly the Peruvian sol. The Company's domestic and foreign sales are mainly denominated and settled in US dollars. Foreign exchange risks arise on transactions with suppliers and financial borrowings agreed upon in Peruvian Soles. Management evaluates on a periodical basis the impact of this effect may have on the Company.

The Company does not maintain a specific policy on future foreign currencies to cover its exposure to foreign currencies. In 2016 and 2015, the Company does not maintain foreign currency contract effective at the date of the financial statements.

Foreign currency balances (S/) at December 31, 2016 and 2015 were as follows:

	2016 S/000	2015 S/000
Assets:		
Cash and cash equivalents	4,138	1,702
Trade receivables	1,450	513
Receivables from related parties	6,315	5,915
Other receivables	53,387	40,474
	65,290	48,604
Liabilities:		
Borrowings	-	(2,322)
Trade payables	(49,766)	(37,952)
Payables to related parties	(75)	(70)
Provisions	(27,562)	(22,774)
	(77,403)	(63,118)
Liabilities, net	(12,113)	(14,514)

At December 31, 2016, the exchange rate used by the Company to translate its foreign currency balances was US$0.298 per S/1 for assets and liabilities (US$0.293 per S/1 for assets and liabilities in 2015).

At December 31, 2016, the Company recognized net exchange gain for US$2,062 thousand (net exchange loss for US$1,764 thousand in 2015), which net amount is included in the item exchange differences, net in the statement of income. Exchange differences mainly resulted from cash flows to third-party vessel owner, trade payables and other payables maintained in Peruvian Soles.

ii) Price risk -

The Company is not exposed to the price risk because it does not have any financial instruments subject to fluctuations in market prices.

iii) Cash flow and fair value interest rate risk -

The Company's interest rate risk arises from borrowings. Borrowings at variable rates expose the Company to the cash flow interest rate risk. Borrowings at fixed rates expose the Company to the fair value interest rate risk of its liabilities.

The Company's policy is maintaining financing mainly at fixed interest rates. Management assumes the interest rate risk over the fair value of its liabilities (Note 14).

b) Credit risk -

Management considers that the Company does not have significant credit risk relating to the accounts receivable from third parties, cash flows to third-party vessel owners and related parties since no significant difficulties of collection have arisen. With respect to the other receivables arising from cash provided to third party fishing vessel owners, Management evaluates their condition on a case-by-case basis and obtains guarantees comprising vessels, properties and other assets if considered necessary to secure receivables.

The Company places its excess liquidity in prestigious financial institutions, it establishes conservative credit policies and constantly evaluates the existing conditions in the market in which it operates. Consequently, Management does not expect that the Company incurs in material losses for the performance of its counterparties.

c) Liquidity risk -

The Finance department monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. In this regard, the Company has enough margins and credit facilities with financial institutions to finance working capital needs, including a line committed line of credit of US$20 million and other working capital lines of credit with banks totaling US$183 million approximately. Such forecasting takes into consideration the Company's operating, investing and debt financing plans and compliance with financial ratios arising from the statement of financial position.

Surplus cash and balances over and above the balance required for working capital management are deposited in time deposits.

The table below analyses the Company's non-derivative financial liabilities, which were grouped into relevant maturity groupings based on the remaining period at the date of the statement of financial position to the contractual maturity dates.

The amounts disclosed in the table below correspond to cash flows including interests that will be accrued during the remaining contractual period and, for liabilities with variable interest rates; cash flows have been estimated by applying the existent interest rate at the date of the statement of financial position.

	1 year	From 1 to 2 years	From 2 to 3 years	From 3 to 5 years	Total
	US$000	**US$000**	**US$000**	**US$000**	**US$000**
At December 31, 2016					
Borrowings	78,757	19,570	19,033	188,276	305,636
Trade payables	35,243	-	-	-	35,243
Payables to related parties	22	-	-	-	22
Other payables	8,407	-	-	-	8,407
Total	122,429	19,570	19,033	188,276	349,308

	1 year	From 1 to 2 years	From 2 to 3 years	From 3 to 5 years	Total
	US$000	US$000	US$000	US$000	US$000
At December 31, 2015					
Borrowings	30,958	1,395	2,383	266,375	301,111
Trade payables	24,620	-	-	-	24,620
Payables to related parties	20	-	-	-	20
Other payables	6,997	-	-	-	6,997
Total	62,595	1,395	2,383	266,375	332,748

The Company in compliance with their contractual responsibilities has make short-term financing in local banks for US$67,078 thousand (Note 14), for the second production season 2016 is required for work capital, whose will be sell in the first months of 2017. The intensive requirement of work capital for spontaneity of the fishing activity, where the production period are focused in two season approximately of 2.5 months each one, has produced that the Company presents negative work capital in the financial statement as of December 31, 2016, of US$12,365 thousand. Company's short-term responsabilities/borrowings are supported with the fish-meal and oil-fish inventories (Note 8) whose negative work capital already said is covered by the market value. By the other side, exits US$12,000 thousand from the total borrowings due date on November, 2017, whereby an appropriate liquidity manage of the Company is secured. The work capital shown is a transitory situation that Management affirms will be revert during the first trimester in 2017, after existent inventories sales are made.

Risk management related to the amounts included in each of the categories mentioned above, which include maintaining good relationships with local and foreign banks in order to ensure sufficient credit limits, as well as obtaining solvency for working capital purposes with cash flows from operating activities is carried out by Management.

3.2 Capital management -

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order 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 capital on the basis of the gearing ratio. This ratio is calculated as net debt divided 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 that capital cost and the risk related to each type of capital is adequate at December 31, 2016 and 2015. The gearing ratios at December 31 were as follows:

	2016	2015
	US$000	US$000
Total Borrowings (Note 14)	270,119	237,565
Less: Cash and cash equivalents (Note 6)	(6,743)	(1,693)
Net debt (A)	263,376	235,872
Total equity	219,284	242,906
Total capital (B)	482,660	478,778
Gearing ratio (%): (A) / (B)	0.55	0.49

3.3 Fair value estimation of financial instruments -

The carrying amount less provision for impairment of receivables and payables do not significantly differ from their fair values. Fair value of financial liabilities for exposure purposes are carried out estimating the expected future cash flows, discounted at effective market interest rates and available for the Company's similar financial instruments (Note 14-f).

The following levels have been used by the Company in its measurement at fair value of the financial instruments:

Level 1: Measurement based on quoted prices in active markets for identical assets or liabilities.
Level 2: Measurement based on inputs other than quoted (Level 1) to be confirmed, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3: Measurement based on inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs, generally based on internal estimates and assumptions of the Company).

Even though Management has used its better judgment in estimating the fair values of its financial instruments, any technique used to make that estimate entails certain level of inherent uncertainty. As a result, fair value is not indicative of the net realizable or liquidation value of the financial instruments.

Land is measure at the revalued amount resulting from the technical valuations performed by the independent experts, which are based on the current market values at the date of the financial statements. (Level 2).

