Pesquera Exalmar S.A.A.

Financial statements as of June 30, 2019 and December 31, 2018

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PESQUERA EXALMAR S.A.A.

STATEMENTS OF FINANCIAL POSITION
As of June 30, 2019 and December 31, 2018

ASSETS

	Note	2019 US$000	2018 US$000
CURRENT ASSETS			
Cash and cash equivalents	7	4,587	33,096
Financial investments held until maturity		-	491
Trade and other receivables, net	8	64,737	45,201
Inventories, net	9	80,595	79,877
Receivables from related parties	25 (b)	4,095	3,787
Tax credit for VAT	26 (e)	11,087	11,014
Prepaid expenses		1,887	1,695
Total current assets		166,988	175,161
NON-CURRENT ASSETS			
Trade and other receivables, net	8	3,001	3,599
Property, vessels, machinery and equipment, net	10	228,543	226,861
Intangible assets, net	11 (a)	120,963	117,939
Goodwill	11 (c)	113,342	113,342
Total non-current assets		465,849	461,741
Total assets		632,837	636,902

LIABILITIES AND NET EQUITY

	Note	2019 US$000	2018 US$000
CURRENT LIABILITIES			
Short-term bank loans	12	110,852	70,000
Trade and other payables	13	52,195	58,001
Payables to related parties	25 (b)	31	27
Income tax payable		1,385	9,593
Long-term financial liabilities	14	2,511	5,772
Total current liabilities		166,974	143,393
NON-CURRENT LIABILITIES			
Long-term financial liabilities	14	170,142	183,650
Provisions for contingencies	15	2,318	2,383
Net deferred income tax liabilities	16	54,359	54,528
Total non-current liabilities		226,819	240,561
Total liabilties		393,793	383,954
NET EQUITY	17		
Issued capital		89,772	89,772
Share premium		69,721	69,721
Revaluation surplus		39,031	39,031
Legal reserve		3,609	3,609
Retained earnings		36,911	50,815
Total net equity		239,044	252,948
Total liabilties and equity, net		632,837	636,902

The accompanying notes from page 7 to 62 are an integral part of these financial statements.

PESQUERA EXALMAR S.A.A.

STATEMENTS OF INCOME
For the periods ended June 30, 2019 and 2018

	Note	2019	2018
		US$000	**US$000**
Income from ordinary activities	18	146,159	121,420
Cost of sales	19	(107,113)	(75,693)
Costs of distribution	20	(9,947)	(6,901)
Gross profit		29,099	38,826
Operating expenses			
Administrative expenses	21	(5,404)	(4,909)
Other incomes	23	920	1,328
Other expenses	23	(2,399)	(1,955)
Total operating expenses		(6,883)	(5,536)
Operating profit		22,216	33,290
Other incomes (expenses)			
Financial incomes	24	145	57
Financial expenses	24	(9,845)	(10,452)
Net exchange rate difference	6	(73)	(194)
Total other expenses, net		(9,773)	(10,589)
Profit (loss) before income tax		12,443	22,701
Income tax	26	(6,347)	(7,428)
Net income		6,096	15,273
Basic and diluted profit (loss) per share (in US$)	27	0.021	0.052

The accompanying notes from page 7 to 62 are an integral part of these financial statements.

PESQUERA EXALMAR S.A.A.

STATEMENTS OF CHANGES IN NET EQUITY
FOR THE PERIODS ENDED JUNE 30, 2019 AND DECEMBER 31, 2018

	Note	Issued capital	Share premium	Other capital reserve	Revaluation surplus	Retained earnings	Total
		US$000	US$000	US$000	US$000	US$000	US$000
Balances as of January 1, 2018		89,772	69,721	3,609	32,216	21,485	216,803
Comprehensive income of the year		-	-	-	-	15,273	15,273
Other comprehensive income:							
- Revaluation surplus	17	-	-	-	-	-	-
Balances as of June 30, 2018		89,772	69,721	3,609	32,216	36,758	232,076
Balances as of January 1, 2019		89,772	69,721	3,609	39,031	50,815	252,948
Comprehensive income of the year		-	-	-	-	6,096	6,096
Other comprehensive income:							
- Distribution of dividends	17	-	-	-	-	(20,000)	(20,000)
Balances as of June 30, 2019		89,772	69,721	3,609	39,031	36,911	239,044

The accompanying notes from page 7 to 62 are an integral part of these financial statements.

PESQUERA EXALMAR S.A.A.

STATEMENTS OF CASH FLOWS
For the periods ended June 30, 2019 and 2018

	2019	2018
	US$000	**US$000**
OPERATING ACTIVITIES		
Collection from customers	133,150	93,262
Other cash collections related to the activity	757	1,021
Payments to suppliers	(99,832)	(93,326)
Payments to employees	(22,678)	(20,530)
Income tax paid	(13,688)	(3,311)
Other cash payments related to the activity	(11,907)	(12,376)
Cash applied to operating activities	(14,198)	(35,260)
INVESTING ACTIVITIES		
Payments to:		
Purchase of property, machinery and equipment	(12,652)	(6,032)
Purchase of intangible assets	(117)	(118)
Cash flows used in investing activities	(12,769)	(6,150)
FINANCING ACTIVITIES		
Decrease (increase) of long-term and short-term borrowings	273,200	154,500
Payment of long-term and short-term borrowings	(254,742)	(113,065)
Dividend payments	(20,000)	-
Cash flows used in (from) financing activities	(1,542)	41,435
Net increase of cash and cash equivalents	(28,509)	25
Balance of cash and cash equivalents at the beginning of the year	33,096	2,926
Balance of cash and cash equivalents at the end of the period	4,587	2,951

The accompanying notes from page 7 to 62 are an integral part of these financial statements.

1. Identification and economic activity of the Company

(a) Identification –

Pesquera Exalmar S.A.A. (hereinafter "the Company") is a subsidiary of Caleta de Oro Holding S.A. (main controlling entity), which has 60.92 percent of its issued capital. The Company was incorporated in the city of Lima on November 25, 1997.

As of June 30, 2019 and December 31, 2018, the legal domicile is located in Avenida Victor Andres Belaunde 214, San Isidro, Lima, Peru.

(b) Economic activity –

The Company mainly works in the fishing activity, including the extraction of hydro-biological resources and their transformation into fishmeal and fish oil and the direct sale of fresh and frozen fish; as well as the commercialization of these products, both in the domestic market and abroad. For this purpose, as of June 30, 2019 and December 31, 2018, it has a fleet of 23 purse-seine fishing vessels and 5 industrial fishmeal and fish oil plants. The industrial fishmeal and fish oil plants are located in Chicama, Chimbote, Huacho, Callao and Tambo de Mora. On the other hand, for the processing of frozen fish, the Company has two plants located in Paita and Tambo de Mora.

