PESQUERA EXALMAR S.A.A.

FINANCIAL STATEMENTS
JUNE 30, 2018 AND DECEMBER 31, 2017

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US$ = United States Dollar
S/ = Peruvian Sol

PESQUERA EXALMAR S.A.A.

ESTADO DE SITUACION FINANCIERA

ACTIVO

	Nota	Al 30 de junio 2018 US$000	Al 31 de diciembre 2017 US$000
ACTIVO CORRIENTE			
Efectivo y equivalente de efectivo	6	2,951	2,926
Cuentas por cobrar comerciales	7	29,533	1,375
Inventarios	8	68,320	18,742
Cuentas por cobrar a entidades relacionadas	9	3,477	3,113
Otras cuentas por cobrar	10	24,377	11,772
Activo por impuesto a las ganancias corriente		-	2,825
Gastos contratados por anticipado		2,074	3,074
Total activo corriente		130,732	43,827
ACTIVO NO CORRIENTE			
Otras cuentas por cobrar	10	5,200	9,893
Inmuebles, maquinaria y equipo	11	211,828	215,739
Activos intangibles	12	116,746	116,819
Plusvalía mercantil	13	113,342	113,342
Otros activos		1,363	1,447
Total activo no corriente		448,479	457,240
Total activo		579,211	501,067

PASIVO Y PATRIMONIO

	Nota	Al 30 de junio 2018 US$000	Al 31 de diciembre 2017 US$000
PASIVO CORRIENTE			
Obligaciones financieras	14	59,307	14,212
Cuentas por pagar comerciales	15	22,533	16,951
Cuentas por pagar a entidades relacionadas	9	22	31
Pasivo por impuesto a las ganancias corriente		5,441	-
Otras cuentas por pagar	15	18,861	9,431
Total pasivo corriente		106,164	40,625
PASIVO NO CORRIENTE			
Obligaciones financieras	14	186,143	189,428
Otras cuentas por pagar	15	2,901	2,901
Pasivo por impuesto diferido	16	51,927	51,310
Total pasivo no corriente		240,971	243,639
Total pasivo		347,135	284,264
PATRIMONIO	17		
Capital emitido		89,772	89,772
Prima por emisión de acciones		69,721	69,721
Excedente de revaluación		32,216	32,216
Otras reservas de capital		3,609	3,609
Resultados acumulados		36,758	21,485
Total patrimonio		232,076	216,803
Total pasivo y patrimonio		579,211	501,067

Las notas que se acompañan de la página 7 a la 54 forman parte de los estados financieros.

PESQUERA EXALMAR S.A.A.

ESTADO SEPARADO DE RESULTADOS INTEGRALES

	Nota	Por el periodo terminado el 30 de junio de 2018 US$000	2017 US$000
Ingreso de actvidades ordinarias	18	121,420	159,297
Costo de venta	19	(66,043)	(106,138)
Costos incurridos en periodos de no producción	20	(9,650)	(8,193)
Utilidad bruta		45,727	44,966
Gastos de venta	21	(6,901)	(9,724)
Gastos de administración	22	(4,909)	(4,386)
Otros ingresos	24	1,328	2,688
Otros gastos	24	(1,955)	(1,390)
		(12,437)	(12,812)
Utilidad de operaciones		33,290	32,154
Ingresos financieros	25	57	31
Gastos financieros	25	(10,452)	(8,833)
Diferencia en cambio, neta	3-a-i	(194)	(386)
		(10,589)	(9,188)
(Pérdida) utilidad antes de impuesto a la renta		22,701	22,966
Gasto por impuesto a las ganancias	26	(7,428)	(11,232)
(Pérdida) utilidad del año		15,273	11,734
Otros resultados integrales:		-	-
Resultados integrales del año		15,273	11,734
(Pérdida) utilidad básica y diluida por acción (en dólares estadounidenses)	27	0.052	0.040

Las notas que se acompañan de la página 7 a la 54 forman parte de los estados financieros.

PESQUERA EXALMAR S.A.A.

ESTADO DE CAMBIOS EN EL PATRIMONIO
POR LOS AÑOS TERMINADOS EL 30 DE JUNIO DE 2018 Y EL 31 DE DICIEMBRE DE 2017

	Nota	Capital emitido	Prima por emisión de acciones	Otras reservas de capital	Excedente de revaluación	Resultados acumulados	Total
		US$000	US$000	US$000	US$000	US$000	US$000
Saldos al 1 de enero de 2017		89,772	69,721	3,609	25,885	16,688	205,675
Resultados integrales del año		-	-	-	-	11,734	11,734
Otros resultados integrales:							
Saldos al 30 de junio de 2017		89,772	69,721	3,609	25,885	28,422	217,409
Saldos al 1 de enero de 2018		89,772	69,721	3,609	32,216	21,485	216,803
Resultados integrales del año		-	-	-	-	15,273	15,273
Otros resultados integrales:							
Saldos al 30 de junio de 2018		89,772	69,721	3,609	32,216	36,758	232,076

Las notas que se acompañan de la página 7 a la 54 forman parte de los estados financieros.

PESQUERA EXALMAR S.A.A.

ESTADO DE FLUJOS DE EFECTIVO

	Por el año terminado el 30 de junio de	
	2018	2017
	US$000	US$000
ACTIVIDADES DE OPERACION		
Cobranzas a clientes	93,262	145,968
Otros cobros de efectivo relativos a la actividad	1,021	2,290
Pagos a proveedores	(89,826)	(88,016)
Pagos de remuneraciones	(20,530)	(17,884)
Pagos de impuestos	(6,811)	(1,678)
Pagos de intereses	(10,452)	(4,434)
Otros pagos de efectivo relativos a la actividad	(1,924)	(999)
Efectivo aplicado a (generado por) las actividades de operación	(35,260)	35,247
ACTIVIDADES DE INVERSION		
Pagos a:		
Compra de inmuebles, maquinaria y equipo	(6,032)	(5,066)
Compra de activos intangibles	(118)	(2,451)
Otros pagos de efectivo relativos a la actividad	-	-
Efectivo aplicado a las actividades de inversión	(6,150)	(7,517)
ACTIVIDADES DE FINANCIAMIENTO		
Aumento de obligaciones financieras	154,500	116,500
Pago de obligaciones financieras	(113,065)	(147,841)
Efectivo generado por (aplicado a) las actividades de financiamiento	41,435	(31,341)
Aumento neto de efectivo y equivalente de efectivo	25	(3,611)
Saldo de efectivo y equivalente de efectivo al inicio del año	2,926	6,743
Saldo de efectivo y equivalente de efectivo al final del periodo	2,951	3,132
CONCILIACION DEL RESULTADO NETO CON EL EFECTIVO GENERADO POR (APLICADO A) LAS ACTIVIDADES DE OPERACIÓN		
Utilidad (Pérdida) del periodo	15,273	11,734
Ajustes al resultado neto que no afectan los flujos de efectivo de las actividades de operación:		
Depreciación	10,093	9,291
Amortización	191	174
Retiros de inmuebles, maquinaria y equipo	225	469
Gasto (ingreso) por impuesto a las ganancias diferido	617	5,914
Variaciones netas en el capital de trabajo:		
Cuentas por cobrar comerciales	(28,158)	(13,329)
Cuentas por cobrar a entidades relacionadas	(364)	(488)
Inventarios	(49,578)	4,539
Otras cuentas por cobrar	(4,940)	15,628
Gastos contratados por anticipado	936	1,802
Cuentas por pagar comerciales	5,582	(9,720)
Cuentas por pagar a entidades relacionadas	(9)	4
Otras cuentas por pagar	14,872	9,229
Efectivo neto aplicado por las actividades de operación	(35,260)	35,247
Transacciones que no afectan los flujos de efectivo:		
Arrendamientos financieros de inmuebles, maquinaria y equipo	375	494

Las notas que se acompañan de la página 7 a la 54 forman parte de los estados financieros.

1 GENERAL INFORMATION

a) Incorporation and economic activity –

Pesquera Exalmar S.A.A. (hereinafter, the Company) is a subsidiary of Caleta de Oro Holding S.A. (ultimate controlling entity), domiciled in Panama, which has 60.92% of the issued 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 mainly works in the extraction, transformation, commercialization and exploration of hydro-biological resources for direct human consumption (DHC) and indirect human consumption (DHC), as well as the import of supplies for such activities, wholesale and retail purchase and sale of those products, representation of them, and other related activities, such as production of fishmeal and fish oil, and frozen products.

During June 2018, the Company managed six plants of fishmeal and fish oil production located in the cities of Tambo de Mora, Chimbote, Chicama, Callao, Huacho and Paita, in the departments of Ica, Ancash, La Libertad, Lima and Piura, respectively. In addition, it manages two freezing plants, for processing hydro-biological resources for direct human consumption, located in Paita and Tambo de Mora. In Board session of June 2016, the Company approved the temporary closure of the Paita freezing plant from the date until a consistent supply of raw material is achieved, allowing the adequate use of the plant installed capacity, using only the storage area for finished products for direct human consumption.

The plants for processing hydro-biological resources for indirect human consumption produce, through indirect steam dried – SD system, fishmeal of various qualities, such as "Prime", "Super Prime", "Taiwan", " Thai "and" Standard "and fish oil; plants for direct human consumption produce frozen hydro-biological resources.

As at June 30, 2018, the Company has 23 purse-seine vessels whose total hold capacity is 7,578 M3, with a quota of 6.77% in the North-Central region and 4.61% in the South region (23 purse-seine vessels with a total hold capacity of 7,578 M3, with a fish catch quota of 6.77% in the North-Central region and 4.61% in the South Region in 2017).

During 2017, the Company dismantled 9 steel vessels with their respective fishing quotas transferred to the remaining operational vessels.

b) Operating regulation-

The industrial activities of the Company are mainly regulated by Decree Law No.25977 - General Fisheries Law of November 7, 1992 and its Regulations, Supreme Decree No.012-2001-PE, of March 13, 2001, Law No.28611- General Law on the Environment of June 23, 2005 and Legislative Decree No.1084 - Law on Maximum Catch Limits per Vessel of June 28, 2008 and its Regulations; Supreme Decree 021-2008-PRODUCE of December 12, 2008, which regulate fishing activities in order to promote their sustainable development as a source of food, employment and income and to ensure a responsible use of hydro-biological resources, optimizing the economic benefits, consistent with the preservation of the environment and the conservation of biodiversity.

Likewise, this operating regulation establishes the need of protecting and preserving the environment, requiring the adoption of the necessary measures to prevent and minimize damage and risks of marine, land and atmospheric pollution.

The management and control of fishing activity in Peru is the responsibility of the Ministry of Production, which, according to the information provided by the Instituto del Mar del Peru (IMARPE), sets over the year biological closed seasons for fisheries resources in order to preserve some marine species, such as anchovy, white anchovy and hake. These closed seasons are established during the breeding seasons of the species concerned or when the annual quota of allocated catch is reached. Closed seasons (non-production) affect the Company’s operations, since they limit the catch of marine species for production of fishmeal and fish oil.

The General Fisheries Law establishes that fishing permits (fishing licenses) are those specific rights that the Ministry of Production grants to conduct fishing activities. Fishing licenses are granted for each fishing vessel, and, according to the applicable law, they do not have any defined term.

The General Fishing Act also establishes that, in the case of sinking, destruction, export or disassemble of a fishing vessel, the owner has the right to obtain an authorization from the Ministry of Production for the construction of another ship with the same storage capacity. The legislation does not set limitations on the exercise of this right with regard to the construction characteristics of the new vessel and deadlines for construction.

On June 28 and December 12, 2008, the Law and Regulation on Maximum Catch Limits per Vessel (LMCE), respectively, were approved, which are effective from the first fishing season of 2009. The allocation of LMCE was performed according to the highest percentage of participation in the annual national catch, and the authorized capacity in the fishing permit, at a rate of 60% and 40%, respectively, for the industrial fleet and only in terms of the best year for catch regarding wood vessels. The years considered for determining the highest percentage of participation of each vessel are from 2004 to even 2007. This standard establishes the possibility that the holders of fishing permits can subscribe Guarantee Agreements of Permanence in the LMCE System with the Ministry of Production in order to ensure the validity of the system for renewable periods of 10 years. The deadline for subscribing these agreements expires in 2018.

The Company limited the extractive activities of the fishery resource in every fishing season to the extent of the LMCE assigned by using one or more vessels with valid fishing permission at the issuance date of the Law on the catch of fishery resources that gets the corresponding permission later.

c) Operations -

i) Fishmeal and fish oil -

As at June 30, 2018, the Company had 105 production days and 76 days of plant stoppage (97 and 84 days, respectively, as at June 30, 2017). Likewise, as at June 30, 2018, the costs incurred in the non-production period generated operating costs for the Company of US $ 9,650 (US $ 8,193 as at June 30, 2017).