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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 estimates and assumptions -

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

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

a) Estimated impairment of goodwill, intangible assets and property, plant and equipment -

The Company applies the guidelines of IAS 36 "Impairment of assets" to determine whether its long-lived assets require a provision for impairment under that accounting standard, as described in Notes 2.14 y 2.15. This determination requires the use of professional judgement by Management to analyze any indicators of impairment and determine the value in use. For the latter case, the variables and assumptions used in determining the future expected cash flows are supported with projections of operations and the discount rate to be applied. As a result of this process, the Company arrived at the conclusion that no provision for impairment is required to be made.

The recoverable amount of a cash-generating unit (hereinafter CGU) is determined on the basis of their fair recoverable amount less selling expenses. These calculations require the use of estimates. The Company has evaluated and arrived at the conclusión that there are three CGUs:

- Vessels (Fleet)
- Indirect human consumption plants (CHI)
- Direct human consumption plant (CHD)

Management considers that the critical assumptions used in the model to determine fair value les of disposal of the CGUs are as follows:

Prices: for vessels, the model assumes a cost of raw material of 18% of the total value of fish meal. For plants, the model uses the average prices of flour and fish oil of US$1,448/MT and US$1,474/MT, respectively. Management expects that prices are stable and increase consistently with the market demand expectations.

Maximum fish-cash quotas (LMCE, the Spanish acronym) - Total quota: The Company's designated anchovy fish-catch quota is 6.67% of the total biomass determined by the Peruvian agency, Instituto del Mar Peruano (IMARPE) on the basis of the relevant laws and rules for application of the Maximum Fish-Catch Quotas per Vessel (the LMCE law). This quota should be added the share of raw material provided by third parties (5.50%), reaching a total share of 12.11%. The total quota designate to the Company for 2016 (first and second fish season) was 3,800,000 MT (3,393,000 MT in 2015). Plants of CHI and CHD are processing at normal capacity levels.

Discount rates (WACC): The model uses a pre-tax interest rate of 7.85% not adjusted for inflation.

Other -

Costs: For vessels, extractions costs considered are operating and maintenance costs. Costs incurred over periods of production suspension are kept stable in time and adjusted only for inflation. Extraction costs are based on the pre-budgeted costs prepared by Management. For plants, products costs considered in the model are those that assume the total raw materials consists of those actually extracted by the Company's vessels and which is sold to plants at regular market prices.

For impairment to arise, the following variables should change as follows, with all the other variables held constant:

- The WACC discount rate should have been higher than 12% for the fleet CGU, 12.65% for the CHI Plant CGU; and 18% for the CHD plant CGU.
- The total designated quota should have been 2,750,000 MT for the Fleet CGU; 3,000,000 MT for CHI Plant CGU. For the CHD plant a minimum quota has been assigned per type of raw material (horse mackerel, mackerel, cuttlefish, bonito, small and large mahi-mahi) for a total quota of 24,858 MT.
- The minimum price should have been US$1,125/MT for fish meal and US$1,474/MT for fish oil for the Fleet CGU; US$1,100/MT for fish meal and US$1,834/MT for fish oil for the CHI CGU. For the CHD plant, a minimum quota has been assigned per type of raw material, as follows; horse mackerel and mackerel of US$942/MT, cuttlefish of US$1,834/MT, bonito of US$1,200/MT and small and large mahi-mahi of US$8,235/MT.

The fair value measurement of the Paita plant, which has been temporarily shut down until a consistent supply of raw material is obtained to enable the plant installed capacity to be used adequately, was conducted based on an appraisal perfomed by a qualified independent appraiser less selling expenses.

Nonetheless the above, Management determined that the budgeted cost based under previous performance and market expectations are consistent with the provisions of the LMCE legislation. Therefore, the Company's future expected cash flows is based on a forecast increase in volumes of fish-catch and production.

b) Useful lives and recoverable amount of property, plant and equipment -

Depreciation of fixed assets is calculated under the straight-line method to allocate its cost less residual value over the estimated useful life of the asset. This results in depreciation and/or amortization charges that are proportional to the estimated wear and tear of the assets as measured in number of years.

The useful life of the assets is assessed on the basis of: i) the physical limitations of the asset, and ii) and assessment of demand. These calculations require estimates to be made and assumptions to be used regarding the total demand for the Company's production and the disbursements that will be required in the future.

c) Income tax -

Determination of the tax obligations and expenses requires interpretations of the tax laws applicable in Peru. The Company seeks legal tax advice before making any decision on tax matters. Even though Management considers its estimates are prudent and appropriate, differences of interpretation may arise from the interpretation made by the Peruvian Tax Authorities that may require future adjustments for taxes. The Company will recognize a liability for the matters resulting from tax audits based on estimates of whether additional tax payments may be required; any differences are recognized against the current and deferred income tax asset and liability in the period in which those differences are determined.

4.2 Critical judgments in the application of accounting policies -

Determination of functional and presentation currency -

The Company's functional currency is determined based on the currency of the primary economic environment in which it carries out its operations. In order to determine functional currency, Management uses its criteria to assess the nature of the Company's operations taking into account certain primary indicators established in IAS 21 "The effects of Changes in Foreign Exchange Rates", which include the currency that influences sales prices and cost of services as well as the currency of the country which competitive forces and regulations mainly determine its sales prices.

Additionally, Management uses its judgment to determine the functional currency, considering certain secondary factors included in IAS 21; based on that Management has arrived at the conclusion that the US dollar is the currency that most faithfully represents the economic substance of its business and transactions.

Allocation of cost incurred in periods of non-productions to inventories -

Management considers that its period of production is the calendar year, regardless of the fishing ban periods ordered by Peruvian fishing authorities.

In this regard, Management understands that its annual production costs comprise all the expenses incurred in the calendar year. Accordingly, costs incurred in periods of non-productions during the year will be allocated to the cost of inventories considering the actual normal operating capacity of each year, which comprises, in turn the related fish-catch quota assigned to the Company by the Peruvian regulator. As of December 31, 2016, costs incurred in periods of non-production to US$28,204 thousand were recognized as expense for the year in the statement of comprehensive income (US$24,304 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	6,743	1,693
Trade receivables	2,295	2,224
Other receivables, net (*)	34,370	34,549
Receivables from related parties	2,146	2,902
Total	45,554	41,368

	2016 US$000	2015 US$000
Financial liabilities:		
Borrowings	270,119	237,565
Trade payables	35,243	24,620
Provisions	8,407	6,997
Payables to related parties	22	20
Total	313,791	269,202

(*) Net of taxes and social contributions.

6 CASH AND CASH EQUIVALENTS

At December 31, this item comprises:

	2016 US$000	2015 US$000
Cash on hand	5,843	1,693
Term deposits	900	-
Total	6,743	1,693

At December 31, 2016 current accounts are denominated in new Peruvian soles and US dollars for S/4,138 thousand and US$5,510 thousand, respectively (S/1,702 thousand and US$1,194 thousand, respectively in 2015). These amounts are maintained in local banks and freely available.

At December 31, 2016, time deposits are denominated in US dollars and amount to US$900 thousand; they are deposited in local banks, they accrued interest at an annual effective rate of 0.25%, and mature in September 2017.