(c) Approval of financial statements –

The financial statements as of June 30, 2019 have been issued with authorization of the Company's Management. The financial statements as of December 31, 2018 were approved by the General Shareholders' Meeting of March 26, 2019.

(d) Regulatory framework –

The activities of the Company are regulated by Decree Law No. 25977, General Fishing Law, and its regulations, Supreme Decree No. 012-2001-PE. The administration and control of the fishing activity at national level is assumed by the Ministry of Production - PRODUCE, an entity that, besides organizing and centralizing the statistical, economic and financial information of the fishing activity in accordance with the aforementioned rules, on the basis of technical reports issued by the Marine Institute of Peru - IMARPE, establishes the biological closed seasons of anchovy and sardine to preserve the resources. The closed seasons which affected the Company as of June 30, 2019 were 101 days (76 days in 2018).

On June 28 and December 12, 2008, the Peruvian Government published the Legislative Decree No. 1084 and Supreme Decrees No. 021-2008-PRODUCE and No. 009-2009-PRODUCE, which set the Law on Maximum Catch Limits per Vessel (LMCE) and its regulation, respectively. Through these regulations, the Peruvian Government changed, since 2009, the fishing model for indirect human consumption, taken through annual maximum catch quotas for individual fishing quotas.

Likewise, in December 2015, the Company signed a guarantee contract for remaining in the LMCE regime with the Ministry of Production for its fishing vessels, which has a validity of 10 years, a term that the Management estimates will be renewed. By virtue of those contracts, the Company must respect the conditions, duties and obligations of the law on LMCE, the General Fishing Law and its regulations, and complementary rules.

The rule states a social contribution equivalent to US $ 1.95 per MT of fish unloaded for a period of 10 years, to a fund for supporting the retirement of workers who are affiliated to the current system of pensions applicable to the industrial fishing crew.

In the opinion of the Management and its legal advisors, as of June 30, 2019 and 2018, the Company has complied with the conditions of the indicated contracts.

The Law on LMCE also sets certain guidelines for the development of fishing activities. Among the main ones, the following can be mentioned:

- The calculation of the LMCE is made for each fishing season, according to the Maximum Percentage of Catch per Vessel (PMCE) assigned to each fishing vessel.

- The amounts not caught in execution of a LMCE assigned for a fishing season may not be transferred to any other season, extinguishing the Company's right over the balances not caught on the expiration date of the corresponding fishing season.

- The fishing license of a non-nominated fishing vessel, that is, a fishing vessel not selected to carry out fishing activities during a fishing season for being docked, will be temporarily suspended during such season. Thus, this vessel will be prevented from carrying out extractive activities during this period, and the quota (LMCE) of such ship will be fished within the (global) quota of the Company.

It is causal for recalculation of the PMCE, when the PMCE assigned to the Company is reduced by virtue of the fact that during four consecutive fishing seasons the unexecuted percentage of the assigned LMCE exceeds by 20 percent in each period. The reduction will correspond to the average percentage not caught during the four consecutive fishing seasons, and must be prorated among the vessels belonging to the Company.

As of June 30, 2019 and 2018, the total PMCE of the fishing vessels of the Company in the north-central and south region was 6.77 and 4.64 percent, respectively, and has not suffered reductions since the beginning of the LMCE validity.

(e) Operations –

According to the information prepared by the Management, the main operational data of the Company are presented below:

	2019	2018
Production		
Production days	80	105
Days of stoppage	101	76
Costs incurred in the period of non-production imputed to the cost of the product in US$(000)	5,115	6,604
Anchovy processed in thousand MT	308	527
Anchovy processed with own catch in thousand MT	156	267
Anchovy processed with the purchase of third parties in thousand MT	152	260
Fishmeal produced in thousand MT	72	119
Fish oil produced in thousand MT	12	25
Foreign sales in %	99	85
Local sales in %	1	15
North-central region		
Quota allocation in %	6.77	6.703
Second season -		
Country quota in thousand MT	2.100	3.317
Beginning date	28/04/2019	7/04/2018
Ending date		9/08/2018
South region		
Quota allocation in %	4.64	4.64
First season -		
Country quota in thousand MT	540	535
Beginning date	8/01/2019	5/01/2018
Ending date	30/06/2019	30/06/2018

(i) Direct human consumption -

	2019	2018
Own catch in thousand MT		
Horse mackerel and mackerel in thousand MT	14,723	1,962
Sales in %		
Local	31	72
Foreign	69	28

Environmental regulation –

The General Fishing Law requires an Environmental Impact Study (EIA for its Spanish acronym) to be conducted prior to the beginning of any fishing activity.

Under Decree Law No. 25977 - General Fishing Law and its Regulation, 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 pollution damage and risks in marine, land and atmospheric environments.

The operations of the Company are carried out protecting public health and the environment, and comply with all applicable regulations.

As of June 30, 2019, the Company has executed works in its different locations related to the protection of the environment for an amount of US$1,629,000 (US$3,954,000 in 2018), such as the installation of a natural gas network system, a system of water treatment and solid recovery, rooms for the physical treatment of pumped water, acquisition of ovens, pumps and steam dryers. These disbursements are recognized as part of Property, vessels, machinery and equipment, net, since they are necessary to comply with the operational and production objectives, as well as the standards required for the protection of the environment.

As of June 30, 2019 and December 31, 2018, there are no liabilities or environmental obligations.

2. Basis of preparation and presentation

Compliance statement –

The financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS"), issued by the International Accounting Standards Board (hereinafter "IASB") and effective as of June 30, 2019 and December 31, 2018, respectively.

Measurement basis -

The financial statements have been prepared based on historical cost, from the accounting records kept by the Company. The accompanying financial statements are presented in US dollars (functional and presentation currency), and all values are rounded to thousands, except when otherwise indicated.

The accounting policies adopted are consistent with those applied in previous years, except for the new IFRS and IASs revised which are mandatory for periods beginning on or after January 1, 2019.

IFRS 9 "Financial Instruments"

In July 2014, the IASB issued the final version of IFRS 9 "Financial Instruments" which reflects all phases of the project of financial instruments and that will replace IAS 39 "Financial Instruments: Recognition and Measurement" and all previous versions of IFRS 9. The regulation introduces new requirements for classification and measurement, impairment and hedge accounting. This regulation had no effect on the Company. See note 3 (q).