As at June 30, 2018, the Company operated with the following aliquot for the catch of anchovy:

- In the North-Central region, in 2018, 6,702% (6.73% in 2017) out of the total country quota amounting to 3,317 million MT, during the first fishing season 2018 starting on April 7 and ending once the total maximum limit of allowable catch in the North-Central region and 6.82% has been reached, including the leased fishing quota (2.8 million MT in the first season of 2017, starting on April 26, and ending on July 31, 2017).

- In the South region, 4.64% (4.64% in 2017) out of the total of the country quota amounting to 0.535 million MT during the first fishing season 2018 that started on January 5 and will end on July 1, 2018 (0.515 million MT in the first fishing season 2017 that started on January 17 and ended on June 30, 2017).

As at June 30, 2018, the Company processed 526,917 MT of anchovy (378,938 MT as at June 30, 2017), from which 266,590 MT were caught with our fleet (194,157 MT as at June 30, 2017) and 260,327 MT were acquired from third parties (184,781 MT as at June 30, 2017).

As at June 30, 2018, the Company's production reached 118,672 MT of SD fishmeal and 25,250 MT of fish oil (90,711 MT and 8,698 MT of fishmeal and fish oil, respectively, as at June 30, 2017).

As at June 30, 2018, local sales represented 15% (8% in 2017) out of total sales and exports represented 85% (92% in 2017), mainly, out of total sales of fishmeal and fish oil.

ii) Direct human consumption –

	2018	**2017**
	TM	**TM**
Captura Propia:		
Caballa	1,962	8,646
Materia Prima de Terceros:		
Pota	-	7,075
Perico entero	-	59
Concha	-	66
Otros	-	-

	2018	**2017**
	TM	**TM**
Producción:		
Pota	-	4,403
Perico entero	-	130
Concha	-	69
Otros	-	5

As at June 30, 2018, local sales represented 7% (5% in 2017) and export sales represented 93% (95% in 2017) out of total sales of frozen products.

d) Environmental Regulation -

The General Fisheries Law requires an Environmental Impact Study (EIA) to be conducted prior to the beginning of any fishing activity.

Under Decree Law No.25977 - General Fisheries Law, Article 6 and its Regulations, according to Supreme Decree No.01-94-PE, fishing entities should adopt the necessary measures for the protection and preservation of the environment in order to prevent and minimize damage and risks of marine, land and atmospheric pollution.

The Company's operations are performed protecting public health and the environment, and comply with all applicable regulations.

As at June 30, 2018, the Company has carried out works in its various offices related to environmental protection for an amount of US $ 692 thousand (US $ 1,264 thousand in 2017), such as the installation of a system of wastewater treatment and storage of solid wastes, rooms for the physical treatment of pumped water, the acquisition of ovens, pumps and steam driers

These disbursements are recognized as a part of the property, machinery and equipment, since they are necessary to comply with operational and production objectives, as well as the standards required for the protection of the environment.

There are no liabilities or environmental obligations as at June 30, 2018 and December 31, 2017.

e) Approval of financial statements -

Financial statements as at June 30, 2018 have been issued with the authorization of the Company Management. Financial statements as of December 31, 2017 were approved by the Annual General Shareholders' Meeting, held on March 27, 2018.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Preparation Basis -

The financial statements of the Company have been prepared in conformity with the International Financial Reporting Standards (hereinafter IFRS), issued by the International Accounting Standard Board (hereinafter "IASB") in effect as at June 30, 2018 and 2017, These include the International Financial Reporting Standards (IFRS), the International Accounting Standards (IAS) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

In addition, these financial statements include the investment in the joint venture Corporación del Mar S.A. (CORMAR), estimated under the equity method of accounting (Note 2.12).

The information contained in these financial statements is responsibility of the Company Management, which explicitly confirms that all the principles and criteria referred to in the IFRS issued by the IASB ruling as at the year-end have been applied in its preparation.

The financial statements arise from the accounting records of the Company and have been prepared on the basis of the historical cost modified by lands that are recognized at fair value (Note 11-d). The financial statements are presented in thousands of US dollars (US $ 000), except when a different currency denomination is indicated.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires that the Management exercise its judgment while applying the accounting policies of the Company.

The areas involving a higher level of judgment or complexity or the areas in which the assumptions and estimates are significant for the financial statements are described in Note 4.
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2.1 Changes in Accounting Policies and Disclosures -

2.2.1 New standards and modifications to the standards adopted by the Company -

The following standards and interpretations are applied for the first time to periods starting from January 1, 2017.

Disclosure initiatives - Amendments to IAS 7, "Statement of cash flows" -

As a result of this modification, a numerical explanation of the changes seen in the year in liabilities related to financing activities is required be spread in the financial statements. This explanation applies to the changes arising from operations that generate cash flows, such as disbursements and loan payments; as well as to the changes arising from operations that do not generate cash flow, such as the incorporation of liabilities as a result of the acquisition of a business, debt settlement, accrual of interest and unrealized exchange rate differences. It should also include changes related to financial assets to the extent that their cash flows are or will be included in the cash flows related to financing activities, such as, assets that cover liabilities linked to financing activities. The Company evaluated the new requirements demanded by this amendment to IAS-7 and considers that these requirements are covered by the information provided in the statement of cash flows and there are no additional significant changes in the financial liabilities that may be necessary to spread.

Other Amendments -

Other amendments in force as of January 1, 2017, on IAS 12, "Income Tax" that clarifies aspects for determining deferred tax assets and on IFRS 12 specifying certain disclosures, have not had impact on the Company, on its financial statements as at June 30 to 2018.

2.2.2 New standards and modifications and interpretations in force for the financial statements corresponding to annual periods beginning on or after January 1, 2019 and that have not been adopted early –

- IFRS 15, “Income from contracts with customers” –

- IFRS 15 will replace IAS 18, IAS 11 and various interpretations associated with the recognition of incomes. The new standard is based on the principle that the income is recognized when a customer gets the control of goods or services, in such a way that the concept of control replaces the existing concept of risks and benefits. For that purpose, a model is established with the following five steps which are the base for recognizing incomes: (i) to identify contracts with customers, (ii) to identify performance obligations, (iii) to determine the price of the transaction, (iv) to allocate the price of the transaction to each of the performance obligations, and, (v) to recognize the income as each performance obligation is satisfied.

The key changes compared to the current practice are:

  - Goods or services offered in group but individually distinct must be recognized by separate.
  - The amount of income can be affected if the remuneration varies for any reason (for example, incentives, discounts, management fees, royalties, success of a result, etc.).

A minimum amount of the variable income must be recognized, provided that it is concluded that it is most likely such income will not be reversed in the future.

- The time when the incomes can be recognized may change: some incomes currently recognized at the end of a contract may have to be recognized during the term of the contract and vice versa.
- More disclosure requirements are established.

IFRS 15 is effective from fiscal years starting on January 1, 2019. For the transition, there is an option to apply the comprehensive retroactive method, the comprehensive retroactive with practical applications or the modified retroactive, with the changes recognized in retained earnings as at January 1, 2019, where additional disclosures are required.

The Company is in process of preparing an initial qualitative study of the impacts of the application of IFRS 15. The Company expects to have an estimate of the impact of applying IFRS 15 for 2019.

IFRS 16, “Leases” -

IFRS 16 will mainly affect the accounting of lessees and will result in the recognition of almost all leases in the balance sheet. The standard eliminates the current difference between operating and financial leases and requires the recognition of a financial asset (the right to use the leased asset) and liability to pay rents for virtually all leases. There is an optional exception for short-term and low-value leases.

The income statement will also be affected because the total expense is usually higher in the first years of a lease and lower in subsequent years. In addition, operating expenses for interest and depreciation will be replaced. Therefore, key measures, such as EBITDA, will change.

Operating cash flows will be higher, since cash payments for the main portion of the lease liability are classified within financing activities. Only the part of payments that reflects the interest may continue being presented as operating cash flows.
The accounting of lessors will not change significantly.

IFRS 16 is effective from periods beginning since January 1, 2019 and its early adoption is permitted. The lessee may choose to apply the standard by using a comprehensive or modified retroactive approach. In the latter case, the standard allows certain practical applications for the transition.

The Company expects to perform an analysis of the impacts of IFRS 16 during 2018.

- Other effective modifications for future years that are not relevant for the Company’s activities --

  - Modifications to IFRS 4 – Application of IFRS 9 Financial instruments with IFRS 4 Insurance Contracts.

  - Modifications to IAS 40 - Transfers of real estate investments

  - Annual improvements to the IFRS, cycle 2014-2016 - IFRS 1 and IAS 28 are modified with regard to investments maintained by venture capital organizations.

  - IFRIC 22, "Transactions in foreign currency and cash advances"

  - IFRIC 23, "Uncertainty about Income Tax Treatments"

  - Modifications to IAS 28 "Investments in associations and joint ventures"

  - Modification to IFRS 9, "Financial instruments", on characteristics of prepayment with negative compensation and modification of financial liabilities.

- Annual improvements to IFRS, cycle 2015 - 2017 - modifications to IFRS 3, IFRS 11, IAS 12 and IAS 23.

- IFRS 17, “Insurance Contracts.’

These modifications are effective for periods beginning since January 1, 2019, except for IFRS 17, which rules from January 1, 2021.

2.3 Segment Information –

The information by operating segments is presented in accordance with the internal reports provided to the chief operating decisions-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the General Manager, responsible for making strategic decisions.

The Management considers the business from a type-of-fishing activity perspective: indirect human consumption and direct human consumption in 2018 and 2017, respectively. Therefore, the business segments to be reported by the Company are indirect human consumption and direct human consumption. In this sense, the Management has determined two reportable operating segments. The Management manages the business resources from a productive point of view.

The Management assesses the fishmeal and fish oil yield related to indirect human consumption on a consolidated basis. These products are sold in markets around the world. Other products sold by the Company include other species on a smaller scale, such as frozen fish for direct human consumption.

The General Management assesses the yield of the operating segments based on the measure of the financial indicator, adjusted EBITDA, determined by the Management, considering earnings before interest, taxes, depreciation and amortization. This measure basis –not regulated by any accounting standards, excludes the effects of other incomes and expenses because of being non-recurrent items from the operating segment, as well as financial incomes and expenses, and the exchange rate difference.

A reconciliation of adjusted EBITDA determined by the Management with the loss before income tax includes:

Año 2018	**Consumo Humano Indirecto US$000**	**Consumo Humano Directo US$000**	**Total US$000**
EBITDA ajustado 2018	46,626	(2,425)	44,201
Depreciación (Nota 11)	(8,113)	(1,980)	(10,093)
Amortización (Nota 12)	(191)	-	(191)
Otros ingresos y gastos, neto (Nota 24)	(627)	-	(627)
Ingresos y gastos financieros netos (Nota 25)	(9,035)	(1,360)	(10,395)
Diferencia en cambio, neta (Nota 3)	(194)		(194)
Participacion de los trabajadores (Nota 15 - d)	2,565	-	2,565
Utilidad antes de impuesto a las ganancias	31,031	(5,765)	25,266

Año 2017	Consumo Humano Indirecto US$000	Consumo Humano Directo US$000	Total US$000
EBITDA ajustado 2017	41,611	(1,290)	40,321
Depreciación (Nota 11)	(7,314)	(1,977)	(9,291)
Amortización (Nota 12)	(174)		(174)
Otros ingresos y gastos, neto (Nota 24)	721	577	1,298
Ingresos y gastos financieros netos (Nota 25)	(7,401)	(1,401)	(8,802)
Diferencia en cambio, neta (Nota 3)	(386)		(386)
Participacion de los trabajadores (Nota 15 - d)	2003		2,003
Pérdida antes de impuesto a las ganancias	29,060	(4,091)	24,969

The chart below shows the Statement of Financial Position and the Statement of Comprehensive Incomes by operating segments:

Al 30 de junio, 2018	Consumo Humano Indirecto US$000	Consumo Humano Directo US$000	Total US$000
Ventas locales	16,432	1,751	18,184
Ventas al exterior	102,547	690	103,237
Total ventas	118,979	2,441	121,420
Costo de venta	(63,131)	(2,912)	(66,043)
Costos incurridos en periodos de no Producción	(6,604)	(3,046)	(9,650)
Utilidad bruta	49,244	(3,517)	45,728
Gastos de venta	(6,160)	(741)	(6,901)
Gastos de administración	(4,762)	(147)	(4,909)
Otros ingresos	1,328	-	1,328
Otros gastos	(1,955)	-	(1,955)
Utilidad (pérdida) de operaciones	37,695	(4,405)	33,290