7 TRADE RECEIVABLES

At December 31, this item comprises:

	2016 US$000	2015 US$000
Invoices receivable	2,313	2,242
Allowance for doubtful accounts	(18)	(18)
Total	2,295	2,224

The carrying amounts of these trade receivables are similar to their fair values due to their short-term maturity. Trade receivables are substantially denominated in US dollars, are of current maturity and are non-interests bearing.

At December 31, 2016, approximately 80% of trade receivables originate from foreign customers are mostly guaranteed with credit notes payable on demand and 20% are subject to bank collection ("Cash Against Documents") (approximately 80% and 20%, in 2015).

The Company assesses credit limits for new customers by performing an internal analysis of their credit experience and assign credit limits on a customer-by-customer basis. Such limits are reviewed on a bi-annual basis. 89% of trade receivables (54% in 2015), are related to customers with balances that are not past due and which the Company does not consider their accounts to be doubtful accounts based on their credit history. 77% of trade receivables (86% in 2015) are related to ten significant customers (eight in 2015). No other customers, individually or collectively, represent over 23% (14% in 2015) of the total balance of trade receivables.

The credit quality of receivables that are neither past due nor impaired has been assessed based on historical information that reflects compliance indicators:

	2016 US$000	2015 US$000
Current	2,034	1,195
Overdue up to 60 days	96	738
Overdue from 61 to 180 days	165	291
Overdue more 181 days	18	18
Total	2,313	2,224

8 INVENTORIES

At December 31, this item comprises:

	2016 US$000	2015 US$000
Finished goods (CHI):		
- Fishmeal	42,371	34,650
- Fish oil	12,854	5,269
Finished goods (CHD)	7,922	3,905
Other supplies	6,010	5,983
Packaging and casing	1,145	1,382
	70,302	51,189
Less: Provision for impairment of inventories	(590)	(590)
	69,712	50,599

At December 31, 2016 the stock of fishmeal and fish oil amounted to 45,515 MT and 6,647 MT, respectively (32,144 MT and 2,136 MT, respectively, at December 31, 2015).

At December 31, 2016, the Company maintain fishmeal or fish oil pledged in favor of local banks for 21,335 MT to secure bank borrowings US$32,972 thousand (1,250 MT to secure bank borrowings US$2,000 thousand in 2015) (Note 14).

The movement of the provision for impairment of inventories was as follows:

	2016 US$000	2015 US$000
Opening balance	590	1,006
Additions (Note 24)	-	302
Write-offs	-	(718)
Final balance	590	590

The estimation for impairment of inventories has been determined based on the assessment performed of the Company's operating departments, by identifying obsolete materials and supplies.

Company Management considers that no additional provisions are required for impairment of inventories at December 31, 2016 and 2015.

9 RECEIVABLES FROM AND PAYABLES TO RELATED PARTIES

a) Balances receivable from and payable to related parties at December 31 are as follows:

	2016 US$000	2015 US$000
Receivables:		
Compañía Hotelera El Sausal S.A.	713	701
Comercializadora Global S.A.	601	86
Complejo Agroindustrial Beta S.A.	571	335
Corporación Exalmar S.A.	118	5,044
Corporación del Mar S.A.	85	1,655
Inmobiliaria Seville S.A.	34	31
Other	24	25
	2,164	7,877
Less: Provision for doubtful accounts	-	(4,975)
	2164	2,902
Payables:		
Complejo Agroindustrial Beta S.A.	16	16
C.M.V. Servicios Ejecutivos S.A.	4	2
Other	2	2
	22	20

The movement of the provision for impairment of inventories was as follows:

	2016 US$000	2015 US$000
Opening balance	4,975	1,967
Additions (Note 24)	-	4,975
Write-offs	(4,975)	(1,967)
Final balance	-	4,975

Management considers that it will recover receivables from related parties therefore provision for impairment recognized at December 31, 2016 and 2015 covers the exposure for doubtful accounts. The collection assessment of these accounts is carried out at the end of each period, which comprises examining the financial position of related parties.

The carrying amounts of receivables and payables are similar to their fair values due to their short-term maturities. Such accounts bear interest at an annual interest rate of 13.74% and do not have specific guarantees.

At December 31, 2016 and 2015, the Company has not given guarantees to local financial institutions on behalf of related parties for S/4,874 thousand.

b) Major transactions with related parties, which are carried out at market values, that result in balances receivable and payable comprise:

	2016 US$000	2015 US$000
Loans granted	557	55
Re-billing of network services and other	286	358
Office rental expense and others	(4)	(10)

c) Key management remuneration -

At December 31, 2016 remuneration and other management personnel benefits, which comprise key personnel, amounted to US$1,313 thousand (US$1,239 thousand in 2015). Additionally, Board remuneration for allowances amount to US$158 thousand (US$142 thousand in 2015). All remunerations correspond to short-term benefits.

10 OTHER RECEIVABLES

At December 31 this item comprises:

	2016 US$000	2015 US$000
Permits from ship owners (a)	26,244	26,507
VAT credit balance (b)	6,495	3,599
Costs incurred in non-production periods and prepaid expenses	4,504	2,075
Shareholders (c)	3,573	3,558
Personnel	2,348	2,397
Third-party claims	731	499
Other	-	1,734
	43,895	37,129
Less: Provision for impairment of other receivables	(146)	(146)
Total	43,749	36,983
Non-current portion	(17,151)	(16,448)
Current portion	26,598	20,535

(a) Receivables from third-party vessel owners mainly consists of cash flows provided by the Company for them to be able to perform maintenance and repair activities of their vessels and in the form of loans granted to them for working capital needs.

At December 31, 2016 receivables consist of receivables from indirect human consumption third-party vessel owners for US$18,821 thousand (US$16,581 thousand in 2015) and direct human consumption third-party owners for US$7,423 thousand (US$9,926 thousand in 2015). These receivables bear monthly interest at annual rates ranging from 8% to 10% annual and in some case they have specific guarantees (real estate properties, vessels, among others). The Company recovers these amounts by netting the amounts owed by those third-party vessel owners against the amounts billed by them for the hydro-biological resources they provide to Company's plants during the fishing seasons.

(b) Comprises the favorable VAT balance paid for the acquisition of goods and services, deductible from VAT that arises from acquisitions of goods and services that the Company may make in the future, and which is subject to such tax. In the short- and medium-term the request of the return of the balance will be provided to the exporter. At December 31, 2016, the Company has recovered US$13,601 thousand for this concept (US$12,617 thousand in 2015).

(c) On June 23, 2012, the Company signed a loan contract with shareholders for a total of US$7,500 thousand. For the balance outstanding at December 31, 2016, amounting to US$3,573 thousand the Company signed a new agreement to due date in 2020, superseding and making void the previous loan contract.