IFRS 15 "Incomes from contracts with customers"
IFRS 15 was issued in May 2014 and establishes a new five-step model that will be applied to incomes from contracts with customers. Under IFRS 15, incomes are recognized by an amount which reflects the consideration the entity expects to be entitled to receive in exchange for the transfer of goods or services to a customer. The principles of IFRS 15 provide a more structured approach for income measurement and recognition. The new standard for recognizing incomes is applicable to all entities and will replace all current requirements for recognition of incomes under IFRS. The effect of these changes is explained in note 3 (q).

IFRIC 22 "Transactions in foreign currency and anticipated remunerations"
The interpretation clarifies that, when determining the exchange rate to be used in the initial recognition of the asset, expense or income related (or the corresponding part thereof), in the derecognition of a non-monetary asset or non-monetary liability that arises from the payment or collection of the anticipated remuneration in foreign currency, the date of the transaction is the date when an entity initially recognizes the non-monetary asset or the non-monetary liability derived from the anticipated remuneration. If there are multiple payments or collections received in advance, the entity should determine the date of the transaction for each payment or collection received from the anticipated remuneration. The entities may apply the modification retrospectively.

Alternatively, an entity may prospectively apply the interpretation to all assets, expenses and incomes in its scope which are initially recognized at or after:

(i) the beginning of the period reported in which the entity applies the interpretation for the first time; or
(ii) the beginning of an earlier period reported, showed as comparative information in the financial statements of the presentation period in which an entity applies the interpretation for the first time.

This regulation had no effect on the Company. See note 3 (q).

The Company has not adopted in advance other regulations, interpretations or modifications which have been issued but are not effective.

3. Summary of significant accounting policies

(a) Cash and cash equivalents –
Cash and cash equivalents presented in the statements of financial position include balances in current accounts and fixed-terms deposits with maturity of less than three months.

(b) Financial instruments: initial recognition and subsequent measurement -

(b.1) Financial assets –

Initial recognition and measurement –

Before January 1, 2018, the Company classified financial assets in the following categories defined by IAS 39:

- Financial assets at fair value through profit or loss.
- Loans and receivables (amortized cost).
- Held-to-maturity financial investments (amortized cost).
- Available-for-sale financial assets.

As of January 1, 2018, financial assets within the scope of IFRS 9 are classified according to the business model and the characteristics of contractual cash flows, measured at:

- Amortized cost.
- Fair value through other comprehensive income (FVOCI).
- Fair value through profit or loss (FVPL).

The Company determines the classification of financial assets at the time of their initial recognition.

All financial assets are initially recognized at their fair value plus, in the case of financial assets that are not recorded at fair value through profit or loss, directly attributable costs.

Purchases or sales of financial assets which require the delivery of assets within a period of time established by a regulation or condition of the market (conventional trade) are recognized on the date of the trade; that is, the date when the Company agrees to buy or sell the asset.

As of June 30, 2019 and 2018, the Company held within this category cash and cash equivalents and trade receivables, others and from related entities.

Subsequent measurement –

As of June 30, 2019 and December 31, 2018, the Company just holds assets measured at amortized cost, whose record is as follows:

Before January 1, 2018, the Company classified such instruments as "Loans and receivables", which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After the initial recognition, these financial assets are measured at amortized cost by using the effective interest rate method (EIR), less any allowance for impairment. The amortized cost is calculated taking into account any discount or premium on the acquisition and commissions or costs that are an integral part of the EIR. The amortization of the EIR is included in the caption "Financial incomes" and the losses from impairment are recognized in "Other expenses" in the statements of income.

As of January 1, 2018, the Company measures cash and cash equivalents and trade receivables, others and from related parties, at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective of holding financial assets in order to get contractual cash flows.
- The contractual terms of the financial asset give rise, on specific dates, to cash flows that are solely payments of principal and interest (SPPI) on the amount outstanding.

Derecognition –

A financial asset (or, where applicable, part of a financial asset or a group of similar financial assets) is written off when:

(i) The rights to receive cash flows generated by the asset have expired; or

(ii) The contractual rights to the cash flows generated by the asset have been transferred, or an obligation to pay a third party all of those cash flows without a significant delay, through a transfer agreement (*pass-through arrangement*) has been assumed, and (a) all risks and rewards of the asset have been substantially transferred; or (b) all the risks and rewards of the asset have neither been substantially transferred nor retained, but the control over it has been transferred.

The Company will continue to recognize the asset when it has transferred its rights to receive cash flows generated by the asset, or has entered an agreement on mediation, but has neither substantially transferred nor retained all the risks and rewards of the asset, nor transferred control over it. In this case, the Company will recognize the transferred asset based on its continuing involvement in the asset and will also recognize the related liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations retained by the Company.

(b.2) Impairment of financial assets –

Until January 1, 2018, with IAS 39, the Company evaluated at each reporting date, whether there was any objective evidence that a financial asset or a group of financial assets are impaired. A financial asset or a group of financial assets was considered impaired, if and only if, there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an "event causing the loss", among which we have, the assessment of the time of accounts receivable, credit risk assessment and evaluation of the trade relationship with the customer) and that event causing the loss has an impact on the estimated future cash flows of the financial asset or the group of financial assets, which can be reliably estimated. The evidence of impairment could include indicators of

significant financial difficulties of the borrowers or group of borrowers, default or delays in interests or principal payments, probability of restructuring or bankruptcy of the company or other legal financial reorganization process in which it is demonstrated there will be a reduction in the estimated future flows, such as changes in circumstances or economic conditions which have correlation in payment defaults.

As of January 1, 2018, with the adoption of IFRS 9, the method for calculating impairment loss has substantially changed; replacing the approach of incurred losses of IAS 39 by an approach of expected losses. However, as indicated in note 3 (q), as of December 31, 2018, the adoption of IFRS 9 has not had an impact on the Company.

The allocation of the expected loss is based on the credit losses which are expected to arise during the life of the asset, unless there has not been a significant increase in credit risk since the initial date of the financial instrument, in which case, the provision is based on the credit loss expected by 12 months.

The credit losses expected by 12 months are the part of the credit losses expected during the life of the asset resulting from non-compliance events on a financial instrument which are possible within 12 months after the presentation date.

Both the credit losses expected by 12 months and the credit losses expected during the life of the asset are individually or collectively calculated, according to the portfolio nature.

(b.3) Financial liabilities –

Initial recognition and measurement –

Financial liabilities (within the scope of IAS 39 and IFRS 9) are classified as financial liabilities at fair value through profit or loss, loans and accounts payable, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of financial liabilities at the time of their initial recognition.