Al 30 de junio, 2018			
Total activos	534,882	44,329	579,211
Inmueble, maquinaria y equipo	167,501	44,327	211,828
Activos intangibles	116,746		116,746
Plusvalía mercantil	113,342		113,342
Inventarios	68,318	2	68,320
Total pasivos	347,135		347,135
Obligaciones financieras	245,450		245,450

Al 30 de junio, 2017	Consumo Humano Indirecto US$000	Consumo Humano Directo US$000	Total US$000
Ventas locales	11,335	872	12,208
Ventas del exterior	132,848	14,242	147,089
Total ventas	**144,183**	**15,114**	**159,297**
Costo de ventas	(94,933)	(11,205)	(106,138)
Costos incurridos en periodos de no producción	(4,527)	(3,666)	(8,193)
Utilidad bruta	**44,723**	**243**	**44,966**
Gastos de venta	(7,311)	(2,413)	(9,724)
Gastos administrativos	(4,254)	(132)	(4,386)
Otros ingresos	2,442	246	2,688
Otros gastos	(1,390)	-	(1,390)
Utilidad (pérdida) operativa	34,209	(2,056)	32,154

Al 31 de diciembre de 2017			
Total activos	452,581	48,486	501,067
Inmueble, maquinaria y equipo	169,534	46,205	215,739
Activos intangibles	116,819		116,819
Plusvalía mercantil	113,342		113,342
Inventarios	16,461	2,281	18,742
Total pasivos	284,264		284,264
Obligaciones financieras	203,640		203,640

Segments by geographic area –

	2018		2017	
	Indirecto US$000	Directo US$000	Indirecto US$000	Directo US$000
Ingresos:				
Asia	90,186	(106)	117,016	5,220
Europa	2,770	344	3,386	4,657
América	25,610	1,773	23,782	3,467
Oceanía	413	170	-	40
Africa	-	259	-	1,729
	118,979	2,441	144,183	15,114

Information on products –

	2018			2017		
	Harina US$000	Aceite y Otros US$000	Total US$000	Harina US$000	Aceite y Otros US$000	Total US$000
Ingresos:						
Consumo Humano Indirecto	107,718	11,261	118,979	131,401	12,782	144,183
	107,718	11,261	118,979	131,401	12,782	144,183

Incomes from the sale of fishmeal and fish oil, corresponding to the indirect human consumption (IHC) segment, have mainly come from Asia.

	2018			2017		
	Productos congelados US$000	Otros US$000	Total US$000	Productos congelados US$000	Otros US$000	Total US$000
Ingresos:						
Consumo Humano Directo	1,344	1,097	2,441	15,065	49	15,114
	1,344	1,097	2,441	15,065	49	15,114

Incomes from the sale of frozen products, corresponding to the direct human consumption (DHC) segment, mainly come from Asia, Europe and America.

2.4 Foreign Currency Translation -

Functional currency and presentation currency –

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

Transactions and Balances –

Foreign currency transactions are translated into the functional currency by using the exchange rates prevailing at the dates of the transactions or the valuation when the items are re-measured. The exchange rates used correspond to those published by the Superintendency of Banking, Insurance and Private Pension Fund Managers (Superintendencia de Banca y Seguros y AFP) (Note 3).

The profit and loss due to exchange rates differences resulting from the collection and / or settlement of such transactions and from translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currency are recognized in the statements of comprehensive income under “Net exchange rate differences,”

2.5 Financial Assets -

Classification -

The Company classifies its financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and accounts receivable and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. The management determines the classification of its financial assets at the date of their initial recognition. As at June 30, 2018 and December 31, 2017, the Company only holds loans and accounts receivable, whose characteristics and treatment are described below.

Loans and Accounts Receivable -

Loans and accounts receivable are non-derivative financial assets that allow for fixed or determinable payments and which are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months as of the date of the Statement of Financial Position. The latter are classified as non-current assets. The loans and accounts receivable of the Company comprise "Cash and cash equivalents", "Trade accounts receivable", "Accounts receivable from related entities" and "Other accounts receivable" in the statement of Financial Position (Notes 2.9 and 2.10).

Loans and accounts receivable are initially recognized at fair value and subsequently measured at amortized cost by using the effective interest rate method, less the allowance for impairment (Note 2.8).

Trade accounts receivable are the amounts owed by customers on the sale of products through the regular course of business. Trade accounts receivable have an average collection period of 33 days approximately. There are no significant amounts of sales deviating from usual credit conditions; then it has not been possible to identify any financial component on the sales of products.

2.6 Offsetting of Financial Instruments –

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

The legally enforceable right should not be contingent on future events and should be required in the ordinary course of business and in any event of default or insolvency of the Company or the counterparty.

2.7 Derivative Financial Instruments -

Derivative financial instruments are initially recognized at fair value on the date when the contract of the derivative instrument enters in force and are subsequently recognized at their fair value on the date of the Statement of Financial Position. The method to recognize the profit or loss resulting from changes in the fair values of the derivatives depends on whether they are designated as hedge instruments, and if so, the nature of the item being hedged. The Company applies hedge accounting treatment so that fluctuations in the fair value of derivative instruments are recognized immediately in the comprehensive income as a part of the financial expenses item.

2.8 Impairment of Financial Assets –

Assets recorded at amortized cost –

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

Evidence of impairment may include indicators that debtors or a group of debtors are facing financial difficulties, default or delay in payment of interests or the total of their debts, the probability of falling into bankruptcy or another type of financial reorganization, and when the information objectively shows measurable decrease in the estimated future cash flows, such as changes in the overdue balances or economic conditions correlated with defaults in payments.

For the category of loans and accounts receivable, the amount of the impairment loss is measured as the difference between the carrying amount of assets and the present value of estimated future cash flows (excluding future credit losses which have not been incurred yet, and considering the guarantees received from customers, if applicable) 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 income statement.

If, later, the amount of impairment loss decreases and such decrease is objectively related to an event that has happened after the impairment recognition (as an improvement in the credit ratio of the debtor), the reversion of the previously recognized impairment loss is recognized in the income statement.

2.9 Cash and cash equivalent -

In the cash flow statement, prepared under the direct method, the cash and cash equivalents include available cash, term deposits and demand deposits in banks with three months or less of original maturities date.

2.10 Accounts Receivable -

Trade accounts receivable are the amounts owed by customers for the sale of fishmeal and fish oil and frozen products in the regular course of business. If these receivables are expected to be collected within a year or less, they are classified as current assets.

Otherwise, they appear as non-current assets. Trade accounts receivable are initially recognized at fair value and measured later at the amortized cost by using the effective interest method, less the allowance for impairment (Note 2.8).

2.11 Inventories -

Inventories are registered at cost or at its net realizable value, the lower one. The cost is determined by using the weighted average cost method. The cost of finished products includes raw material costs, direct workforce and other indirect costs, including the costs incurred in periods of non-production (Note 4.2) (based on a capacity of normal operation). This also includes the costs incurred when moving the inventories to its current location and conditions.

The net realization value is the estimated sale price in the normal course of operations, less the estimated costs to put the inventories on sale condition and to trade them. Because of the reductions in the carrying amount of inventories to their net realizable value, an estimate is made for the inventory devaluation with charge to the results of the year.

The estimate for obsolescence of materials and spare parts in warehouse is determined based on the items of slow rotation.

2.12 Joint Venture -

The Company applies IFRS 11 to all its joint arrangements and, after analyzing the nature, it has determined that they are joint ventures.

The Company has 50% of shares in Corporación del Mar S.A., which is an entity jointly controlled through an agreement signed between the Company and Austral Group S.A.A. The joint venture accounting policies have been modified, when necessary, to ensure uniformity with the policies adopted by the Company.

The investment value of the Company in joint ventures is recognized by the equity method. Under the equity method, the investment in a joint venture is initially recognized at cost and, later, adjusted to recognize the Company participation in the profits and losses and movements in the comprehensive income statement after the acquisition. As at June 30, 2018 and 2017, the value of the investment determined by the equity method is zero.

Dividends are recognized in the income statement when their right to receive them is established.

2.13 Property, Machinery and Equipment -

Property (except land), fishing vessels, fleet equipment, machinery and equipment are stated at historical cost less accumulated depreciation and impairment in their carrying amount. The land is presented at its fair value under the revaluation model, based on valuations performed by external independent experts. Valuations are made with sufficient regularity, to ensure that the fair value of a revalued asset does not differ significantly from its carrying amount. The historical cost of an item of property, machinery and equipment comprises its purchase price and includes the disbursements directly attributable to the acquisition or construction required to put the asset in its necessary location and conditions, so that it is able to operate as Management expects.

Subsequent costs are included in the carrying amount of the asset or are recognized as an individual asset, as applicable, only if they are likely to generate future economic benefits to the Company, and the cost of these assets could be reasonably measured.

Expenses incurred to replace an item component or an element under property; machinery and equipment are capitalized separately, by writing down the carrying amount of the replaced component. When a larger inspection is made, the cost is charged to the carrying amount of property, machinery and equipment as a replacement if recognition criteria have been achieved. Any carrying amount remaining of previously recognized inspections is withdrawn. Other disbursements for maintenance and repair are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation of the other goods from fixed assets is calculated by using straight-line method to allocate their cost less their residual value over the estimate of their useful lives, as follows:

	Years
Buildings and other constructions	33
Vessels	2 - 29
Machinery and equipment	2 - 35
Transport Units	5
Furniture and fixtures	2 - 10
Miscellaneous and computer equipment	2 - 10

Residual values and shelf life of assets are reviewed and adjusted, if necessary, at the date of each statement of financial position. Any change in these estimates is prospectively adjusted.

The carrying amount of an asset is written down immediately to its recoverable amount, if the carrying amount of the asset is greater than the estimates of its recoverable amount (Note 2.16).

The profit and loss arising from the sale or withdrawal of a property, machinery and equipment correspond to the difference between the sale value and the carrying amount, and are recognized as "Other income" and "Other expenses" of the statement of comprehensive incomes.

The write-off of an item of property, machinery and equipment will occur when it is not expected to obtain future economic benefits for its use or disposition.

2.14 Intangible Assests -

Computer software –

The costs associated with the maintenance of computer (software) programs are recognized as incurred expenses. 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 could be used;
- The Management intends to complete the software product and use it or sell it;
- The Company can use or sell the software product;
- It can be demonstrated that the software product will probably generate future economic benefits;
- Technical, financial and other resources necessary to complete the development of the software product are available, allowing its use or sale; and
- The expense attributable to the software during its development can be reliably measured

The costs directly attributable that are capitalized as part of the software include: Software development, employees costs, and an appropriate portion of relevant indirect costs. Other development expenses that do not meet these criteria are recognized in the results, as they are incurred. The development costs previously recognized in results are not recognized as an asset in subsequent periods.

The acquired software licenses are capitalized based on the costs incurred to acquire and bring to use the specific software. These costs are directly amortized during their estimated shelf lives, which do not exceed 10 years. The shelf life was estimated during the period in which the software is expected to be available for the use of the Company.

Fishing licenses -

The cost of fishing licenses for anchovy is mainly determined by using the acquisition cost representing the estimate of its fair value made by independent appraisers. The fishing licenses acquired through business combinations are shown at their fair value of the date of acquisition determined by independent appraisers. Fishing licenses are intangible assets of indefinite shelf life; consequently, they are not amortized and are recognized at cost. The carrying amounts of fishing licenses are assessed at each period-end to determine if there is impairment. If the fair value of licenses is deemed to be lower than its corresponding carrying amount, licenses are written–down at their fair value (Note 2.16).

2.15 Goodwill –

Goodwill represents the excess of the acquisition cost corresponding to the fair value of the shareholding of the Company in the identifiable net assets, liabilities and contingent liabilities of the subsidiary acquired as at the acquisition date. The carrying amount of goodwill is annually tested for impairment and is shown at the cost less accrued impairment losses. The profit or loss in the sale of subsidiaries includes the carrying amount of goodwill related to it.

For the purposes of impairment testing, the goodwill is assigned to each of the Cash Generating Units (hereinafter, CGU). The distribution is made to those CGUs or group of CGUs, expected to be benefited of the business combination in which the goodwill was originated, identified in accordance with the operating segments.

Goodwill impairment reviews are undertaken annually or more frequently when there are events or changes in circumstances indicating a potential impairment in its value. The carrying amount of the CGU, which contains the goodwill, is compared to the recoverable amount, which is the highest between its value in use and the fair value less sale costs. Any impairment is recognized as expense and cannot be subsequently reversed.

2.16 Impairment of non-financial assets –

Assets that have indefinite shelf live, such as goodwill and fishing licenses, are not subject to amortization and are annually tested for impairment. Assets subject to depreciation or amortization are reviewed for impairment when there are events or circumstances indicating that their carrying amount may not be recoverable. Impairment loss is recognized as the amount by which the carrying amount of an asset exceeds its recoverable value.