11 PROPERTY, PLANT AND EQUIPMENT

a) Balance -

The movement of property, plant and equipment and the corresponding accumulated depreciation for the years ended December 31, 2015 and 2014 was as follows:

	Land	Buildings and other constructions	Vessels	Machinery and equipment	Vehicles	Furniture and fixtures	Computer and other 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:									
Opening net carrying amount	9,329	25,091	58,726	101,743	348	488	1,679	7,496	204,900
Additions	-	-	-	-	-	-	-	7,344	7,344
Revaluation	34,421	-	-	-	-	-	-	-	34,421
Disposals	-	-	(18,821)	(754)	(69)	(16)	(19)	-	(18,031)
Transfers and others	-	906	4,041	6,207	39	33	370	(11,596)	-
Depreciation charge	-	(1,173)	(7,469)	(10,837)	(115)	(64)	(439)	-	(20,097)
Write-off for impairment	-	-	1,648	-	-	-	-	-	1,648
Depreciation credit for disposals	-	-	13,626	407	68	16	13	-	14,130
Final net carrying amount	43,750	24,824	51,751	96,766	271	457	1,604	3,244	222,667
At December 31, 2015:									
Cost	43,750	25,091	41,553	100,989	279	472	1,660	4,840	228,634
Accumulated depreciation	-	(267)	10,198	(4,223)	(8)	(15)	(56)	(11,596)	(5,967)
Carrying amount, net	43,750	24,824	51,751	96,766	271	457	1,604	3,244	222,667
Year 2016:									
Opening net carrying amount	43,750	24,824	51,751	96,766	271	457	1.604	3,244	222,667
Additions	-	-	-	-	-	-	-	15,364	15,364
Revaluation	2,296	-	-	-	-	-	-	-	2,296
Disposals	-	(478)	(23,331)	(767)	(337)	(18)	(19)	-	(24,950)
Transfers and others	-	2,559	6,497	7,850	128	16	217	(17,267)	-
Depreciation charge	-	(1,263)	(7,060)	(10,493)	(134)	(67)	(447)	-	(19,464)
Write-off for impairment	-	-	454	-	-	-	-	-	454
Depreciation credit for disposals	-	183	18,988	632	337	18	5	-	20,163
Final net carrying amount	46,046	25,825	47,299	93,988	265	406	1,360	1,341	216,530
At December 31, 2016:									
Cost	46,046	27,172	25,173	108,072	70	470	1,858	12,937	221,798
Accumulated depreciation	-	(1,347)	(22,126)	(14,084)	195	(64)	(498)	(11,596)	(5,268)
Carrying amount, net	46,046	25,825	47,299	93,988	265	406	1,360	1,341	216,530

b) The depreciation expense for the years ended December 31 was broken down in the statement of comprehensive income as follows:

	2016 US$000	2015 US$000
Costs incurred in non-production periods	1,340	-
Cost of sales (Note 19)	8,044	6,363
Costs incurred in non-production periods (Note 20)	9,472	13,230
Selling expenses (Note 21)	332	44
Administrative expenses (Note 22)	276	460
Total	19,464	20,097

c) Finance lease -

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

	2016 US$000	2015 US$000
Buildings and other constructions	3,058	2,472
Vessels	19,479	21,231
Machinery and equipment	30,787	29,252
Other	836	880
	54,160	53,835
Less: accumulated depreciation	(34,432)	(33,974)
Total	19,728	19,861

d) At December 31, 2016, land revaluation shows a balance of US$36,717 thousand (US$34,421 thousand in 2015) in the movement of fixed assets, which once the deferred income tax of US$10,832 thousand (US$9,638 thousand in 2015) is discounted, (Note 16) the final balance in equity is US$25,885 thousand (US$24,783 thousand in 2015).

e) Impairment tests on property, plant and equipment -

i) Operating -

Management has reviewed forecasts of results expected for the years remaining of useful lives of fixed assets as part of the CGUs identified and considers that it is not necessary to establish for a provision for impairment losses for operative assets at the date of the financial statements. (Note 4.1-a).

ii) Non-operational assets -

At December 31, 2016, the Company has non-operational vessels which net carrying amount is US$454 thousand, (US$1,648 thousand in 2015) (Note 1-a).

The recoverable amount of these non-operational assets is its fair value less costs of sale, determined by independent experts at December 31, 2016. Management considers that it is not necessary to establish for a provision for impairment losses additional to those accounted for US$936 thousand (US$1,390 thousand at December 31, 2015).

Impairment at December 31 is as follows:

	2016 US$000	2015 US$000
Opening balance	1,390	3,038
Write-off	(454)	(1,648)
Final balance	936	1,390

f) Others -

The main additions for works in process at December 31 are as follows:

	2016 US$000	2015 US$000
Improvements in fishing vessels	7,155	2,864
Improvements in CHI fish processing plants	6,797	3,856
Improvements in CHD fish processing plants	1,382	498

The Company has insurance policies to safeguard its main fix assets against fire and all risk, as well as potencial claims that may arise in the normal course of business. Management considers that its insurance policies are consistent with the international best practices applicable to the industry and are sufficient to cover any eventual losses.

12 INTANGIBLE ASSETS

The movement of intangible assets and the corresponding accumulated amortization, for the years ended December 31, 2016 and 2015 was as follows:

	SAP System Others US$000	Fishing licenses US$000	Total US$000
Year 2015:			
Opening carrying amount, net	2,479	104,235	106,714
Additions	580	5,003	5,583
Amortization charge	(217)	-	(217)
Final carrying amount, net	2,842	109,238	112,080
At December 31, 2015			
Cost	4,461	109,238	113,699
Accumulated amortization	(1,619)	-	(1,619)
Carrying amount, net	2,842	109,238	112,080
Year 2016:			
Opening carrying amount, net	2,842	109,238	112,080
Additions	202	2,593	2,795
Amortization charge	(319)	-	(319)
Final carrying amount, net	2,725	111,831	114,556
At December 31, 2016			
Cost	4,663	111,831	116,494
Accumulated amortization	(1,938)	-	(1,938)
Carrying amount, net	2,725	111,831	114,556

Fishing licenses are related to vessels and fishmeal and fish oil processing plants acquired for purchases and business combinations.

Under current regulations, fishing licenses are granted by the Peruvian Ministry of Production to a specific fishing vessel for a defined period of time. The period granted starts upon the issue by the Ministry of Production of the resolution underlying the fishing license and lapses (other than when the vessel is retired or scrapped) if the holder does not comply with filing certain required documentation at the beginning of each calendar year (Note 1-b). Provided that the Company complies with the documentation filing requirement the related fishing licenses will continue to be effective indefinitely.

It is forbidden to transfer to third parties fishing licenses by any means separately from the related vessels to which they are granted.

Management considers that the recoverable amount of intangible assets exceeds its carrying amount; therefore, it is not necessary to establish a provision for impairment for such assets at the date of the financial statements (Nota 4.1-a).

13 GOODWILL

At December 31, 2016 and 2015, goodwill amounts to US$88,719 thousand. Goodwill is allocated to each cash-generating unit (CGU) (Vessels and Human Indirect Consumption) as follows:

	US$000
Vessels	70,682
Indirect Human Consumption Plants	18,037
Total	88,719

At December 31, 2016 and 2015 Management considers that the recoverable amount calculation is supported with future cash flow forecasts that are supported by budgets approved by Management and that covers a 10 year horizon.