All financial liabilities are initially recognized at fair value plus, in the case of loans and payables recorded at amortized cost, directly attributable transaction costs.

As of June 30, 2019 and 2018, the Company maintains within this category short-term bank loans, long-term financial liabilities and trade payables, diverse and to related parties.

Subsequent measurement –

The subsequent measurement of financial liabilities depends on their classification. As of June, 2019 and December 31, 2018, the Company only maintains loans and

payables, whose recording is as follows:

After the initial recognition, financial liabilities, loans and accounts payable are measured at amortized cost, by using the effective interest rate method. Gains and losses are recognized in the statement of income when the liabilities are derecognized, as well as through the amortization process according to the effective interest rate method.

The amortized cost is calculated taking into account any discount or premium on the acquisition and commissions or costs that are an integral part of the effective interest rate. Amortization in accordance with the effective interest rate method is recognized as financial cost in the statements of income.

Derecognition–

A financial liability is derecognized when the obligation specified in the corresponding contract has been paid or canceled, or has expired.

When an existing financial liability is replaced by another liability from the same lender under substantially different conditions, or if the conditions of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and recognition of a new liability, and the difference among the respective carrying amounts is recognized in the statements of income.

(b.4) Offsetting of financial instruments –

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position, only if there is a currently enforceable legal right to offset the recognized amounts, and there is an intention to settle them on a net basis, or to realize the assets and settle the liabilities simultaneously.

(b.5) Fair value of financial instruments –

Fair value is the price that would be received to sell an asset or paid to transfer a liability in a transaction ordered between market participants at the measurement date.

The fair value of an asset or liability is measured by using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which it has sufficient information available to measure at fair value, maximizing the use of relevant observable data and minimizing the use of unobservable data.

All assets and liabilities for which fair values are determined or disclosed in the financial statements are categorized within the fair value hierarchy described below, based on the lowest level of the data used which are significant to the fair value measurement as a whole:

(i) Level 1 - Quoted (unadjusted) prices in active markets for identical assets or liabilities.
(ii) Level 2 - Valuation techniques for which the lowest level of input that is significant to the fair value measurement is directly or indirectly observable.
(iii) Level 3 - Valuation techniques for which the lowest level of input that is significant to the fair value measurement is not observable.

For assets and liabilities that are recognized at fair value in the financial statements on a recurring basis, the Company determines whether transfers have occurred among the different levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For purposes of fair value disclosures, the Company has determined types of assets and liabilities on the basis of their nature, characteristics and risks and the level of the fair value hierarchy as explained before.

(c) Segment reporting –

For management purposes, the Company is organized into business units based on its products and has two operating segments on which it reports, which are:

- The segment of indirect human consumption that produces and sells fishmeal and fish oil.
- The segment of direct human consumption that processes and sells frozen fish.

No operating segment has been added to determine the segments described above.

The Deputy General Management is the highest instance of operational decision making of the Company and supervises the operating results of its business units separately with the purpose of making decisions on the allocation of resources and the evaluation of performance. The performance of the segments is evaluated based on the operating

result and is consistently valued with the operating result of the financial statements. However, the Company's financing (including financial expenses and incomes) and income taxes are managed at the Company level and are not allocated to operating segments.

The following are the main captions of the statement of financial position of the Company and the statement of income by operating segments:

	Indirect Human Consumption	Direct Human Consumption	Total
As of June 30, 2019	**US$000**	**US$000**	**US$000**
Total assets	590,723	42,114	632,837
Property, vessels, machinery and equipment, net	188,038	40,505	228,543
Intangible assets, net	120,963		120,963
Goodwill, net	113,342		113,342
Inventories, net	79,490	1,105	80,595
Total liabilities	393,793		393,793
Short-term bank loans	110,852		110,852
Long-term financial liabilities	172,149	504	172,653
As of June 30, 2019			
Local sales	1,062	4,191	5,253
Foreign sales	131,516	9,390	140,906
Total sales	132,578	13,581	146,159
Cost of sales	(99,240)	(7,873)	(107,113)
Cost of distribution	(7,924)	(2,023)	(9,947)
Gross profit	25,414	3,685	29,099
Administrative expenses	(5,080)	(324)	(5,404)
Other incomes	920	-	920
Other expenses	(2,399)	-	(2,399)
Operating profit (loss)	18,855	3,361	22,216

As of December 31, 2018	Indirect Human Consumption US$000	Direct Human Consumption US$000	Total US$000
Total assets	592,889	44,013	636,902
Property, vessels, machinery and equipment, net	184,153	42,708	226,861
Intangible assets, net	117,939		117,939
Goodwill, net	113,342		113,342
Inventories, net	79,249	628	79,877
Total liabilities	383,954		383,954
Short-term bank loans	70,000		70,000
Long-term financial liabilities	188,745	677	189,422

As of June 30, 2018	Indirect Human Consumption US$000	Direct Human Consumption US$000	Total US$000
Local sales	16,432	1,751	18,184
Foreign sales	102,547	690	103,237
Total sales	**118,979**	**2,441**	**121,420**
Cost of sales	(69,736)	(5,957)	(75,693)
Cost of distribution	(6,160)	(741)	(6,901)
Gross profit	43,083	**(4,257)**	**38,826**
Administrative expenses	(4,762)	(147)	(4,909)
Other incomes	1,328	-	1,328
Other expenses	(1,955)	-	(1,955)
Operating profit (loss)	37,694	(4,404)	33,290

Segments by geographical area

	2019		2018	
	Indirect Human Consumption US$000	Direct Human Consumption US$000	Indirect Human Consumption US$000	Direct Human Consumption US$000
Incomes:				
Asia	103,028	-	90,186	(106)
Europe	11,444	2,497	2,770	344
America	17,842	6,272	25,610	1,773
Oceania	157	-	413	170
Africa	107	4,812	-	259
	132,578	13,581	118,979	2,441

(d) Foreign currency transactions –

The Company's financial statements are presented in US dollars, which is its functional and presentation currency.

Transactions and balances –

Transactions in foreign currency (currencies other than US dollar) are initially recorded by the Company at the exchange rate in force on the transaction date. Monetary assets and liabilities denominated in foreign currency are translated at the exchange rate in force on the date of their settlement in the statement of financial position and the resulting exchange differences are recorded in the income statement.
Non-monetary items are translated by using the exchange rates in force on the date of the original transactions.