The recoverable value of the assets is the higher value between the net amounts of their sale or their use value. In order to assess the impairment, assets are grouped at the lowest levels in which identifiable cash flows are generated (Cash Generating Units). The book balances of non-financial assets distinct from goodwill that have been reduced for impairment are reviewed to verify possible reversals of the impairment at each reporting date.

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

2.17 Financial Liabilities -

The Company classifies its financial liabilities as: Financial liabilities at fair value through profits or losses and other financial liabilities. The classification depends on the purpose by which financial liabilities are assumed and the way they are managed. The Management determines the classification of its financial liabilities at the date of initial recognition.

As at June 30, 2018 and 2017, the financial liabilities under "Other financial liabilities" essentially correspond to "Banking obligations" and to "Trade accounts payable", whose characteristics and treatment are exposed in detail below:

Financial Liabilities -

Financial liabilities are initially recognized at their fair value, net of transaction costs. These liabilities are later registered at their amortized cost; any difference between funds received (net of transaction costs) and the redemption value is recognized in the statement of incomes during the loan term by using the effective interest method.

Commissions used to obtain credits are recognized as transaction costs, if part or the entire loan will be received. In this case, commissions are deferred until the loan is received. If there is no possibility of receiving part or the entire loan, commissions shall be capitalized as payments for services to obtain liquidity and are amortized during the period of validity of the credit line.

Financial obligations are classified as current liabilities unless the Company has an unconditional right to defer the liability payment for at least 12 months as of the date of the statement of financial position.

Trade accounts payable –

Trade accounts payable are payment liabilities for goods or services received from suppliers in the normal course of business. Accounts payable are classified as current liabilities if the payment must be made within one year or less. Otherwise, they are considered as non-current liabilities.

Accounts payable are initially recognized at their fair value and, subsequently, if the effect of discount over present value is important, they are re-measured at amortized cost by using the effective interest method. Otherwise, they are shown at their nominal value.

2.18 Provisions -

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

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

2.18 Leases –

Leases in which a significant portion of the risks and benefits of ownership are retained by the landlord are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive incomes by using the straight-line method over the lease term.

Leases of property, machinery and equipment in which the Company substantially takes all the risks and benefits of the property are classified as finance leases. Finance leases are capitalized at the beginning of the lease at the lowest value obtained by comparing 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 the finance charge. The corresponding leasing liabilities, net of finance charges, are included in other long-term accounts payable.

The interest element of the financial cost is charged to the statement of comprehensive income in the lease term so that a periodic interest rate is obtained on the balance of the liability for each period. Property, machinery and equipment acquired through financial leases are depreciated according to a systematic basis over the expected period of use in accordance with the depreciation policy adopted by the lessee regarding the other depreciable assets this holds.

If there is reasonable certainty that the lessee will obtain the ownership by the end of the lease period, the expected period of use will be the shelf life of the asset; otherwise, the asset will be depreciated in the shorter period resulting from comparing the shelf life of the asset and the lease term.

2.20 Deferred Income Tax Liability -

The income tax for the period includes the tax on current and deferred incomes. Income tax is recorded in the Statement of Incomes, unless it is related to items recognized as Other comprehensive incomes or directly in the Equity. In this case, the income tax is also recognized in Other comprehensive incomes or directly in the Equity, respectively.

The current income tax is calculated on the basis of the tax laws enacted or substantially enacted as at the date of the statement of financial position. The management periodically evaluates the position taken in tax affidavits regarding situations when tax laws are to be interpreted. When necessary, the Company must take provisions for the amounts it expects to pay to the tax authorities.

Deferred income tax is recognized in full, by using the liability method, recognizing the effect of temporary differences arising between the tax basis of assets and liabilities and their respective balances as shown in the financial statements.

Nevertheless, deferred income tax arising from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and does not affect accountable or taxable profit or loss, as at the transaction date, is not posted. Deferred income tax is determined by using the current or substantially current tax rate (and legislation) as at the date of the statement of financial position, and which is expected to be applicable when the deferred tax is realized or the deferred tax is settled. Deferred tax assets are only recognized provided that future tax profits are generated, against which temporary differences may be used.

2.21 Benefits to Employee -

Vacation -

Yearly vacation and other compensated absences are accrued expenses. The provision for the estimated liability for yearly employee vacation, calculated on the basis of one salary for every twelve months of labor, is recognized on the date of the statement of financial position.

The Company does not provide post-employment benefits; neither does it operate a share-based equity compensation plan.

Employee severance indemnities –

Employee severance indemnities payable to the Company's personnel is a legal right calculated on the basis of current legislation and is to be deposited every year in May and November on special bank accounts designated by the employee.

Employee severance indemnities amount 50% of an employee’s monthly salary as at the date of the deposit. The Company has no further payment liabilities once it has deposited the annual amount entitled to the employee.

Bonuses -

The Company recognizes a liability and an expense for bonuses to employees based on current legal provisions in Peru. The bonuses amount to two additional monthly salaries paid, one in July and one December, each year.

Profit Sharing -

The Company recognizes a liability and expense for the employees' profit sharing based on the current legal provisions. Employees' profit sharing amounts to 10% of the taxable base determined on the basis of the current income tax legislation. The Company recognizes the employees' profit sharing as production cost or administrative expense, depending on the functions of the employees.

2.22 Issued Capital -

Common shares are classified as a part of equity when there is no obligation to transfer cash or other assets.

The incremental costs directly attributable to the issue of new shares or options are shown in the equity as a deduction from the amount received, net of taxes.

The reacquisition of the own equity instruments (own shares in the portfolio) is recorded at cost and deducted from the equity. No profit or loss is recognized in the statement of income derived from the purchase, sale, issue or amortization of the own equity instruments of the Company.

These own shares may be acquired and owned by the entity or other members of the consolidated group. The remuneration paid or received is directly recognized in the equity.

2.23 Contingent liabilities and assets –

Contingent liabilities are not recognized in financial statements; they are only disclosed in the notes to the financial statements, unless the possibility of using resources is remote. Contingent assets are not recognized in financial statements and they are only disclosed when there is a possibility that an inflow of resources will occur.

2.24 Revenue Recognition –

Revenues are measured at the fair value of the remuneration collected or receivable for sales of goods and services performed in the normal course of the Company's operations. Revenues are shown net of sale taxes, returns, rebates and discounts. The Company recognizes its revenues when they can be reliably measured. Besides, it is probable that the future economic benefits will flow to the entity and when the transaction meets specific criteria for each of the activities of the Company, as described below:

Sale of fishmeal and fish oil and other products –

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

- he Company has transferred to the buyer the significant risks and rewards of the ownership of those goods;
- he Company has no involvement in the current management of goods sold, to the degree usually associated with the ownership and retains no effective control over them;

- he amount of revenues can be reliably measured;
- It is probable that the Company will receive economic benefits associated with the transaction; and,
- he costs incurred, or to be incurred, in relation to the transaction can be reliably measured.

Interests -

Interest incomes are recognized based on the proportion of time elapsed, by using the effective interest rate method. The interest income for deteriorated loans and placements is recognized by using the original effective rate of the instrument.

2.25 Recognition of Costs and Expenses –

The cost of products sales is recognized in the statement of incomes when products are delivered, simultaneously with the recognition of revenues for their sale. Other costs and expenses are recognized based on the accrual principle, regardless of their payment date and, if appropriate, in the same period in which the related revenues are recognized.

2.26 Distribution of Dividends -

The distribution of dividends 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 Meeting of Shareholders.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors -

Activities expose the Company to many financial risks: e.g., market risk (including exchange rate risk, fair value of interest rate, interest rate risk on cash flows, and price risks), credit risk and liquidity risk. The general risk management program of the Company primarily focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

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

The Financial Management identifies, assesses and covers financial risks in close coordination with the operating units of the Company.

The following are the main financial risks to which the Company is exposed:

a) Market Risk-

i) Exchange Rate Risk -

The Company is exposed to fluctuation risk on exchange rate in those items held in currencies other than the US dollar; mainly the Nuevo Sol. Domestic and overseas sales of the Company are mainly denominated and settled in US dollars. Exchange rate risks arise from transactions with suppliers as well as from the financial indebtedness agreed in Nuevos Soles. The management regularly evaluates the impact of this effect on the Company.

The Company does not have a specific policy in relation to the future foreign currency contracts to hedge the exposure of the foreign currency. In 2018 and 2017, the Company does not hold any future foreign currency contract in force as at the date of the financial statements.

As at June 30, 2018 and December 31, 2017, foreign currency balances (S/) were as follows:

	2018	2017
	S/.000	S/.000
Activos:		
Efectivo y equivalente al efectivo	3,095	2,372
Cuentas por cobrar comerciales	597	1,740
Cuentas por cobrar a entidades relacionadas	10,461	9,184
Otras cuentas por cobrar	44,202	42,494
	58,355	55,790
Pasivos:		
Obligaciones financieras	-	33
Cuentas por pagar comerciales	40,993	13,213
Cuentas por pagar a entidades relacionadas	70	99
Otras cuentas por pagar	67,592	30,339
	108,655	43,684
Pasivo, neto	(50,300)	12,106

As at June 30, 2018, the exchange rates used by the Company to translate its balances in foreign currency were US$0.306 per S/1 for assets and liabilities (US$0.308 per S/1 for assets and liabilities in 2017).

If as at June 30, 2018, the Sol had strengthened/weakened by 1% against the U.S. dollar, with all the other variables held constant, the loss before taxes for the year would have increased/decreased by US$579,000 (US$187,000 in 2017). These variations would be mainly generated as a result of exchange profits / losses for other receivables, trade payables and provisions kept in Soles.

As at June 30, 2018, the Company had a net exchange loss for US$194,000 (net exchange loss for US$386,000 in 2017), whose net amount is included in the item of Exchange differences, net in the statement of comprehensive income. Exchange differences mainly result from the other receivables for fitting out and other vessel owners, trade payables, and other payables kept in Soles.

ii) Price risks -

The Company is not exposed to price risks because it does not have any financial instruments subject to fluctuations as a consequence of variations in market prices.

iii) Risk of interest rate of fair value and cash flows -

The risk of interest rate for the Company arises from its financial liabilities. Borrowings at variable rates expose the Company to interest rate risk on its cash flows. Borrowings at fixed rates expose the Company to the interest rate risk on the fair value of its liabilities.

The Company is exposed to the risk of fluctuation of the variable interest rate due to its financial obligation with financial entities (Note 14). The Company periodically reviews the evolution of interest rates and the possible impact on loans and, therefore, on results. The Management, in order to cover its exposure to risk, hired derivative financial instruments (Swap) to maintain a fixed interest rate on financial obligations. The hedged loan is for US$7,636,356 with the Santander

Bank, in order to transfer the variable interest rate of 4.95% + Libor 3 Months to a fixed rate of 6.9%. The derivative financial instrument contract has the same loan maturity term.

The Company's policy is to maintain financings at fixed interest rates mainly. The Management assumes the interest rate risk on the fair value of its liabilities (Note 14).

b) *Credit risk* -

The Management considers that the Company does not have significant credit risk on the trade receivables from third parties, receivables from ship owners and related entities since no significant difficulties of collection have arisen. With respect to the other receivables from ship owners, the Management evaluates their condition, case by case, and obtains guarantees over vessels, properties and other assets, if necessary, to secure receivables.

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

c) Liquidity risk-

From time to time, the Finance Management makes cash flow projections of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. In this regard, the Company has sufficient credit lines in banks and financial institutions to finance working capital needs, a working capital credit line with banks totaling US$193 million approximately. Such projections take into consideration the Company's operating, investing and debt financing plans and the compliance with financial ratios in the statement of financial position.

Surplus of cash and balances over and above the balance required for working capital management are mainly invested in fixed-term deposits.

The table below analyses the Company's financial liabilities, which have been classified into maturity groups based on the period between the date of the statement of financial position and contractual maturity dates.

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

	1 año	Entre 1 y 2 años	Entre 2 y 3 años	Entre 3 y 5 años	Total
	US$000	US$000	US$000	US$000	US$000
Al 30 de junio de 2018					
Obligaciones financieras	59,307	17,998	12,654	181,125	271,084
Cuentas por pagar comerciales	22,533	-	-	-	22,533
Cuentas por pagar a entidades relacionadas	22	-	-	-	22
Otras cuentas por pagar	18,861	-	-	-	18,861
Total	100,723	17,998	12,654	181,125	312,500
Al 31 de diciembre de 2017					
Obligaciones financieras	14,212	20,251	18,338	184,092	236,893
Cuentas por pagar comerciales	16,951	-	-	-	16,951
Cuentas por pagar a entidades relacionadas	31	-	-	-	31
Otras cuentas por pagar	9,431	-	-	-	9,431
Total	40,625	20,251	18,338	184,092	263,306

(*) It includes interests to be accrued.