Therefore, it is not necessary to establish for a provision for impairment of goodwill at the date of the statement of financial position (Note 4.1-a).

14 BORROWINGS

This item comprises:

	2016 US$000	2015 US$000
Bonds	172,419	203,070
Promissory notes	67,078	28,590
Long-term loans	25,000	-
Finance leases	5,627	5,905
Total	270,119	237,565
Less current portion of borrowings:		
Bonds (interests accrued)	(6,268)	(6,595)
Promissory notes	(67,078)	(28,399)
Long-term loans	(3,455)	-
Finance leases	(1,832)	(2,259)
	78,633	(37,253)
Total long-term borrowings:		
Bonds	167,752	196,475
Promissory notes	-	191
Long-term loans	21,545	-
Finance leases	2,189	3,646
Total	191,486	200,312

a) Bonds -

In January 2013, the Company issued international Corporate Bonds under the 144A REGS rules for US$200 million for a period of 7 years and with annual fixed interest rate of 7.375%. The payment period of interest is bi-annual, and bonds reach maturity on January 31, 2020.

Cash obtained was used to pre-pay the syndicated loan that the Company maintains with Portigon AG, New York branch for US$140 million and the balance for other investments.

On July 11, 2016 the Company announced the beginning of a private offering of bond repurchase for up to US$101 million par value, which involved a process to obtain the agreement of bondholders to meet certain conditions for the repurchase financing to go ahead. On August 22 an extension of the original private offering was announced together with a postponement until August 30, 2016; on August 31 the final results of the private offering were announced as well as consent to raise capital for up to US$25 million and the acceptance of the bond repurchase offering for up to US$30 million, at 76.5% of its par value, which resulted in net gains of US$3 million, comprising gains on the purchase of bonds of US$7 million, which was recognized in other income (Note 24) and expenses in bond purchases of US$4 million, which was recognized in financial expenses (Note 25).

At December 31, 2016 the bond principal is shown net of costs directly associated for US$2,798 thousand (US$3,200 thousand in 2015) and the interest earned amounted to US$5,213 thousand (US$5,670 thousand in 2015).

During the effective period of the agreement in which (i) Bonds have Investment Grades from two well known risk-rating agencies and (ii) no default of payment on Default events have occurred that have not been corrected (occurrence of events described in clauses (i) and (ii) called "Covenant Suspension Event"), the Company will not be subject to the following provisions (together "Suspended Covenants") of the agreement:

- Limitations on indebtedness and Unqualified Shares;
- Limitations on restricted payments;
- Limitations on Dividend Restrictions and Other Payments Affecting Restricted Subsidiaries;
- Limitations on Transactions with Affiliates;
- Limitations on Sales of Assets;
- Limitations on Business Activities; and
- Limitations on Consolidation, Merger and Sale of Assets.

As of December 31, 2016 and 2015, the Company has not breached any covenant and expects to comply with such requirements in the following 12 months.

b) Promissory notes -

At December 31, 2016, this item comprises promissory notes in US dollars provided to cover the Company's working capital needs; they bear interests at annual effective rates ranging from 0.80% to 4.11% (0.80% to 4.11% in 2015). These promissory notes are secured with warrants in the case of pre-shipping and are not secured when provided for working capital purposes and their periods of maturity do not exceed one year.

c) Long-term loans -

On August 31, 2016 the Company signed a Loan Agreement (Syndicated Loan) with Banco Santander del Perú, Banco Interbank del Perú and Credicorp Capital Servicios Financieros, Banco de Crédito del Perú being the Agent Bank. The loan was for US$25 million for a period of 6 years (with 1 year grace period and a 20% "Balloon") at a variable interest rate of 4.95% + Libor 3 Month for Tranche A (Santander) and a fixed rate of 6.5% for Tranche B (Interbank and Credicorp). Interest is paid on a quarterly basis and principal is paid semiannually, with maturity on September 06, 2022. Also, vessels were pledged to secure this syndicated loan (under trust with La Fiduciaria) comprising a fish-catch quota for the Mid-Northern region of approximately 0.9%. The cash inflows were used to repurchase bonds for US$30 million.

During the effective period of the Syndicated loan, the Company is required to comply with certain non-compliance covenants):

- Maximum consolidated gearing ratio (<1.50).
- Financial debt ratio - EBITDA Maximum Consolidated (<4.25 until December 31, 2017) (<3.5 in after).
- Debt service coverage ratio (<1.20).
- Liquidity ratio (<1.00).

Compliance with these covenants will be measured from September 2017, on a quarterly basis onwards; management expects to comply with these covenants in the next twelve months.

d) Finance lease obligations -

Finance lease obligations are denominated in US dollars and are maintained in local financial institutions (Banco de Crédito del Perú, BBVA Continental, Interbank and Banco Santander) and are provided in order to finance fixed asset acquisitions; bear interests at effective annual rates from 3.07% to 5.25%, secured with such fixed assets, and provide the Company with the call option for such assets at the end of the lease period, that do not exceed 6 years.

At December 31, 2016 and 2015 the minimum lease payments and the present value of borrowings from finance lease contracts are as follows:

	2016 US$000	2015 US$000
No more than 1 year	2,042	2,501
No more than 1 year and not more than 5 years	4,009	3,949
	6,051	6,450
Future financial charges on finance leases	(424)	(545)
Present value of finance leases	5,627	5,905

e) Maturity of borrowings is detailed as follows:

	2016 US$000	2015 US$000
In 2017	68,910	30,658
From 2018 to 2020	201,209	206,907
Total	270,119	237,565

f) Carrying amount and fair value of borrowings is as follows:

	Carrying amount		Fair value	
	2016 US$000	2015 US$000	2016 US$000	2015 US$000
Bonds	172,414	203,070	126,438	122,200
Promissory notes	67,078	28,590	66,829	28,198
Long-term loans	25,000	-	20,460	-
Finance leases	5,627	5,905	5,607	5,879
Total	270,119	237,565	219,334	156,277

The carrying amounts of short-term borrowings are similar to their fair values. Fair values of bonds, bank promissory notes, long-term loans and leases have been determined using a rate of 15.94%, 3.78%, 2.43% and 4.01%, respectively (19.11%, 3.17% and 4.06% on bonds, promissory notes and leases, respectively in 2015).

15 TRADE PAYABLES AND PROVISIONS

This item comprises:

	2016 US$000	2015 US$000
Trade payables (a):		
Invoices payable	31,210	22,349
Provision for invoices receivable	4,033	2,271
	35,243	24,620
Provisions:		
Accrued expenses (b)	4,268	2,727
Provisions (c)	3,648	2,168
Vacation leave payable	1,091	1,180
Remuneration payable	677	160
Taxes	525	287
Insurance and government-run pension debt	337	314
Severance indemnities	271	333
Advances from customers	162	140
Workers' profit sharing	-	538
Other	1,076	1,318
	12,055	9,165
Non-current portion	(3,648)	(2,168)
Current portion	8,407	6,997

(a) Trade payables mainly arise from the purchase of goods and services related to fishing activities. These payables are denominated in new Peruvian soles and US dollars, they are of current maturity, are not interest-bearing and no guarantees have been provided. The carrying amount of trade payables is similar to their fair values.