(e) Inventories –

Inventories are valued at the lowest cost or net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The costs incurred to bring inventories to their current location and conditions are accounted for as follows:

Finished products –

At the cost of raw materials, supplies, direct workforce, other direct costs, general manufacturing expenses and an amount of fixed and variable manufacturing costs based on the normal operating capacity, excluding financing costs. Subsequently, the method of daily weighted average cost is applied.

Normal capacity is defined as the extraction and production capacity in each of the two fishing seasons defined in the year, based on the anchovy fishing quota assigned to the Company by the regulator (PRODUCE).

Raw materials and other supplies –

They are recorded at acquisition cost, following the method of daily weighted average cost.

The allowance for impairment is determined according to an analysis performed on the conditions and rotation of inventories. The estimate is recognized through the statements of income.

(f) Property, vessels, machinery and equipment –

The caption “Property, vessels, machinery and equipment”, except land, is presented at the acquisition cost, net of accumulated depreciation and/or accumulated impairment losses, if any. The initial cost of an asset includes the purchase price or manufacturing cost, including import duties and non-refundable purchase taxes and any necessary costs to put such asset in operation, the initial estimate of the costs of restoring and financing costs for long-term building projects, to the extent the requirements for recognition are met.

When significant components of property, vessels, machinery and equipment require replacement, the Company derecognizes the replaced component and recognizes the new component with its corresponding useful life and depreciation. Likewise, when a larger inspection is performed, its cost is recognized as a replacement as long as the requirements for its recognition are met. All other routine repair and maintenance costs are recognized as an expense in the statements of income as incurred.

Land is measured under the revaluation method, that is, at fair value less impairment losses recognized after the revaluation date. Revaluations are carried out at the end of each year to ensure that the fair value of a revalued asset does not significantly differ from its carrying amount.

Any revaluation increase is recognized in other comprehensive income and accumulated in net equity under "Revaluation surplus", except to the extent that such increase reverses a revaluation decrease of the same asset previously recognized in the income statement, in which case this increase is recognized in the income statement, except to the extent that such decrease compensates a revaluation increase of the same asset previously recognized in the reserve due to the revaluation of assets.

An item of property, vessels, machinery and equipment or a significant component is retired at the moment of its disposal or when it is not expected to obtain economic benefits through its use or subsequent disposal. Any profit or loss from the disposal of the property, vessels, machinery and equipment (calculated as the difference between revenues for sale and the asset's carrying amount) is included in the statements of income when it occurs.

Residual value, useful life and depreciation methods are periodically reviewed and adjusted, if case.

Works in progress include payments for asset construction, financing costs, and other direct expenses attributable to such work, accrued during the construction phase. Works in progress are capitalized when completed and their depreciation is calculated since the moment they are available for use.

Depreciation is calculated by using the straight-line method over the estimated useful lives:

Description	**Years**
Buildings and constructions	33
Fishing vessels	Between 2 and 29
Machinery and equipment	Between 2 and 35
Transport units	5
Furniture and fixtures	Between 2 and 10
Other equipment and computer equipment	Between 2 and 10

(g) Leases –

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the time of its execution, either the compliance with the agreement depends on the use of a specific asset or the agreement grants the right to use the asset, even if that right is not explicitly in the agreement.

Finance leases that substantially transfer all the risks and rewards of the ownership of the leased asset to the Company are capitalized at the beginning date of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statements of income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the asset is depreciated either over the estimated useful life of the asset or in the lease term, the shorter one.

Leases in which the Company does not obtain substantially all the risks and rewards inherent to the ownership of the asset are classified as operating leases.

Operating lease payments are recognized as operating expenses in the statements of income on a straight-line basis over the lease period.

(h) Intangible assets –

Intangible assets acquired separately are measured on the initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the acquisition date. Following their initial recognition, intangible assets are carried at their cost less the accumulated amortization and /or accumulated impairment losses, if any.
The useful life of intangible assets is assessed as finite or indefinite.

Intangible assets with finite useful lives are amortized over their economic useful life and the impairment is assessed whenever there is an indication that the intangible asset may be impaired. The amortization period for an intangible asset with finite useful life is reviewed at least once by the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits related to the asset are considered as changes in the amortization period or method, as appropriate, and are treated as changes in the accounting estimates. The amortization expense of intangible assets with finite useful lives is recognized in the statements of income in the expense category that is consistent with the function of intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are annually tested for impairment at the cash-generating unit level.

The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between net disposal proceeds and the carrying amount of the asset, and are recognized in the statements of income when the asset is derecognized.

Fishing permits and production licenses –

Fishing permits and production licenses represent the right to fish in the Peruvian littoral for each of the fishing vessels and to process fishmeal and fish oil for each of the fishing plants. These assets do not have maturity. Thus, they are considered intangible assets with indefinite useful life and are not amortized; but every year it is evaluated if there is impairment. See paragraph (i) below.

Fishing permits and production licenses are initially measured at cost. The cost of fishing permits and production licenses acquired in a business combination is their fair value at the date of acquisition.

Goodwill –

Goodwill is initially measured at cost, being the excess of the amount of the remuneration transferred and the amount recognized for non-controlling interest, over the acquired identifiable assets and liabilities assumed in a business combination.

After the initial recognition, goodwill is measured at cost less any accumulated impairment loss. For the purpose of impairment test, goodwill acquired in a business combination is, since the acquisition date, allocated to each of the Company's cash generating units that are expected to benefit from the combination.

When goodwill is part of a cash-generating unit and part of the operation of a unit is ordered, the goodwill associated with the operation ordered is included in the carrying amount when determining the gain or loss of the operation.

Software –

They correspond to licenses and costs directly related to the implementation of an information processing system. These assets are presented at the acquisition cost and amortized over ten years.

(i) Impairment of non-financial assets –

The Company assesses at each reporting date if there is any indication that an asset may be impaired. If any indication exists, or when an annual impairment test for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher value between the fair value less the sale costs, either of an asset or a cash-generating unit, and its value in use, and it is determined for an individual asset, unless the asset does not generate cash flows which are largely independent from the other assets or groups of assets.

When the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, the asset is considered impaired and its value is reduced to its recoverable amount.

When assessing the value in use of an asset, the estimated cash flows are discounted to their present value by using a pre-tax discount rate that reflects current market assessments on the temporary value of money and the specific risks to the asset. For determining the fair value less sale costs, recent market transactions are taken into account, if any. If such transactions do not exist, an appropriate valuation model is used.

Impairment losses corresponding to continuous operations, including the impairment of inventories, are recognized in the income statement in those expense categories that correspond to the function of the impaired asset.