The Company, in compliance with its contractual obligations, has obtained short-term financing in local and foreign banks for US$47,877,000 (Note 14), for working capital required for the first production season 2018.The short-term financial liabilities mature until September 2018, which ensures an adequate liquidity management of the Company.

The Management deals with the risks 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 the limits of the sufficient credit lines at all times, as well as hedging its working capital with cash flows from operating activities.

3.2 Capital management –

The Company's objectives when managing capital are to safeguard the Company's capacity to continue as a running business in order to provide returns for its shareholders, benefits for other stakeholders and to maintain an optimal capital structure.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 its capital on the basis of the leverage 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.

The Finance Management considers that capital cost and the risk related to each type of capital are adequate as at June 30, 2018 and 2017.The leverage ratios as at June 30, 2018 and 2017 were as follows:

	2018	2017
	US$000	US$000
Total obligaciones financieras (Nota 14)	245,450	203,640
Menos: Efectivo y equivalente al efectivo (Nota 6)	(2,951)	(2,926)
Deuda neta (A)	242,499	200,714
Total patrimonio	232,076	216,803
Total capital (B)	474,575	417,517
Ratio apalancamiento (%) : (A) / (B)	0.51	0.48

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. The fair value of financial liabilities for demonstration purposes is carried out by estimating future contractual cash flows, discounted at effective market interest rates and available for the Company's similar financial instruments (Note 14-f).

The following measurement levels have been established for the classification of valuation type of financial instruments at fair value used by the Company:

Level 1: Measurement based on quoted prices in active markets for identical assets or liabilities.
Level 2: Measurement based on inputs other than quoted prices (Level 1), but that can be confirmed, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Measurement based on assets or liabilities that is not based on observable market data (that is, unobservable inputs, generally based on internal estimates and assumptions of the Company).

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

The land is measured at the revalued amount resulting from the technical valuations performed by independent experts, which are based on the current market values as at the date of financial statements (Level 2). For technical valuations, independent experts used the price per meter square; prices were obtained from observed lands in similar locations to measure the fair value of the land.

Land is the only Company's asset measured at fair value and classified in level 2.

For the purposes of determining the existence of impairment in the Plant of Paita, the fair value of the asset was determined based on an appraisal made by a qualified independent expert (Level 2). For technical valuations, independent experts used market values of similar assets with the same characteristics.
The Company does not have any other financial instrument classified in level 1 or level 3.

4 CRITICAL ACCOUNTING ESTIMATIONS AND CRITERIA

Estimations and criteria used are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable according to the circumstances.

4.1 Critical accounting estimations and criteria-

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

The estimations 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 shown below.

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

The Company applies the guidelines of IAS 36 “Impairment of assets” to determine whether its permanent assets require a provision for impairment according to the accounting policy indicated in Notes 2.15 and 2.16. This determination requires the use of professional judgment by the 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 concluded 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 value less selling expenses. These calculations require the use of estimates. The Company has evaluated and concluded that it has three CGUs:

- Vessels (Fleet)
- Indirect human consumption plants (IHC)
- Direct human consumption plants (DHC)

The Management considers that the main critical assumptions used in the model to determine fair value less the necessary costs of disposal of the CGUs are as follows:

Prices: for the own fleet and acquisitions from third parties, the model assumes a cost of raw material of 18% of the total value of fishmeal. For the plants, the model uses the average prices of fishmeal and fish oil of US$1,513 / MT and US$1,918 / MT, respectively. The Management expects prices to be stable and increase consistently with the market demand and expectations.

Maximum Catch Limits per Vessel– Total Quota: The Company has an anchovy catch quota of 6.77% out of the total biomass determined by the Peruvian agency, Instituto del Mar Peruano (IMARPE), on the basis of the Law and Regulation of the Maximum Catch Limits per Vessel (LMCE). To this quota should be added the participation of third parties (7.50%), reaching a total of 14.27%. The total quota of the Company for 2017 (first and second fishing season) was 4,290,000 MT. IHC and DHC Plants are processing at their normal capacity levels.

Discount rates (WACC): The model uses an interest rate before taxes of 7.97%.

Others-

Costs: For vessels, catch costs are considered, such as operating and maintenance costs. Costs incurred in periods of non-production are kept stable over the time and adjusted only by inflation. Catch costs are based on the budgeted costs prepared by the Management. For plants, production costs are those ones where the model assumes the total raw materials comprise what the Company's vessels caught and that is sold to its plants at market prices.

Based on the impairment tests performed by Company's Management, no goodwill impairment losses were recognized because the recoverable amount of the CGUs: Vessels, Indirect human consumption plants (IHC) and Direct human consumption plant (DHC) exceed the carrying amount of the CGU as at December 31, 2017, by 33%, 272% and 159%.

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

- The WACC discount rate should have been higher than 9.71% for the CGU of fleet, 21% for the CGU of IHC Plants; and 20% for the CGU of DHC Plants.
- The total designated quota should be 3.830,000 MT for the CGU of Fleet; 2,290,000 MT for the IHC Plant. For the DHC plant, a minimum quota has been assigned for each type of product (horse mackerel, mackerel, giant squid, bonito, small and large mahi-mahi) making a quota of 39,800 MT.
- The minimum price should be US$1,356/MT for fishmeal and US$1,719/MT for fish oil for the CGU of Fleet; US$1000/MT for fishmeal and US$1,268 MT for fish oil for the CGU of IHC. For the DHC plant, a minimum quota has been assigned for each type of product, as follows: horse mackerel and mackerel of US$343/MT, Giant squid of US$687/MT, bonito of US$1,144/MT and small and large mahi-mahi of US$2,280/MT.

The fair value measurement of the Paita plant, which has been temporarily closed until a consistent supply of raw material is obtained enabling the plant's installed capacity to be used adequately, was carried out based on an appraisal performed by a qualified independent appraiser less sale expenses (level 2).

Notwithstanding the above mentioned, the Management determined that the budgeted costs based on their previous performance and their market expectations are consistent with the provisions of the LMCE legislation. Therefore, the generation of future economic benefits for the Company is based on the increase of catch and production volumes.

b) Shelf life and recoverable value of property, machinery and equipment -

Depreciation of fixed assets is calculated under the straight-line method to allocate their cost less residual value over the estimated shelf 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 a number of years.

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

c) Income tax –

The determination of tax obligations and expenses requires interpretations of the tax legislation applicable in Peru. The Company seeks legal tax advice before making any decision on tax matters.

Even though the 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 of taxes. The Company will recognize liabilities for the observations resulting from tax audits when additional tax payments may be required. Differences are recognized against the current and deferred income tax, asset and liability in the period in which this is determined.

4.2 Critical judgments in the application of accounting policies -

Functional and presentation currency -

The Company's functional currency is determined on the currency of the primary economic environment in which it carries out its operations. In order to determine the functional currency, the Management uses its judgment 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 on sale prices and the cost of services, as well as the currency of the country whose competitive forces and regulations mainly determine its sale prices.

Additionally, the Management has used its judgment to determine the functional currency, considering certain secondary factors included in IAS 21; and it concluded that the US dollar is the currency that most faithfully represents the economic substance of its business and transactions.

The allocation of costs incurred in periods of non-production to inventories -

Costs incurred in periods of non-production during the year are allocated to the cost of inventories or recognized as a charge of the year results considering the actual normal operating capacity of each year, which comprises, in turn, the respective fish-catch quota assigned to the Company by the Peruvian regulator. As at June 30, 2018, costs incurred in periods of non-production for US$9,650 are recognized as expense of the period in the statement of comprehensive income (US$8,193 in 2017) (Note 20).

5 FINANCIAL INSTRUMENTS BY CATEGORY

5.1 Financial instruments by category-

The classification of financial assets and liabilities by category is as follows:

	2018 US$000	2017 US$000
Activos financieros:		
Efectivo y equivalente al efectivo	2,951	2,926
Cuentas por cobrar comerciales	29,533	1,375
Otras cuentas por cobrar, neto (*)	16,823	18,681
Cuentas por cobrar a entidades relacionadas	3,477	3,113
Total	52,784	26,095
Pasivos financieros:		
Obligaciones financieras	245,450	203,640
Cuentas por pagar comerciales	22,533	16,951
Otras cuentas por pagar	18,861	9,431
Cuentas por cobrar a entidades relacionadas	22	31
Total	286,866	230,053

(*) Net of taxes, expenses paid in advance and provision for legal contingencies.

5.2 Credit quality of financial assets-

The credit quality of financial assets that are neither expired nor impaired can be assessed on external risk ratings (if available) or on historical information showing compliance rates.

The credit quality of financial assets is shown as follows:

	2018 US$000	2017 US$000
Efectivo y equivalente al efectivo (*)		
Banco de Crédito del Perú (A+)	1,710	1,605
Banco Continental (A+)	361	306
Banco Scotiabank (A+)	78	909
Banco de la Nación (A)	89	7
Banco Santander - Perú (A)	104	14
Banco Interbank (A)	375	15
Otros	234	70
	2,951	2,926

The ratings in the table “A and AAA” represent high quality credit ratings. For the banks located in Peru, the ratings were derived from risk rating agencies authorized by the Peruvian banking and insurance regulator “Superintendencia de Banca, Seguros y AFP” (SBS).

The credit quality of customers is assessed in two categories (internal classification):

A: existing customers/related parties (with more than 6 months of trade relations) with no previous default history; and

B: existing customers/related parties (with more than 6 months of trade relations) with previous default history.

	2018 US$000	2017 US$000
Cuentas por cobrar comerciales (Nota 7)		
Contrapartes sin calificacion de riesgo externo		
A	29,448	1,290
B	85	85
	29,533	1,375
Cuentas por cobrar comerciales a entidades relacionadas (Nota 9)		
B	3,477	3,113
	3,477	3,113
Otras cuentas por cobrar (Nota 10) (*)		
A	9,134	10,415
	9,134	10,415

(*) Only corresponds to receivables from ship owners.

6 CASH AND CASH EQUIVALENTS

This item comprises:

	2018 US$000	2017 US$000
Efectivo disponible	2,460	2,026
Depósitos a plazos	491	900
Total	2,951	2,926

As at June 30, 2018, current accounts are denominated in Peruvian soles and US dollars for S/3,095,000 and US$2,004,000, respectively (S/2,372,000 and US$2,195,000, respectively as at December 31, 2017). These amounts are kept in local banks and are available on demand.

As at June 30, 2018, fixed-term deposits are denominated in US dollars for US$491 thousand, deposited in local banks, which accrue interests at an annual effective rate of 1.23%, maturing in February 2019. The funds are destined for complying with guarantees of debts and obligations with third parties.

7 TRADE ACCOUNTS RECEIVABLE

This item comprises:

	2018 US$000	2017 US$000
Facturas por cobrar	29,712	1,554
Estimación de cuentas de cobranza dudosa	(179)	(179)
Total	29,533	1,375

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, have current maturity, and do not accrue interests.

As at June 30, 2018, approximately 79% of trade receivables from foreign customers are mostly guaranteed with letters of credit payable at sight and 21% are subject to bank collections with cash on delivery of export documents ("Cash Against Documents") (approximately 29% and 71% as at December 31, 2017).

The Company assesses the credit limits of new customers by performing an internal analysis of their credit experience and assigns credit limits per customer. Such limits are reviewed twice a year. Approximately, 96% of trade receivables (55% as at December 31, 2017) correspond to customers with balances that are not expired and for which the Company does not estimate impairment losses, based on their credit history. Approximately, 74% of trade receivables (97% as at December 31, 2017) are focused on ten significant customers (four as at December 31, 2017). No other customers, individually or collectively, represent over 26% (3% as at December 31, 2017) out of the total balance of trade receivables.

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

	2018 US$000	2017 US$000
Vigentes	28,335	755
Vencidas hasta 60 días	908	320
Vencidas entre 61 y 180 días	290	300
Vencidas más de 181 días	179	179
Total	29,712	1,554

8 INVENTORIES

This item comprises:

	2018 US$000	2017 US$000
Productos terminados (CHI):		
- Harina de pescado	36,075	885
- Aceite de pescado	25,972	12
Productos terminados (CHD)	2	2,281
Productos en proceso (CHI)	-	8,391
Suministros diversos	5,584	6,057
Envases y embalajes	1,277	1,706
	68,910	19,332
Menos : Estimación para desvalorización de inventarios	(590)	(590)
Total	68,320	18,742

As at June 30, 2018, inventories of fishmeal and fish oil amounted to 53,949 MT and 18,818 MT respectively (582 MT and 8 MT, respectively, as at December 31, 2017).