(b) Expenses accrued comprise services provided in prior years, the invoices of which were not received at the closing date. These expenses are mainly related to surveillance insurance, customs duty expenses, certificates and electric power.

(c) Provisions mainly include US$3,648 thousand (US$2,168 thousand in 2015) relating to legal action currently in progress.

Contingencies are broken down as follows:

	2016 US$000	2015 US$000
Opening balance	2,168	4,054
Additions (Note 24)	2,582	992
Payments	(879)	(735)
Write-offs	(223)	(2,143)
Final balance	3,648	2,168

16 DEFERRED INCOME TAX LIABILITIES

This item comprises:

	2016 US$000	2015 US$000
Deferred asset:		
Recoverable in more than 12 months	1,807	4,180
Recoverable within 12 months	6,349	2,855
	8,156	7,035
Deferred liabilities:		
Recoverable in more than 12 months	(20,796)	(16,802)
Recoverable within 12 months	847	2,670
	(19,949)	(14,132)
Total deferred liability (net)	(11,793)	(7,097)

The movement of deferred tax for the years ended December 31, 2016 and 2015 is as follows:

	2016 US$000	2015 US$000
Opening balance	7,097	6,838
Credit (charge) to statement of comprehensive income (Note 26)	3,502	(9,379)
Credit to equity	1,194	9,638
Final balance	11,793	7,097

The movement of deferred tax assets and liabilities for the year, taking into consideration the off set of balances, is as follows:

	Opening balance US$000	Additions / (deductions) Result for the period US$000	Equity US$000	Final balance US$000
At December 31, 2016:				
Assets:				
Provision for vacation leave payable	368	69	-	437
Tax loss	5,228	196	-	5,424
Impairment of investment	-	500	-	500
Other provisions	1,439	356	-	1,795
	7,035	1,121	-	8,156
Liabilities:				
Revaluation of lands	(9,638)	-	(1,194)	(10,832)
Highes value for attributed cost and differences in depreciation rate	(4,494)	(4,623)	-	(9,117)
	(14,132)	(4,623)	(1,194)	(19,949)
Deferred liabilities, net	(7,097)	(3,502)	(1,194)	(11,793)

	Opening balance US$000	Additions / (deductions) Result for the period US$000	Equity US$000	Final balance US$000
At December 31, 2015:				
Assets:				
Provision for vacation leave payable	312	56	-	368
Cost incurred in non-production periods	249	(249)	-	-
Tax loss	194	5,034	-	5,228
Other provisions	2,794	(1,355)	-	1,439
	3,549	3,486	-	7,035
Liabilities:				
Revaluation of lands	-	-	(9,638)	(9,638)
Higher value for attributed cost and differences in depreciation rate	(10,306)	5,812	-	(4,494)
Impairment of supplies	(81)	81	-	-
	(10,387)	5,893	(9,638)	(14,132)
Deferred liabilities, net	(6,838)	9,379	(9,638)	(7,097)

17 EQUITY

a) Share capital -

At December 31, 2016 the authorized, subscribed and paid-in capital comprises 295,536,144 common shares of S/1 par value each (295,536,144 in 2015).

At December 31, 2016 and 2015, the Company's capital structure (in thousands of shares) is as follows:

	2016		2015	
Shareholders	**Shares**	**Percentage**	**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.	27,156	9.19	-	-
Stafedouble S.L. Sociedad Unipersonal	-	-	15,000	5.08
Other	63,332	21.42	75,488	25.54
	295,536	100.00	295,536	100.00

b) Share Premium -

At the General Shareholders' Meeting dated October 4, 2010, it was approved to increase the Company's capital through a local and international offer of up to 57,500,000 class "A" shares at par value S/1 each.

The placement in the national and international market is 57,500,000 new shares which are included in the Company's equity at a market value of S/4.75 each, which represents an increase in share capital by US$20,584 thousand and the recognition of premium for US$69,721 thousand, net of costs related to issuance of shares for US$7,467 thousand.

c) Other capital reserves -

Legal reserve -

In accordance with the Peruvian Corporate Law, the legal reserve is formed by the transfer of non-less than 10% of the annual profit, up to a maximum of 20% of the paid-in capital. In the event no undistributed profits are available, this legal reserve could be applied to offset losses but it has to be replenished in subsequent years. This reserve can also be capitalized but its subsequent replenishment is equally mandatory. At December 31, 2016 and 2015, the Company has not established a legal reserve with profits from prior periods.

Other reserves -

Including the revaluation of land at amounts that has been determined by technical valuations performed by independent appraisers. The revaluation surplus, recorded net of its deferred income tax effect, is transferred to retained earnings when the underlying assets are retired or disposed off.

d) Dividend distribution -

Dividends in favor of shareholders other than domiciled legal entities are subject to 6.8%, for the tax income in charge of these shareholders. This rate percentage was changed to 5% on dividends that are agreed or paid from fiscal 2017, as stated in (Note 26-g).

At the General Shareholders' Meeting held on April 13, 2015 the decision was made to delegate the Board the decision to approve dividend distribution after verification of the actual fish catch under the LMCE by the fishing vessels owned by the Company (the "Quota") for the first fishing season of 2015.

Since the first fishing season was completed on July 31, 2015 and after verification of the actual final fish catch under the LMCE, the Board approved dividend distributions for US$10,000 thousand. Dividends were distributed at S/0.0947 (equivalent to US$0.0338) per common share and were paid out in September 2015.

At the General Shareholders' Meeting held on April 13, 2016, the decision was made not to distribute dividends.

18 SALES

Sales by type of product for the years ended December 31 comprises:

	2016 US$000	2015 US$000
Fishmeal	102,927	117,809
Fish oil	14,340	17,731
Fish for direct human consumption (frozen)	17,738	17,351
Other	1,126	3,346
Total	136,131	156,237

Sales by destination for the years ended December 31 comprise:

	2016 US$000	2015 US$000
Exports:		
Asia	77,685	89,549
Europe	22,409	31,046
America	15,077	14,569
Africa	2,505	-
Oceania	-	782
	117,676	135,946
Local sales and others	18,455	20,291
Total	136,131	156,237

The amounts shipped and sold (Metric Tonnes) at December 31 are detailed as follows:

	2016	2015
	TM	TM
Fishmeal	65,266	70,670
Fish oil	7,250	10,475
Fish for direct human consumption (frozen)	11,546	16,227
Fresh fish	397	-
Total	84,459	97,372

19 COST OF SALES

Cost of sales for the years ended December 31 comprises:

	2016	2015
	US$000	US$000
Opening balance of finished products (Note 8)	43,824	16,145
Cost of production:		
Raw material, consumables and supplies	75,297	88,346
Personnel charges	12,324	15,943
Manufacturing expenses	14,459	14,372
Depreciation (Note 11)	8,044	6,363
Final balance of finished products (Note 8)	(63,147)	(43,824)
Total	90,801	97,345