For fishing permits, production licenses and goodwill, an impairment test is carried out at least every year (as of December 31). For other assets in general, at each closing date of the reporting period, an assessment of whether there is any indicator that previously recognized impairment losses no longer exist or have decreased is made. If there is such an indicator, the Company makes an estimate of the recoverable amount of the asset or the cash generating unit.

A previously recognized impairment loss is only reversed if there has been a change in the assumptions used to determine the asset's recoverable amount since the last time an impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount nor exceed the carrying amount that would have been determined, net of the accumulated depreciation, if no impairment loss has been recognized for that asset in prior years. Such reversal is recognized in the statements of income.

Impairment losses related to fishing permits, production licenses and goodwill cannot be reversed in future periods.

(j) Provisions –

Provisions are recognized when the Company has a present obligation (legal or implicit) as a result of a past event. It is probable that an outflow of resources to settle the obligation will be required and a reliable estimate of the amount of the obligation can be made. When the Company expects the provisions to be reimbursed in whole or in part, for example under an insurance contract, the reimbursement is recognized as an asset but only when such reimbursement is virtually certain. The expense related to any provision is presented in the statement of income, net of any related refund.

If the effect of the time value of money is significant, provisions are discounted by using a current market rate before taxes that reflects, where appropriate, the risks specific to the liability. When the discount is recognized, the increase in the provision by the passage of time is recognized as a finance cost in the statements of income.

(k) Contingencies –

Contingent liabilities are not recognized in financial statements. These are disclosed in notes to the financial statements, unless there is a possibility of disbursing an economic flow.

A contingent asset is not recognized in financial statements, but it is disclosed when its contingency level is probable.

(l) Revenue recognition –

Revenues are recognized to the extent the economic benefits are likely to flow to the Company and can be reliably measured, regardless of when the payment is made. Revenues are measured at the fair value of the remuneration collected or receivable, taking into account the payment terms defined by contract and not including taxes or expenses. The Company reviews its income agreements in order to determine whether it acts as the owner or agent. The Company concluded that it acts as the owner of all its income agreements.
The following specific recognition criteria must also be met before the recognition of an income:

Sale of goods –

Revenues from the sale of goods are recognized when the significant risks and benefits inherent to the property of the good have been substantially transferred to the buyer, which occurs, in general, at the time of delivering the goods (once rendered the distribution service); for exports, at the time of shipment.

Interest income –

These revenues are recognized when the interests are accrued by using the effective interest rate method. Interest incomes are included in financial incomes in the income statement.

As a result of the adoption of IFRS 15, no significant impacts have been presented, in relation to the time when the Company recognizes the incomes. See note 3 (q).

(m) Financing costs –

Financing costs that are directly attributable to acquisition, building or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are included in the cost of that asset. All other finance costs are recognized when occurred. Financing costs are interest costs and other costs the Company incurs in connection with the borrowings received.

(n) Taxes –

Current income tax –

Assets and liabilities for the current income tax are measured at the amounts expected to be recovered from or paid to the Taxation Authorities. The tax rates and tax laws used to compute such amounts are those that are in force at the reporting date in Peru.

Current income tax related to items directly recognized in net equity is also recognized in net equity and not in the statements of income. The Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation, and establishes provisions when appropriate.

Deferred income tax –

Deferred income tax is recognized by using the liability method over temporary differences between the tax bases of assets and liabilities and their carrying amounts at the closing date of the reporting period.

Deferred income tax liabilities are recognized for all taxable temporary differences, except for taxable temporary differences related to investments in subsidiaries, when the opportunity of their reversal can be controlled, and it is probable that they will not be reversed in the near future.

Deferred income tax assets are recognized for all deductible temporary differences, and for future offset of unused tax credits and tax losses, to the extent that it is likely the existence of future available taxable profits against which such temporary differences can be offset.

The carrying amount of the assets for deferred income tax is reviewed on each closing date of the reporting period and is reduced to the extent that the existence of sufficient

future taxable income is no longer probable to allow these deferred income tax assets are used in whole or in part. Unrecognized deferred income tax assets are reviewed on each closing date of the reporting period and are recognized to the extent that it is likely the existence of future taxable profits that allow the recovery of such assets due to deferred income tax not previously recognized.

Assets and liabilities for deferred income tax are measured at the tax rates expected to be applicable in the year when the asset is realized or the liability is canceled, based on the tax rates and tax rules that were approved as at the closing date of the reporting period.

Deferred income tax is recognized in relation to the item that originates it, either in income or directly in net equity.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset assets and liabilities for income tax, and if deferred income taxes are related to the same tax authority and the same tax jurisdiction.

General Sales Tax –

Revenues from ordinary activities, expenses and assets are recognized excluding the amount of the general sales tax, except:

(i) When the general sales tax incurred in an acquisition of assets or in the provision of services is not recoverable by the Tax Authority, in which case this tax is recognized as part of the acquisition cost of the asset or as part of the expenses, as appropriate;

(ii) The accounts receivable and payable that are already expressed including the amount of general sales tax.

The net amount of the general sales tax expected to be recovered from, or corresponding to be paid to, the Tax Authority, is presented as an account receivable or an account payable in the statement of financial position, as appropriate.

(o) Employees’ profit sharing –

In accordance with the legal standards, employees’ profit sharing is calculated on the same basis used for calculating the current income tax, and is presented in the income statement within the captions "Production cost", "Administrative expenses” and "Cost of distribution", as part of personnel expenses.

(p) Employee benefits –

The Company has short-term obligations for employee benefits that include salaries, social contributions, bonuses, performance bonuses and profit sharing. These obligations

are recorded every month, charged to the income statement, as they accrue.

(q) Changes in accounting policies and disclosures –

In these financial statements, the Company has applied for the first time IFRS 9 and IFRS 15, effective for periods beginning on or after January 1, 2018, which have not had a significant impact on its financial statements.

NIIF 9 "Financial Instruments" –

IFRS 9 replaces IAS 39 for annual periods beginning on or after January 1, 2018:

i. Changes in classification and measurement –

To determine the classification and measurement category, IFRS 9 requires that all financial assets, except equity and derivative instruments, be evaluated based on the test of business model and the test of contract flow characteristics.

Measurement categories of financial assets of IAS 39 (fair value through profit or loss, available for sale, held-to-maturity and loans and accounts receivable) have been replaced by:

- Debt instruments at amortized cost.
- Debt instruments at fair value through profit or loss.
- Equity instruments at fair value through profit or loss.
- Financial assets at fair profits or loss.