As at June 30, 2018, the Company maintains fishmeal or fish oil pledged in favor of local banks for 20,100 MT as a guarantee for a bank loan of US $ 35,040,000 (as at December 31, 2017 it does not keep fishmeal or fish oil pledged in favor of local banks)(Note 14).

The products in process correspond to the expenses incurred during non-production days in the plants and vessels during the closed season. These costs are allocated to the cost of production based on the normal production capacity of plants and vessels.

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

As a result, the Company's Management considers that no additional provisions are required for estimating impairment of inventories as at June 30, 2018 and December 31, 2017.

9 RECEIVABLES FROM AND PAYABLES TO RELATED PARTIES

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

	2018 US$000	2017 US$000
Cuentas por cobrar:		
Comercializadora Global	1,769	1,406
Compañía Hotelera El Sausal S.A.	729	736
Complejo Agroindustrial Beta S.A.	581	586
Corporación Exalmar S.A.	189	162
Corporación del Mar S.A.	135	143
Inmobiliaria Seville S.A.	41	38
Otras menores	33	42
	3,477	3,113

	2018 US$000	2017 US$000
Cuentas por pagar:		
Complejo Agroindustrial Beta S.A.	17	17
C.M.V. Servicios Ejecutivos S.A.	3	11
Otras menores	2	3
	22	31

The Management considers that it will recover the net receivables from related parties. The collection assessment of these accounts is carried out as at the end of each period, which consists on the exam of the financial position of related parties.

The carrying amounts of these receivables and payables are similar to their fair values due to their short-term maturities. They do not have specific guarantees.

As at June 30, 2018 and December 31, 2017, the Company has given guarantees to local financial institutions on behalf of related parties for S/3,141,000.

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

	2018 US$000	2017 US$000
Préstamos otorgados	409	825
Refacturación de servicios de red y otros	1	15
Gasto por alquiler de oficinas y otros	(11)	(10)

c) Remuneration of key management and directors-

As at June, 30, 2018, remunerations and other benefits of key management personnel amounted to US$957,000 (US$586,000 in 2017). Additionally, remunerations of directors for Board expenses amount to US$72,000 (US$48,000 in 2017). All remunerations correspond to short-term benefits.

10 OTHER ACCOUNTS RECEIVABLE

This item comprises:

	2018 US$000	2017 US$000
Habilitaciones y otros a armadores pesqueros (a)	9,134	10,415
Crédito fiscal del IGV (b)	14,117	4,431
Accionistas (c)	3,620	3,625
Personal	1,160	1,903
Reclamos a terceros	176	416
Otros	1,660	1,024
	29,867	21,814
Menos: Estimación para deterioro de otras cuentas por cobrar	(290)	(149)
Total	29,577	21,665
Porción no corriente	(5,200)	(9,893)
Porción corriente	24,377	11,772

(a) Receivables from ship owners mainly consist of funds provided by the Company for them to perform maintenance and repair activities on their vessels and, as loans, for working capital needs.

As at June 30, 2018, they consist of receivables from vessel owners of indirect human consumption for US$8,242,000 (US$9,301,000 as at December 31, 2017) and direct human consumption for US$892,000 (US$1,114,000 as at December 31, 2017). These receivables accrue monthly interests at annual rates ranging from 8% to 10% and in some case they have specific guarantees (real estate and vessels, among others).The Company recovers these amounts by offsetting them with the amounts that the vessel owners bill for the hydro-biological resources they provide to Company's plants during fishing seasons.

(b) This corresponds to the balance in favor of sales tax paid in the acquisition of goods and services, deductible against the sale taxes applicable to the sales of goods and services to be performed by the Company in the future, and that are subject to that tax in the short-term, and through the reimbursement request of the balance in favor, subject to the exporter's benefit. As at June, 30 2018, the Company has recovered US$6,513,000 for this concept (US$23,320,000 in 2017).

(c) On July 23, 2012, the Company signed a loan contract with shareholders for a total of US$7,500,000. For the balance receivable as at December 31, 2017, amounting to US$3,573,000, the Company signed a new agreement with due date in 2020, invalidating the previous loan contract.

11 PROPERTY, MACHINERY AND EQUIPMENT

a) Balance composition –

The movement of property, machinery and equipment and the corresponding accumulated depreciation for the years ended on June 30, 2018 and December 31, 2017, was as follows:

	Terrenos	Edificios y otras construcciones	Embarcaciones	Maquinaria y equipo	Unidades de transportes	Muebles y enseres	Equipos diversos y de computo	Obras en curso	Total
	US$000	US$000	US$000	US$000	US$000	US$000	US$000	US$000	US$000
Año 2017:									
Valor inicial neto en libros	46,046	25,825	47,286	93,992	268	407	1,356	1,350	216,530
Adiciones	-	-	-	-	-	-	-	13,297	13,297
Cargo por deterioro	-	-	-	(1,683)	-	-	-	-	(1,683)
Revaluacion	8,980	-	-	-	-	-	-	-	8,980
Retiros	-	(14)	(17,896)	(2,640)	(323)	(4)	(7)	-	(20,884)
Trasferencias y otros	-	533	6,822	5,416	199	60	334	(13,364)	-
Cargo por depreciación	-	(1,352)	(6,669)	(10,444)	(110)	(72)	(443)	-	(19,090)
Abono por depreciación de retiros	-	7	16,559	1,728	289	2	4	-	18,589
Valor final neto en libros	55,026	24,999	46,102	86,369	323	393	1,244	1,283	215,739
Al 31 de diciembre de 2017:									
Costo	55,026	34,798	147,310	174,149	1,947	1,006	3,758	1,283	419,277
Depreciación acumulada	-	(9,799)	(101,208)	(87,780)	(1,624)	(613)	(2,514)	-	(203,538)
Valor neto en libros	55,026	24,999	46,102	86,369	323	393	1,244	1,283	215,739
Año 2018:									
Valor inicial neto en libros	55,026	24,999	46,102	86,369	323	393	1,244	1,283	215,739
Adiciones	-	-	-	-	-	-	-	6,407	6,407
Retiros	-	(2)	(514)	(855)	(205)	-	(32)	-	(1,608)
Trasferencias y otros	-	-	1,593	-	156	-	5	(1,754)	-
Cargo por depreciación	-	(662)	(3,940)	(5,170)	(59)	(42)	(220)	-	(10,093)
Abono por depreciación de retiros	-	-	464	685	202	-	32	-	1,383
Valor final neto en libros	55,026	24,335	43,705	81,029	417	351	1,029	5,936	211,828
Al 30 de junio de 2018:									
Costo	55,026	34,796	148,389	173,294	1,898	1,006	3,731	5,936	424,076
Depreciación acumulada	-	(10,461)	(104,684)	(92,265)	(1,481)	(655)	(2,702)	-	(212,248)
Valor neto en libros	55,026	24,335	43,705	81,029	417	351	1,029	5,936	211,828

b) Depreciation expenses for the periods ended on June 30, 2018 and December 31, 2017 was distributed in the statement of comprehensive income as follows:

	2018 US$000	2017 US$000
Gastos diferidos	-	724
Costo de venta (Nota 19)	6,847	5,762
Costos incurridos en periodos de no producción (Nota 20)	2,687	2,370
Gastos de ventas (Nota 21)	254	135
Gastos de administración (Nota 22)	305	301
Total	10,093	9,292

c) Finance leases-

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

	2018 US$000	2017 US$000
Edificios y otras construcciones	3,058	3,058
Maquinarias y equipos	30,106	30,805
Embarcaciones	19,479	19,479
Otros	654	838
	53,297	54,180
Menos: depreciación acumulada	(36,206)	(35,985)
Total	17,091	18,195

d) As at June 30, 2018, it is shown a balance of US$45,697,000 in the movement of fixed assets, which, after discounting a deferred income tax of US$13,481,000 (Note 16), becomes a balance in equity of US$32,216,000.

e) Impairment tests on property, machinery and equipment -

i) Operating -

The Management has reviewed the projections of the expected results for the remaining years of shelf life of the fixed assets, as a part of the CGUs identified, and it considers that it is not necessary to establish any provision for impairment losses for those operating assets as at the date of financial statements (Note 4.1-a).

ii) Non-operating assets-

As at June 30, 2018, the Company has a non-operating vessel whose net carrying amount is US$16 thousand, respectively (non-operating vessels and equipment in plant whose net carrying amount is US$16 and US$9,183 thousand, respectively, in 2017).

The recoverable amount of these non-operating assets is their fair value less the necessary sale costs, determined by independent appraisers as at December 31, 2017. The Management considers that it is not necessary to establish provisions for impairment other than those recorded for US$1,718,000.

The movement of impairment as at June 30, 2018 and December 31, 2017 is as follows:

	2018 US$000	2017 US$000
Saldo inicial	1,718	936
Adiciones	-	1,683
Castigo	-	(901)
Saldo final	1,718	1,718

f) Others -

The main additions for works in process as at June 30, 2018 and December 31, 2017, are as follows:

	2018 US$000	2017 US$000
Mejoras en embarcaciones pesqueras	2,622	6,975
Mejoras en plantas procesadoras CHI	3,727	5,664
Mejoras en plantas procesadoras CHD	15	579
Mejoras en sedes administrativas	43	79
	6,407	13,297

The Company has insurance policies to safeguard its main fixed assets against fire and all risk, as well as potential claims that may arise in the normal course of business. The Management considers that its insurance policies are consistent with the international practice applicable to the industry and the risk of any eventual losses for accidents considered in that insurance policy.

12 INTANGIBLE ASSETS

The movement of intangible assets and the corresponding accumulated amortization, for the years ended on June 30, 2018 and 2017, was as follows:

	Sistema SAP - Otros US$000	Licencias de pesca US$000	Total US$000
Año 2017:			
Valor inicial neto en libros	2,725	111,831	114,556
Adiciones	342	3,791	4,133
Retiros	-	(1,517)	(1,517)
Cargo por amortización	(353)	-	(353)
Valor final neto en libros	2,714	114,105	116,819
Al 31 de diciembre de 2017:			
Costo	5,005	114,105	119,110
Amortización acumulada	(2,291)	-	(2,291)
Valor neto en libros	2,714	114,105	116,819
Año 2018:			
Valor inicial neto en libros	2,714	114,105	116,819
Adiciones	118	-	118
Cargo por amortización	(191)	-	(191)
Valor final neto en libros	2,641	114,105	116,746
Al 30 de junio de 2018:			
Costo	5,123	114,105	119,228
Amortización acumulada	(2,482)	-	(2,482)
Valor neto en libros	2,641	114,105	116,746

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

Under current regulations, fishing licenses are granted by the Peruvian Ministry of Production to a specific fishing vessel. This period starts upon the issue of the resolution by the Ministry of Production underlying the fishing license and lapses (for reasons other than 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 required, the fishing license will continue to be effective indefinitely.

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

The 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 those assets as at the date of financial statements (Note 4.1-a).

13 GOODWILL

As at June 30, 2018 and December 31, 2017, goodwill amounts to US$113,342,000. Goodwill is allocated to two out of the three cash-generating units (Vessels and Indirect Human Consumption) as follows):

	2018 US$000	2017 US$000
Embarcaciones	95,305	95,305
Plantas de consumo humano indirecto	18,037	18,037
Total	113,342	113,342

As at June 30, 2018 and December 31, 2017, the Management considers that the recoverable value calculation is supported by the future cash flow projections that, in turn, are supported by budgets approved by the Management and cover a 10-year horizon.

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

14 FINANCE LIABILITIES

This item comprises:

	2018 US$000	2017 US$000
Bonos	172,495	173,206
Préstamos bancarios a largo Plazo	21,308	23,108
Pagarés bancarios	47,877	3,000
Arrendamientos financieros	3,770	4,326
Total	245,450	203,640
Menos porción corriente de obligaciones financieras:		
Bonos y resto (intereses devengados)	(5,400)	(5,321)
Préstamos bancarios a largo Plazo	(4,000)	(4,000)
Pagarés bancarios	(47,877)	(3,000)
Arrendamientos financieros	(2,030)	(1,891)
	(59,307)	(14,212)
Total obligaciones financieras a largo plazo:		
Bonos	167,403	167,993
Préstamos bancarios a largo plazo	17,000	19,000
Arrendamientos financieros	1,740	2,435
Total	186,143	189,428

a) Bonds -

In January 2013, the Company made an international placement of Corporate Bonds under the 144A REGS format for a principal amount of US$200 million, for a period of 7 years, payable at maturity and with an annual fixed interest rate of 7.375%. The payment period of interest is bi-annual, maturing on January 31, 2020.

The cash flows were used to pre-pay the syndicated loan that the Company maintained 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 offer for Bond Repurchase for up to US$101 million, together with a process to obtain the agreement of bondholders to meet certain conditions for the repurchase financing to go ahead. On August 31 the final results of the private bond repurchase offer were announced, as well as the consent to raise capital for US$25 million and the acceptance of the bond repurchase offer for US$30 million, at 76.5% of their nominal value.