20 COSTS INCURRED IN NON-PRODUCTION PERIODS

Costs incurred in non-production periods for the years ended December 31, comprises:

	2016	2015
	US$000	US$000
Personnel charges	5,468	4,174
Services provided by third-parties	9,424	4,231
Consumption of other supplies	2,210	1,419
Other management charges	1,242	1,004
Taxes	388	246
Depreciation (Note 11)	9,472	13,230
Total	28,204	24,304

21 SELLING EXPENSES

Selling expenses for the years ended December 31, comprises:

	2016	2015
	US$000	US$000
Personnel charges	1,191	1,114
Export services	2,451	2,830
Transport of finished products	1,522	1,336
Inspection and analysis	870	839
Security and surveillance	332	408
Depreciation (Note 11)	332	44
Stowage and assembly	326	329
Commissions on sale of finished products	321	367
Expense for leases	-	134
Storage of finished products	80	757
Other	1,083	1,480
Total	8,508	9,638

22 ADMINISTRATIVE EXPENSES

Administrative expenses for the years ended December 31, comprises:

	2016 US$000	2015 US$000
Personnel charges	3,703	3,593
Professional fees	910	681
Rental expenses	625	662
Depreciation (Note 11)	276	460
Communication	248	282
Maintenance and repairs	82	160
Insurance expenses	29	36
Tax	6	7
Other	1,823	1,222
Total	7,702	7,096

23 EXPENSES BY NATURE

Expenses by nature for the years ended December 31, comprises:

	2016 US$000	2015 US$000
Change of balances from finished products	(19,323)	(27,679)
Consumption of raw materials and consumables	77,507	89,765
Personnel charges	22,686	24,824
Depreciation	18,124	20,097
Manufacturing expenses	14,459	14,372
Services rendered by third parties	10,334	4,912
Export services	2,451	2,830
Transportation of finished products	1,522	1,336
Other management charges	1,242	1,004
Inspection and analysis	870	839
Expense for leases	625	796
Storage of finished products	80	757
Security and surveillance	332	408
Commissions on sale of finished products	321	367
Stowage and assembly	326	329
Communication	248	282
Taxes	394	253
Maintenance and repairs	82	160
Insurance expenses	29	36
Other	2,906	2,695
Total	135,215	138,383

24 OTHER INCOME AND EXPENSES

Other income and expenses for the years ended December 31, comprises:

	2016 US$000	2015 US$000
Other income:		
Gain on bond purchase (Note 14)	7,050	-
Return of provisions (a)	1,341	2,556
Income from return of drawback	600	877
Insurance indemnity (b)	554	3,761
Income on valuation of fish catch quota granted by Produce	-	4,203
Income from sale of fuel and supplies	13	416
Other	1,237	706
Total	10,795	13,104

(a) Relating mostly to the reversal of the provision for contingencies recorded in 2015, for US$879 thousand. (US$2,143 thousand in 2015).

(b) Comprising the collection of an insurance policy with Pacifico Peruano Suiza relating to the damaged vessel “Don Alfredo” on February 2016 (vessel "Costa de Oro” compensation for damages in 2015).

	2016 US$000	2015 US$000
Other expenses:		
Net cost for sale of fixed assets	4,152	3,900
Provision for contingencies (Note 15-c)	2,582	992
Provision for impairment of investment	1,769	-
Fiscal penalties	1,733	5,447
Expense in interest on bond issued	924	732
Provision for impairment of inventories (Note 8)	-	302
Impairment from receivables from related parties (Note 9-a)	-	4,975
Other	1,793	1,108
Total	12,953	17,456

25 FINANCIAL INCOME AND EXPENSES

Financial income and expenses for the years ended December 31, comprises:

	2016 US$000	2015 US$000
Financial income:		
Interests on short-term deposits	29	79
Financial expenses:		
Interests on bonds, borrowings and bank overdrafts	(16,011)	(16,367)
Expenses on bond purchase (Note 14)	(3,939)	-
Interests on finance lease obligations	(318)	(473)
Other interests	(1,803)	(1,623)
Total	(22,071)	(18,463)

26 INCOME TAX

a) The income tax expense loss (profit) shown in the statement of comprehensive income comprises:

Income tax:

	2016 US$000	2015 US$000
Regularization of the current income tax of previous years	-	1,458
Deferred (Note 16)	3,502	(9,379)
Total	3,502	(7,921)

b) Company Management considers that it has determined the taxable income, under the general regime of the income tax as established by regulations currently in force in Peru, which requires adding to and deducting from the result shown in its financial statements, those items considered as taxable and non-taxable, respectively. Income tax determined and payable by the Company is filed and settled in new Peruvian soles. At December 31, 2016 and 2015, the annual income tax rate is 28%.

Income tax on the Company's (loss) profit before income tax differs from the theoretical amount that would arise from applying the tax rate on the Company's profit as follows:

	2016 US$000	2016 %	2015 US$000	2015 %
Loss before income tax	(21,222)	100.00	(6,646)	100.00
Tax calculated by applying 28% rate	(5,942)	28.00	(1,861)	28.00
Tax effect on additions (deductions):				
Permanent differences (*)	1,495	(7.04)	3,084	(46.40)
Difference between profits before taxes in Peruvian Soles and US dollars	4,418	(20.82)	(5,921)	89.09
Effect of change in tax rates	3,531	(16.64)	(3,223)	48.50
Total	3,502	(16.50)	(7,921)	119.18

(*) Permanent items include payments arising from prior-year audits and reversals of contingencies recorded in previous years.

c) At December 31, 2016, the Company maintains balances in debt with Peruvian tax authorities related to income tax for US$2,446 thousands (US$2,075 thousands in 2015).

d) Under Legislative Decree No.945 and the provisions of No.27513 tax losses can be carry-forward using one of the following systems:

i) Carrying forward the total Peruvian source corporate tax losses recognized for a fiscal year, by offsetting them, on a year-on-year basis, against the corporate taxable profits to be obtained in the four years immediately following the year in which they were generated. The balance that is not offset once the four-year period has elapsed shall not be offset in the following years.

ii) Carrying forward the Peruvian source corporate tax losses recognized for a fiscal year, by offsetting them, on a year-on-year basis, until its balance is exhausted against 50% of the corporate taxable profits to be obtained in the immediately following fiscal years.

Management opted for system i) to carry forward tax losses at December 31, 2016 and 2015.

At December 31, 2016 tax losses subject to offsetting are as follows:

Years of Generation	Years of expiration	2016 S/000
2013	2018	1,397
2015	2020	62,325
2016	2021	1,370
Total		65,092

The Company expects to earn taxable profits in the following years against which its tax losses could be offset; and therefore, it has recorded the resulting deferred income tax asset.

e) Peruvian tax authorities have the right to examine, and if necessary, amend the income tax determined by the Company in the last four years, as from January 1 of the year following the filing date of the respective annual income tax returns (years open to audit).