The accounting for financial liabilities remains to a large extent the same as that required by IAS 39, except for the treatment of profits or losses arising from an entity's own credit risk of those liabilities allocated at fair value through profits and loss. These movements must be presented in the income statement. As of June 30, 2019 and December 31, 2018, the Company does not present defined liabilities at fair value through profit or loss, for which there was no effect on its financial statements at those dates.

ii. Changes in the calculation of impairment –

The adoption of IFRS 9 has substantially changed the accounting for impairment of financial assets, going from a loss model incurred under IAS 39 to an expected loss model under IFRS 9. IFRS 9 requires the Company to record a provision for expected loss for all loans and other financial debt assets that are not measured at fair value through profit or loss. The allocation is based on the expected losses associated with the probability of default in the next twelve months, unless there is a significant increase in credit risk since the initial date. If the financial asset meets the definition of purchased or originated credit (POCI) that has credit impairment, the allocation is based on the change of expected losses (ECL) throughout the life of the asset.

This change has had no impact on the Company's financial statements, mainly due to the fact that, because of the Company's business, most of its financial assets

are of very short term, and its main customers are foreign companies of recognized prestige and solvency that do not have problems of payment capacity and grant letters of credit in favor of the Company. Therefore, they have almost no probability of default.

iii. Disclosures in accordance with IFRS 7 –

To reflect the differences between IFRS 9 and IAS 39, IFRS 7 "Financial instruments: Information to disclose" has been updated for the year beginning on January 1, 2018. Changes include transition disclosures, qualitative and quantitative information detailed on the calculations of the expected loss, such as the assumptions and data used, compensations of expected loss from the date of transition to the closing date of the financial statements of the assets to which it applies.

Changes in disclosures of IFRS 7 have not had an effect on the Company because of the implementation of IFRS 9 had no effects on the financial statements as detailed in previous paragraphs.

IFRS 15 "Revenues from contracts with customers" –

IFRS 15, which replaced IAS 18 "Revenue" and IAS 11 "Construction contracts", was applied by the Company as of January 1, 2018 to all contracts with customers, except for lease agreements.

The regulation establishes a more systematic approach to the measurement and recognition of incomes through the introduction of a five-step model that governs the recognition of incomes. This model requires that the Company: (i) identifies the contract with the customer; (ii) identifies each of the performance obligations included in the contract; (iii) determines the amount of the contract remuneration; (iv) assigns the remuneration for each of the performance obligations identified; and, (v) recognizes the incomes as each performance obligation is met.

As a result of the adoption of IFRS 15, there have been no significant impacts in relation to the moment when the Company recognizes the incomes or when the incomes must be recognized as gross principal or as net agent, because there is only a contractual obligation that is the sale of goods and their distribution.

In addition to the adoption of IFRS 15, some concepts have been reclassified to have a coherence in the presentation of incomes and expenses, being the main concept all costs associated with the distribution of goods from the Company's warehouses to the port of shipment (exports), which go from the caption "Cost of sales" to the caption "Cost of distribution" in the income statement.

IFRIC 22 "Transactions in foreign currency and anticipated remunerations" -

The interpretation clarifies that in determining the exchange rate to be used in the initial recognition of the asset, expense or income (or part thereof), related to the derecognition

of a non-monetary asset or liability related to an anticipated remuneration, the date of transaction is the date when the entity initially recognizes the non-monetary asset or liability resulting from the anticipated remuneration. If there are several payments or receipts in advance, the entity must determine a transaction date for each payment or receipt of the anticipated remuneration. The Management of the Company concluded that this interpretation had no effects on its financial statements.

IFRS 16 “Leases” –

IFRS 16 establishes the principles for recognition, measurement, presentation and disclosures for leases and requires all leases to be accounted for under a model similar to the accounting of financial leases according to IAS 17 "Leases". The regulation includes two exceptions to recognition for lessees: short-term leases and those in which the underlying asset has low value.
At the starting date of a contract, the lessee will recognize a liability for the present value of the lease payments which have not been paid on that date and an asset for the right to use the asset during the term of the lease. Lessees must recognize the interest expense on the liability for the lease and the depreciation expense for the right to use the asset.

Lessees will also be required to revaluate the lease liability when certain events occur (for example, a change in lease term, a change in future lease payments resulting from a change in the index or the rate used to determine those payments). The lessee will recognize the amount of this valuation of the liability as an adjustment in the corresponding right to use the asset.

The accounting for lessors under IFRS 16 is not substantially modified with respect to the current accounting under IAS 17. Lessors will continue to classify all leases by using the same classification principle indicated in IAS 17 and to distinguish two types of leases: operating and financial.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than those required by IAS 17.
IFRS 16 is effective for annual periods beginning on January 1, 2019. The early adoption is permitted, but not before the entity applies IFRS 15. The lessee may choose to apply the standard by using a full or modified retrospective approach. The transitory provisions of the standard allow certain facilities.

4. Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires the Management to use judgments, estimates and assumptions that affect the reported amounts of incomes, expenses, assets and liabilities, and disclosures of contingent liabilities.

However, the uncertainties and professional judgment of these assumptions and estimates could result in amounts that require a material adjustment at the carrying amount of assets and liabilities.

The most significant estimates considered by the Management in connection with the financial statements refer to:

- Estimate of inventory devaluation.
- Estimate of impairment of non-financial assets.
- Useful life and recoverable value of non-financial assets.
- Provision for contingencies.
- Income tax.
- Land revaluation.

The Management considers that the estimates included in the financial statements were made on the basis of its better knowledge of the relevant events and circumstances at the date of preparation thereof. However, the final results may differ from the estimates included in the financial statements.

5. International standards not yet in force

The Company decided not to adopt in advance the following regulations and interpretations that were issued by the IASB and apply to the operations carried out by the Company, but not yet in force as of June 30, 2019:

IFRS 17 Insurance Contract –

IFRS 17 Insurance Contracts establishes the principles for recognition, measurement, presentation and disclosures of insurance contracts that are under the Regulation. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information provides a basis for users of financial statements to evaluate the effect that insurance contracts have on the financial position, financial performance and cash flows of the entity.

This rule applies since January 1, 2021.

6. Foreign currency transactions

Foreign currency transactions are recorded into the exchange rates of the free market published by the Superintendence of Banking, Insurance and Private Pension Fund Managers. As of June 30, 2019, the free market exchange rates for transactions in soles, published by this institution, were US $ 0.304 for purchase and US $ 0.304 for sale (US $ 0.2968 for purchase and US $ 0.2959 for sale as of December 31, 2018).