On December 22, 2017, the Company reported the beginning of a private offer for the exchange of the current Bonds for new Bonds with maturity in 2025 up to a maximum amount of nominal value of US $ 170 million.

On February 6, the final result of the private offer for the interchange of current bonds was announced, amounting to US $ 60.9 million or, approximately, the 35.84% of the outstanding bonds maturing in 2025 and a coupon of 8% of interest rate.

As at June 30, 2018, the bond principal is shown net of the costs directly associated for US$2,748,000 (US$2,006,000 in 2017) and of the accrued interests amounting to US$5,242,000 (US$5,213,000 in 2017).

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

- 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.

In the event that the Company has a grade below the Investment Grade, then it will be subject to a number of restrictions included in the "Limitation of Indebtedness" section. All debt that the Company incurs under this situation will be subject to a Debt Hedge Ratio (Total Debt/Ebitda) of the last twelve months not higher than 3.5x.

If the Debt Hedge is above 3.5x, the company may incur in "Allowed Indebtedness", which contains a number of debt authorizations among which we have: Debt to cover your Working Capital needs for the higher value between US$70 million or 14.5% out of the Total Assets and debt through finance lease operations for a higher value between US$20 million or 4% out of Total Assets.

As at June 30, 2018 and December 31, 2017, the Company has not breached any covenant and expects to comply with such requirements in the following 12 months.

b) Promissory notes -

As at June 30, 2018, this item comprises promissory notes in US dollars provided to cover the Company's working capital need. They accrue interests at annual effective rates ranging from 2.15% to 4.84% (0.86% to 5.44% as at December 31, 2017).

c) Long-term loans -

On August 31, 2016, the Company signed a Credit Agreement with Banco Santander del Peru, Banco Interbank del Peru and Credicorp Capital Servicios Financieros, being the Agent Bank, Banco de Crédito del Peru. The financing amount was US$25 million for a period of 6 years (with 1 year of grace period and a "Balloon" quota of 20%) at a variable interest rate of 4.95% + 3 Month Libor for Tranche A (Santander) and a fixed rate of 6.5% for Tranche B (Interbank and Credicorp). Interests are paid quarterly and the capital is paid every six months, maturing on September 6, 2022. Likewise, for this Syndicated Loan, vessel guarantees were given (under trust with La Fiduciaria), corresponding to a quota of approximately 0.9% for the fishing North-Centre region. The cash flows were used to repurchase Bonds for US$30 million.

During the effective period of the loan, the Company has to comply with four financial agreements ("Non-Compliance Covenants"):

- Maximum Consolidated Leverage Ratio (<1.50).
- Financial Debt Ratio - Maximum Consolidated EBITDA (<4.25 until December 31, 2017) (<3.5 thereafter).
- Debt Service Hedge Ratio (<1.20).
- Liquidity Ratio (<1.00).

These agreements have been measured since September 2017, on a quarterly basis onwards. The Management expects to comply with these requirements in the next twelve months. As at June 30, 2018, the company has not breached the Financial Debt Ratio- EBITDA.

d) Finance lease liabilities -

Finance lease liabilities are denominated in US dollars and are maintained in local financial institutions (Banco de Crédito del Peru, BBVA Continental, Interbank and Banco Santander) in order to finance fixed asset acquisitions; accrue interests at effective annual rates between 3.07% and 5.25%, secured with the same fixed assets, and provide the Company with the purchase option of the corresponding assets as at the end of the lease term, and whose maturity periods do not exceed 6 years.

As at June 30, 2018 and December 31, 2017 the minimum payments and the present value of liabilities under finance lease contracts are as follows:

	2018 US$000	2017 US$000
No más de 1 año	2,154	2,044
Más de 1 año y no más de 5 años	1,790	2,519
	3,944	4,563
Cargos financieros futuros en arrendamientos financieros	(174)	(237)
Valor presente de los arrendamientos financieros	3,770	4,326

e) The maturity of finance liabilities is as follows:

Año	2018 US$000	2017 US$000
2018	59,307	14,212
De 2019 a 2025	186,143	189,428
Total	245,450	203,640

f) The carrying amount and fair value of finance liabilities are as follows:

	Valor en libros		Valor razonable	
	2018	**2017**	**2018**	**2017**
	US$000	**US$000**	**US$000**	**US$000**
Bonos	172,495	173,206	164,995	168,844
Préstamos bancarios a largo Plazo	21,308	23,108	20,149	21,942
Pagarés bancarios	47,877	3,000	46,349	2,911
Arrendamientos financieros	3,770	4,326	3,709	4,143
Total	245,450	203,640	235,202	197,840

As at June 30, 2018 and December 31, 2017 the fair value of corporate bonds, issued in the international market, is classified within Level 1, because the measurement is based on observable market values. The fair value is based on the ‘Bloomberg Finance L.P.’ rate obtained from an active market on June 30, 2018, whose average transaction value was 100.20% for bonds maturing in 2020 and 91.43% for bonds maturing in 2025 (99.320% as at December 31, 2017).

The fair value of long-term loans and leases is categorized into Level 3 of the fair value hierarchy, since the measurement is not based on observable market data. The fair value was determined based on the projected cash flows discounted at a rate of 3.45%, 4.24% and 5.45% on bank promissory notes, long-term loans and leases, respectively, which are the rates prevailing in the market on similar transactions (3.05%, 4.84% and 5.73% bank promissory notes, leases, and long-term loans, respectively in 2017).

15 TRADE ACCOUNTS PAYABLE AND PROVISIONS

This item comprises:

	2018	**2017**
	US$000	**US$000**
Cuentas por pagar comerciales (a):		
Facturas por pagar	20,549	16,614
Provisión de facturas por recibir	1,984	337
	22,533	16,951

	2018	**2017**
	US$000	**US$000**
Otras cuentas por pagar:		
Tributos	448	111
Remuneraciones por pagar	992	109
Vacaciones por pagar	1,421	1,291
Contribuciones sociales	629	99
Participaciones de los trabajadores (d)	2,641	537
Compensación por tiempo de servicios	302	153
Gastos devengados (b)	7,223	6,414
Provisiones (c)	2,901	2,901
Anticipos de clientes	4,388	151
Otros	817	566
	21,762	12,332
Porción no corriente	(2,901)	(2,901)
Porción corriente	18,861	9,431

(a) Trade accounts payable mainly arise from the purchase of goods and services related to fishing activities. These payables are denominated in Soles and US dollars, have current maturity, do not accrue interests, and no guarantees have been provided for these liabilities. The carrying amount of trade payables is similar to their fair value.

(b) Accrued expenses mainly correspond to the provision of the Social Contribution established by Legislative Decree 1084 amounting to US $ 3,372,000, paid in full in July 2018 and to the services received but not invoiced at the end of the period. These expenses are mainly related to surveillance, insurance, customs duty expenses, certificates and electric power.

(c) Provisions amount to US$2,901,000 corresponding to legal proceedings in progress.

The contingency movement is as follows:

	2018 US$000	2017 US$000
Saldo inicial	2,901	3,648
Pagos	-	(747)
Saldo final	2,901	2,901

(d) Mainly composed for the current determination of workers' sharing as at June 2018; the remainder corresponds to provisions from previous years.

	2018 US$000	2017 US$000
Costo de ventas CHI (Nota 19)	1,633	1,275
Costos incurridos en periodos de no producción (Nota 20)	332	259
Gasto de ventas (Nota 21)	141	111
Gasto de administración (Nota 22)	459	358
Pasivo por participacion por pagar	76	19
	2,641	**2,022**

The movement of workers' sharing is as follows:

	2018 US$000	2017 US$000
Saldo inicial	76	19
Adiciones	2,565	2,003
Saldo final	2,641	2,022

16 DEFERRED INCOME TAX LIABILITIES

This item comprises:

	2018 US$000	2017 US$000
Activo por impuesto a las ganancias diferido:		
Activo por impuesto a las ganancias diferido que se recuperara despues de 12 meses	1,701	1,036
Activo por impuesto a las ganancias diferido que se recuperara dentro de 12 meses	(81)	1,708
	1,620	2,744
Pasivo por impuesto a las ganancias diferido:		
Pasivo por impuesto a las ganancias diferido que se recuperara despues de 12 meses	(53,434)	(55,886)
Pasivo por impuesto a las ganancias diferido que se recuperara dentro de 12 meses	(113)	1,832
	(53,547)	(54,054)
Total pasivo por impuesto a las ganancias diferido (neto)	(51,927)	(51,310)

The movement of deferred income taxes, deferred assets and liabilities in the period, balance compensation, is as follows:

	Saldo inicial US$000	... Adiciones (deducciones)... Resultado del Ejercicio US$000	Otros cambios US$000	Saldo final US$000
Al 30 de junio de 2018:				
Activo:				
Provisión para vacaciones por pagar	48	371		419
Deterioro de activo fijo	496	-	-	496
Desvalorización de inversiones	547	(5)	-	542
Otras provisiones	1,653	(1,490)	-	163
	2,744	(1,124)	-	1,620
Pasivo:				
Revaluación de terrenos	(13,481)	-	-	(13,481)
Mayor valor por costo atribuido y diferencias en tasas de depreciación y ajuste por traslacion	(14,839)	450	-	(14,389)
Desvalorización de suministros	(226)	252	-	26
Otros activos principalmente intangible y ajuste por traslacion	(25,076)	(82)	-	(25,158)
Costo de contratación del Bono	(432)	(113)	-	(545)
	(54,054)	507	-	(53,547)
Pasivo diferido, neto	(51,310)	(617)	-	(51,927)
Al 31 de diciembre de 2017:				
Activo:				
Provisión para vacaciones por pagar	437	(389)		48
Perdida tributaria	5,728	(5,728)	-	-
Deterioro de activo fijo	-	496	-	496
Desvalorización de inversiones	528	19	-	547
Otras provisiones	599	1,054	-	1,653
	7,292	(4,548)	-	2,744
Pasivo:				
Revaluación de terrenos	(10,832)	-	(2,649)	(13,481)
Mayor valor por costo atribuido y diferencias en tasas de depreciación y ajuste por traducción	(17,575)	2,736	-	(14,839)
Desvalorización de suministros	(1,286)	1,060	-	(226)
Otros activos principalmente intangible y ajuste por traducción	(25,360)	284	-	(25,076)
Costo de contratación del Bono	(2,264)	1,832	-	(432)
	(57,317)	5,912	(2,649)	(54,054)
Pasivo diferido, neto	(50,025)	1,364	(2,649)	(51,310)

17 EQUITY

a) Share capital -

The authorized, subscribed, paid-in capital as at June 30, 2018 and December 31, 2017 comprises 295,536,144 common shares of S/1 each one.

As at June 30, 2018 and 2017, the Company's structure of share distribution (in thousands of shares) in the social capital is as follows:

	2018	
Accionistas	**Acciones**	**Porcentaje**
Caleta de Oro Holding S.A.	180,048	60.92%
Caleta de Oro Holding del Perú S.A.C.	25,000	8.46%
Diversos	90,488	30.62%
	295,536	100.00%

b) Share premium -

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

The placement of 57,500,000 new shares in the national and international market were incorporated in the Company's equity at a market value of S/4.75 each one, which represented an increase in the share capital of US$20,584,000 and the recognition of a capital premium of US$69,721,000, net of costs related to the issue for US$7,467,000.

c) Other capital reserves -

Legal reserve-

In accordance with the Peruvian Corporate Law, a legal reserve is required to be formed by the transfer of no less than 10% of the net annual profit, up to an amount equivalent to 20% of paid-in capital. In the event no undistributed profits or free reserves are available, the legal reserve could be applied to the offsetting of accumulated losses, but it has to be replenished with profits of subsequent years.
This reserve can be capitalized, but its replenishment is equally mandatory. The Company has established a legal reserve with profits from previous periods of US$3,609,000.

d) Revaluation Surplus -

It includes the revaluation of lands at amounts that have been determined by technical valuations performed by independent appraisers. The revaluation surplus, recorded net of its effect of the deferred income tax, is transferred to retained earnings when the underlying Asset is withdrawn or sold.

e) Dividend distribution -

Dividends in favor of shareholders other than domiciled legal entities are subject to a rate of 6.8%, for the income tax charged to these shareholders. That percentage was changed to 5% for dividends that have been agreed or paid since 2017, as stated in (Note 26-g).

In the General Mandatory Shareholders' Meeting held on March 27, 2018, the non-distribution of dividends was approved.