At December 31, 2016 Peruvian tax authorities audited the Company's income tax returns for fiscal years 2011, 2012 as well as a partial review of fiscal 2015, and found no significant observations. Tax audits of fiscal years 2012 to 2015 is currently under way. Management considers that no significant liabilities will arise as a result of these tax examinations.

Since discrepancies may arise with the interpretations of tax laws and regulations by the Peruvian Tax Authorities, it is presently not possible to anticipate whether any additional liabilities would arise as a result of eventual tax examinations.

Any additional tax, penalties and interest, if arising, will be recognized in profit or loss of the period when such differences are resolved. Management considers that no significant liabilities will arise as a result of these tax examinations.

f) As established under current legislation, for purposes of determining income tax and general sales tax, transfer pricing between related parties and/or tax havens must have adequate supporting documentation as well as information supporting the methods and valuation criteria used. Peruvian tax authorities are entitled to request such information from the taxpayer.

g) Regulatory framework - Amendments to Peruvian Income Tax Law -

By means of Law No.30296 enacted on December 31, 2014 amendments to Income Tax Law have been made, which are effective starting in fiscal year 2015 onwards. Among these amendments, it should be noted the progressive reduction on the Peruvian third-category income earners from 30% to 28% for fiscal years 2015 and 2016; then a reduction to 27% for fiscal years 2017 and 2018; and a final reduction to 26% from fiscal year 2019 onwards.

Tax on dividends and other forms of profit distribution, agreed on by any legal entities to non-domiciled individuals and legal persons has also been increased and legal persons, has progressively increased from 4.1% to 6.8% for distributions that are agreed on or made available in cash or in kind during fiscal years 2015 and 2016; then an increase to 8.8% for fiscal years 2017 and 2018 and a final increase to 9.3% from fiscal year 2019 onwards. The distribution of retained earnings until December 31, 2014 will continue to be subject to a 4.1% tax even when the distribution is to be made in the subsequent years.

On December 10, 2016 Legislative Decree No.1261 was enacted amending the income tax rate with an increase in the income tax rate applicable to corporate income earners from 28% to 29.5% effective from fiscal 2017.

Also, such a decree sets forth a decrease in the income tax rate applicable to the income tax rate applicable to corporate income earners, from the current rate of 6.8% to 5% for dividends agreed or paid out in fiscal year 2017. These amendments supersede the amendments set forth under Law No.30296, "Ley que promueve la reactivación de la economía.

h) Temporary tax on net assets -

Temporary tax on net assets affects those corporate income-earners subject to the Peruvian income tax general regime. Effective fiscal 2009, the applicable rate is 0.4% applicable to the amount of the assets exceeding S/1 million.

The amount effectively paid can be used as fiscal credit against Income Tax on-account payments or against regularization payments of income tax for the related taxable year.

i) For purposes of determining income tax and VAT (IGV in Peru), transfer prices of transactions entered into with related parties and/or entities operating in tax havens should be supported with the relevant documentation and information as well as the methods and valuation criteria used in their determination. Based on an analysis of the Company's transactions, Management and legal counsel considers that no major liabilities are expected to arise for the Company at December 31, 2016 and 2015.

27 BASIC AND DILUTED EARNINGS PER SHARE

a) Basic -

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

	2016	**2015**
(Loss) profit attributable to the Company's shareholders (stated in US$000)	(24,724)	1,275
Weighted-average number of common shares outstanding (stated in thousands)	295,536	295,536
Basic (loss) earnings per share (US$ per share)	(0.084)	0.004

b) Diluted -

Diluted loss earnings per share are equivalent to basic earnings per share. In 2016 and 2015, no diluted profit per common share has been calculated because there are no potentially dilutive shares; therefore, there are no financial instruments or other contracts that give rise to obtaining common shares.

28 NON-CASH TRANSACTIONS AND CASH FLOW STATEMENT

Investing and financing activities that do not generate cash and cash equivalent outflows and that affect assets and liabilities for the years ending December 31, 2016 and 2015 are summarized as follows:

	2016 US$000	2015 US$000
Acquisition of property, plant and equipment under finance leases	2,488	745
Revaluation of property, plant and equipment	2,296	34,421
Acquisition of intangible assets - fishing licenses under finance leases	400	4,948

Cash flows from operating activities are as follows:

	2016 US$000	2015 US$000
(Loss) profit for the year	(24,724)	1,275
Adjustments to net profit not affecting cash flows from operating activities:		
Provision for impairment of receivables from related parties (Note 9)	-	4,975
Provision for impairment of inventories (Note 8)	-	302
Depreciation (Note 11)	19,464	20,097
Deferred income tax assets (liabilities) (Note 16)	3,502	(9,379)
Disposal of property plant and equipment (Note 24)	4,152	3,901
Amortization (Note 12)	319	217
Gain on bond purchase (Note 24)	(7,050)	-
Cash and cash equivalents exchange difference	-	71
Net changes in working capital:		
Trade receivables	(71)	11,202
Inventories	(19,113)	(27,232)
Receivables from related parties	756	(3,947)
Other receivables	(6,503)	237
Current income tax assets	(371)	-
Other assets	(189)	-
Trade payables	10,223	8,467
Payables to related parties	2	(4)
Other payables	2,890	(356)
Net cash (applied by) generated for operating activities	(16,713)	9,826

29 COMMITMENTS AND CONTINGENCIES

a) Commitments -

At December 31, 2016, the Company maintains commitments in operating leases for US$2,094 thousand where the Company is the leases whose validity is between 1 and 2 years.

The total of the future minimum lease payments for non-cancellable leases are as follows:

	2016 US$000	2015 US$000
No more than 1 year	1,739	1,352
More than 1 year and no more than 2 year	355	983
	2,094	2,335

These agreements are reviewed at the end of the contractual term in accordance with market conditions.

b) Guarantees granted -

At December 31, 2016, the Company maintains the following guarantees:

- Performance bonds issued by Banco de Crédito del Perú:
  - For S/4,874 thousand, on behalf of Comercializadora Global S.A. given to SUNAT to secure a tax process.
  - For S/1,700 thousand given to SUNAT to secure the refund of the exporter's drawback for November, 2016.

- Performance bond issued by BBVA Continental for S/604 thousand given to JMG constructores Asociados S.A.C. in compliance with judgment.

- Performance bond issued by Interbank for US$296 thousand on behalf of Gas Natural de Lima y Callao S.A., in compliance with the agreement signed for the supply of natural gas.

- Performance bond issued by Banco Interamericano de Finanzas for S/2,500 thousand given to SUNAT to secure the refund of the exporter's drawback for October, 2016.

c) Contingencies -

At December 31, 2016, civil and labor court actions have been filed against the Company for US$12,601 thousand (US$14,104 thousand in 2015), the related defense arguments have been presented. Based on the opinion of its legal advisors, at December 31, 2016, the Company's Management maintained a provision for these items for US$3,648 thousand (US$2,168 thousand as of December 31, 2015) the reestimation of these provision are charged to the results of the year, which are considered sufficient to cover any future disbursements for this item (Note 15-d).

30 EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

Between December 31, 2016 and the date of Management's approval of the financial statements there have been no subsequent events that need to be disclosed in notes to the financial statements.