18 INCOME FROM ORDINARY ACTIVITIES

Operating incomes for type of product, for the periods ended on June 30, comprise:

	2018 US$000	2017 US$000
Harina de pescado	107,718	131,401
Aceite de pescado	10,377	11,681
Pescado para consumo humano directo (congelados)	1,313	14,926
Otros	2,012	1,289
	121,420	159,297

As at June 30, operating incomes by destinations comprise:

	2018 US$000	2017 US$000
Exportaciones:		
Asia	90,080	122,236
Europa	3,115	8,043
América	9,199	15,041
Oceanía	583	40
Africa	259	1,729
	103,236	147,089
Ventas locales y otros	18,184	12,208
Total	121,420	159,297

The corresponding amounts shipped and sold (Metric Tons) as at June 30 are detailed as follows:

	2018 TM	2017 TM
Harina de pescado	65,705	90,711
Aceite de pescado	6,389	8,698
Pescado para consumo humano directo (congelados)	1,280	13,041
Pescado fresco	334	-
	73,708	112,450

19 COST OF SALES

Cost of sales for the years ended on June 30 comprises:

	2018 US$000	2017 US$000
Saldo inicial de productos terminados (Nota 8)	3,178	63,147
Costo de producción:		
Materías primas, insumos y suministros	82,121	66,165
Gastos de personal	18,991	13,255
Gastos de fabricación	16,955	15,987
Depreciación (Nota 11)	6,847	5,762
Saldo final de productos terminados (Nota 8)	(62,049)	(58,178)
Total	66,043	106,138

20 COSTS INCURRED IN NON-PRODUCTION PERIODS

Costs incurred in non-production periods for the years ended on June 30, comprise:

	2018 US$000	2017 US$000
Cargas de personal	2,633	2,085
Consumo de suminstros diversos	490	612
Servicios prestados por terceros	2,547	2,305
Cargas diversas de gestión	1,195	653
Tributos	98	168
Depreciación (Nota 11)	2,687	2,370
Total	9,650	8,193

21 SALE EXPENSES

Sale expenses for the periods ended on June 30 comprise:

	2018 US$000	2017 US$000
Cargas de personal	672	801
Transporte de productos terminados	1,592	2,460
Comisiones por venta de productos terminados	213	371
Gasto por alquiler	9	4
Seguridad y vigilancia	384	218
Inspección y análisis	606	1,098
Estiba y embalaje	451	347
Servicios de exportación	1,948	3,305
Almacenamiento de productos terminados	79	97
Depreciación (Nota 11)	254	135
Otros menores	693	888
Total	6,901	9,724

22 ADMINISTRATIVE EXPENSES

Administrative expenses for the periods ended on June 30 comprise:

	2018 US$000	2017 US$000
Cargas de personal	2,459	2,465
Comunicaciones	136	121
Honorarios profesionales	256	246
Mantenimiento y reparaciones	14	106
Gastos de alquiler	324	314
Tributos	6	3
Gastos de seguros	10	14
Depreciación (Nota 11)	305	301
Otros menores	1,399	816
Total	4,909	4,386

23 EXPENSES BY NATURE

Expenses by nature for the periods ended on June 30 comprise:

	2018 US$000	2017 US$000
Variación de saldos de productos terminados	(58,871)	4,969
Consumo de materia prima e insumos	82,611	66,777
Cargas de personal	24,755	18,606
Depreciación	10,093	8,568
Gastos de fabricación	16,955	15,987
Servicios prestados por terceros	2,803	2,551
Servicios de exportación	1,948	3,305
Transporte de productos terminados	1,592	2,460
Cargas diversas de gestión	1,195	653
Inspección y análisis	606	1,098
Gastos por alquiler	333	318
Almacenamiento de productos terminados	79	97
Seguridad y vigilancia	384	218
Comisión por venta de productos terminados	213	371
Estiba y embalaje	451	347
Comunicaciones	136	121
Tributos	104	171
Mantenimiento y reparaciones	14	106
Gastos de seguros	10	14
Otros menores	2,092	1,704
Total	87,503	128,441

24 OTHER INCOMES AND EXPENSES

Other incomes and expenses for the periods ended on June 30 comprise:

	2018 US$000	2017 US$000
Otros ingresos:		
Reversión de provisiones	161	57
Ingreso por venta de combustibles y materiales	406	261
Ingreso por devoluciones otorgados por Produce	91	320
Indemnización de seguros (a)	26	848
Ingreso por drawback	22	577
Otros menores	622	625
Total	1,328	2,688

(a) This mainly corresponds to the collection of an insurance policy with Pacifico Peruano Suiza related to the damaged vessel "María Mercedes" in 2017.

	2018 US$000	2017 US$000
Otros gastos:		
Costo neto por baja de inmueble, maquinaria y equipo	225	469
Sanciones Ministerio de la Producción y otros	782	178
Mermas, Desmedros - Inceneracion	131	121
Otros menores	676	622
Total	1,955	1,390

25 FINANCE INCOMES AND EXPENSES

Finance incomes and expenses for the periods ended on June 30 comprise:

	2018 US$000	2017 US$000
Ingresos financieros:		
Intereses de depósitos a corto plazo	57	31
Total	57	31
Gastos financieros:		
Intereses de bonos, préstamos y sobregiros bancarios	8,993	6,947
Intereses de obligaciones por arrendamientos financieros	89	61
Otros intereses	1,370	1,825
Total	10,452	8,833

26 INCOME TAX

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

	2018 US$000	2017 US$000
Impuesto a la renta:		
Corriente	6,811	5,318
Diferidos (Nota 16)	617	5,914
Total	7,428	11,232

The Company Management has determined the taxable income under the General Regime of income tax as established by the tax legislation currently in force in Peru, which requires adding to and deducting from the result shown in financial statements, those items that the referred legislation recognizes as non-taxable and taxable ones, respectively. The income tax determined by the Company is filed and settled in Soles. As at June 30, 2018 and December 31, 2017, the annual income tax rate was 29.5%.

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

	2018 US$000	%	2017 US$000	%
Utilidad (pérdida) antes de impuesto a la renta	22,701	100.00	22,966	100.00
Impuesto calculado aplicando la tasa de 29.5%	6,697	29.50	6,775	29.50
Efecto tributario sobre adiciones (deducciones):				
Partidas permanentes (*)	493	2.17	(133)	(0.58)
Diferencia entre el valor en libros en US$ y el impuesto base en S/	238	1.05	4,590	19.99
Total	7,428	32.72	11,232	48.91

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

b) As at June 30, 2018, the Company does not have debtor balances with the Peruvian tax authorities related to income tax (US$2,825,000 in 2017).

c) Under Legislative Decree No.945 and the provisions of Law No.27513, tax losses can be carried forward by using one of the following systems:

   i) Offsetting the Peruvian-source net total loss of third category recorded for a fiscal year, by charging it every year, until its balance is exhausted, on the net profits of third category to be obtained in the four financial years immediately following the year in which they were generated. The balance that is not offset once the period has elapsed may not be input in the following years.

   ii) Offsetting the Peruvian-source net total loss of third category recorded for a fiscal year, by charging it every year, until its balance is exhausted, on the 50% of the net profits of third category to be obtained in the immediately following fiscal years.

d) The Company's Management opted for system i) to offset losses as at December 31, 2016, offsetting 100% of tax losses in the period 2017.

   As at December 31, 2017 the offset tax loss is as follows:

Años de generacion	**2017**
	S/000
2013	1,397
2015	62,325
2016	1,370
Total	65,092

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 statement (years open to tax audit).

The fiscal years 2013 to 2017 are currently under tax audits. The 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 applicable to the Company by the Peruvian Tax Authorities, it is presently not possible to anticipate whether any additional liabilities will arise as a result of eventual tax examinations.

Any additional tax, penalties, surcharges and interests, if arising, will be recognized in the income statement of the period in which such differences with Peruvian tax authorities are resolved. The Management considers that no significant liabilities will arise as a result of these possible tax examinations.

f) As established under the current legislation, for purposes of determining the income tax and general sale taxes, it should be consider transfer prices for the operations with related parties and/or tax heavens, and for such purpose it is necessary to have documentation and 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 –

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 incomes from 28% to 29.5% since 2017.

Likewise, that decree establishes the reduction in the income tax rate applicable to non-domiciled corporate and individual income earners, from the current rate of 6.8% to 5% for dividends agreed or paid out in fiscal year 2017. The distribution of retained earnings until December 31, 2014 will continue to be subject to 4.1%, even when the distribution is to be made in subsequent years.

This provision supersede the amendments set forth under Law No.30296, "*Ley que promueve la reactivación de la economía*" (Law promoting the economic recovery).

h) Temporary tax on Net Assets -

The temporary tax on net assets affects those subject to the Peruvian income tax general regime. With effect from 2009, the tax rate is 0.4%, applicable to the amount of the net assets exceeding S/1 million.

The amount effectively paid can be used as a fiscal credit against payments on account to the income tax general regime or against regularization payments of income tax for the corresponding taxable year.

i) For purposes of determining the income tax and the general sale tax (IGV in Peru), transfer prices of transactions entered into with related parties and entities operating in tax havens must be supported with documentation and information regarding the valuation methods and criteria used in their determination. Based on the analysis of the Company's operations, the Management and its legal counselors consider that, as a consequence of this provision, no important contingencies will arise for the Company as at June 30, 2018 and December 31, 2017.

27 BASIC AND DILUTED PROFIT PER SHARE

a) Basic -

The basic profit per share is calculated by dividing the net balance attributable to the Company's shareholders by the weighted-average number of ordinary outstanding shares and those to be issued during the year (Note 17-a).

	2018	2017
Utilidad (pérdida) atribuible a los accionistas de la compañía (expresado en miles)	15,273	11,734
Promedio ponderado de acciones comunes en circulación (expresado en miles)	295,536	295,536
Utilidad (pérdida) básica por acción (S/. por acción)	0.052	0.040

b) Diluted -

Diluted profit (loss) per share is equivalent to basic loss per share. In 2018 and 2017, no diluted profit (loss) per common share has been calculated because there are no potentially dilutive shares; that is, financial instruments or other contracts giving the right to obtain common shares.

28 NON-CASH TRANSACTIONS AND CASH FLOW STATEMENT

Investing and financing activities that did not generate cash and cash equivalent outflows, and that affected assets and liabilities for the periods ending on June 30, 2018 and 2017, are summarized as follows:

	2018 US$000	2017 US$000
Arrendamientos financieros de inmuebles, maquinaria y equipo	375	494

Cash flows from operating activities have been determined as follows:

	2018 US$000	2017 US$000
Pérdida (utilidad) del periodo	15,273	11,734
Ajustes al resultado neto que no afectan los flujos de efectivo de las actividades de operación:		
Depreciación	10,093	9,291
Amortización	191	174
Estimación para desvalorización de inventarios	-	-
Retiros de inmuebles, maquinaria y equipo	225	469
Gasto (ingreso) por impuesto a las ganancias diferido	617	5,914
Variaciones netas en el capital de trabajo:		
Cuentas por cobrar comerciales	(28,158)	(13,329)
Cuentas por cobrar a entidades relacionadas	(364)	(488)
Inventarios	(49,578)	4,539
Otras cuentas por cobrar	(4,940)	15,628
Gastos contratados por anticipado	936	1,802
Cuentas por pagar comerciales	5,582	(9,720)
Cuentas por pagar a entidades relacionadas	(9)	4
Otras cuentas por pagar	14,872	9,229
Efectivo neto aplicado por las actividades de operación	(35,260)	35,247

29 COMMITMENTS AND CONTINGENCIES

a) Commitments-

As at June 30, 2018 and December 31, 2017, the Company maintains commitments on operating leases for US$2,095,000 where the Company is the lessee, and the validity is between 1 and 2 years (US$2,094,000 in 2017).

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

	2018 US$000	2017 US$000
No más de 1 año	1,740	1,739
Más de un año y no más de 2 años	355	355
	2,095	2,094

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

b) Guarantees granted -

As at June 30, 2018, the Company has granted the following guarantees:

- Guarantee letters issued by Banco de Crédito del Perú:

  - For S/3,141,000, on behalf of Comercializadora Global S.A. given to SUNAT to secure a tax process.

- Guarantee letter issued by BBVA Continental for US$604,000 given to JMG constructores Asociados S.A.C. in compliance with judgment.
- Guarantee letter issued by Interbank for US$375,000 given to Gas Natural de Lima y Callao S.A.,

in compliance with the agreement signed for the supply of natural gas.

c) Contingencies -

As at June 30, 2018, civil and labor court actions have been filed against the Company for US$7,065,000, for which the related defense arguments have been presented. Based on the opinion of its legal advisors, it maintained a provision for this concept of US$2,901,000 as at June 30, 2018. The updates of this provision are charged to the results of the year, which are considered sufficient to cover any future disbursement for this item (Note 15-c).

30 EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

As at June 30, 2018, there were no subsequent events that could affect the Financial Statements issued and/or those requiring disclosure in notes.