As of June 30, 2019 and December 31, 2018, the Company had the following assets and liabilities in soles:

	2019 S/.000	2018 S/.000
Assets:		
Cash and cash equivalents	2,598	1,334
Trade and other receivables	31,491	54,719
Receivables from related parties	12,446	11,787
Tax credit for VAT	36,420	37,109
	82,955	104,949
Liabilities:		
Trade and other payables	74,812	22,486
Payables to related parties	98	90
Income tax payable	7,763	32,419
Provisions for contingencies	12,731	8,052
	95,404	63,047
Net asset position	(12,449)	41,902

As of June 30, 2019, the Company had a net exchange loss of US $ 73 (US $ 194 during 2018), which is presented in the statement of income.

Management does not consider that the exchange rate risk could significantly impact on the profit and loss of the Company. As of June 30, 2019 and December 31, 2018, the Company does not have financial instruments covering the exchange risk of its operations in soles.

7. Cash and cash equivalents

(a) This item is made up by:

	2019 US$000	2018 US$000
Term deposits (b)	-	32,000
Current accounts (c)	4,587	1,096
Total	4,587	33,096

(a) As of December 31, 2018, the term deposits are denominated in soles and US dollars, have original maturities in less than three months and may be renewed when due. These deposits are held in local banks, which are remunerated at current market rates.

(b) Current accounts are held in domestic banks, are mainly denominated in US Dollars and soles, are freely available and do not accrue interests.

8. Trade and other receivables, net

(a) This item is made up by:

	2019 US$000	2018 US$000
Ship owners (b)	36,710	31,844
Trade accounts receivable (c)	23,110	10,101
Accounts receivable from shareholders	3,616	3,599
Accounts receivable from personnel	1,020	1,374
Third-party claims	541	558
Others	3,061	1,644
	68,058	49,120
Less: Impairment allowance (d)	(320)	(320)
Total	67,738	48,800
By expiration:		
Current	64,737	45,201
Non current	3,001	3,599
Total	67,738	48,800

(b) As of June 30, 2019, it mainly corresponds to the advance granted to ship owners for unloading fish in the Company's plants, and in some cases they do not accrue interest and are supported by bills of exchange, and, in many cases, movable guarantees consisting of mortgages or trusts of vessels in favor of the Company have been granted. In opinion of the Management, the balance will be recovered in the short term.

(c) Trade accounts receivable mainly consist of domestic and foreign sales, whose collections are mostly made by credit letters. These accounts receivable are mainly denominated in US dollars, have current maturities and do not accrue interest.

(d) The movement of the estimate for doubtful accounts for the periods as of June 30, 2019 and December 31, 2018 was as follows:

	2019 US$000	2018 US$000
Opening balance	320	328
Charge for the year		-
Recoveries	-	(8)
Closing balance	320	320

(e) As of June 30, 2019, the aging analysis of trade receivables was as follows:

	2019 US$000	2018 US$000
Not past due nor impaired	21,522	9,047
Until 60 days	938	427
Between 61 and 180 days	471	448
Impaired	179	179
Total	23,110	10,101

9. Inventories, Net

(a) This item is made up by:

	2019 US$000	2018 US$000
Finished goods:		
- Fishmeal	50,028	57,162
- Fish oil	18,029	12,498
- Frozen fish	1,105	628
	69,162	70,288
Supplies	6,398	6,135
Deferred costs (c)	4,453	3,017
Packaging and casing	1,172	1,027
	81,185	80,467
Less : Obsolescence allowance (d)	(590)	(590)
Total	80,595	79,877

(b) As of June 30, 2019, the Company kept 32,820 MT and 2,550 MT in fishmeal and fish oil as guarantee for short-term bank loans (as of December 31, 2018 the Company kept 33,570 MT in fishmeal). See note 12 (b).

(c) The deferred costs correspond to those incurred during the closed season in plants and vessels. These costs are allocated to the cost of the next production and based on the normal production capacity of plants and vessels. As of June 30, 2019 and 2018, they correspond to the balance of the accumulated fixed costs after the second season of every year and are allocated to the cost of production of the first fishing season of the corresponding year.

(d) The estimate of inventory devaluation is determined based on the assessment performed by the Company's operating areas, identifying obsolete materials and supplies.

As a result, the Company’s Management considers that no additional provisions are required for the estimate of inventory devaluation as of June 30, 2019.

10. Property, vessels, machinery and equipment, net

(a) The movement and composition of this item is as follows:

	Land	Building and constructions	Fishing vessels	Machinery and equipment	Transport units	Furniture and fixtures	Other equipment and computer equipment	Work in progress	Total
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Cost -									
As of January 1, 2018	55,026	34,801	145,445	174,152	1,948	1,005	3,758	1,282	417,417
Additions (b)	-	-	-	-	-	-	-	22,560	22,560
Revaluations (c)	9,666	-	-	-	-	-	-	-	9,666
Transfers	-	1,546	8,354	12,081	309	46	301	(22,637)	-
Disposals	-	(2)	(3,972)	(1,529)	(243)	(1)	(53)	-	(5,800)
As of December 31, 2018	64,692	36,345	149,827	184,704	2,014	1,050	4,006	1,205	443,843
Additions (b)	-	-	-	-	-	-	-	12,883	12,883
Transfers	-	-	2,545	67	160	-	-	(2,772)	-
Disposals	-	-	(2,815)	(674)	(20)	(248)	(64)	-	(3,821)
As of June 30, 2019	64,692	36,345	149,557	184,097	2,154	802	3,943	11,316	452,906
Accumulated depreciation -									
As of January 1, 2018	-	9,800	99,344	87,783	1,626	612	2,513	-	201,678
Additions (d)	-	1,336	7,801	10,527	119	86	438	-	20,307
Disposals	-	-	(3,513)	(1,200)	(241)	(1)	(48)	-	(5,003)
As of December 31, 2018	-	11,136	103,632	97,110	1,504	697	2,903	-	216,982
Additions (d)	-	613	4,130	5,749	58	203	38	-	10,791
Disposals	-	-	(2,620)	(465)	(20)	(301)	(3)	-	(3,409)
As of June 30, 2019	-	11,749	105,142	102,394	1,542	599	2,937	-	224,363
Net book value -									
As of June 30, 2019	64,692	24,596	44,415	81,703	612	203	1,005	11,316	228,543
As of December 31, 2018	64,692	25,209	46,195	87,594	510	353	1,103	1,205	226,861

(b) Additions –

As of June 30, 2019 and December 31, 2018, the Company has made additions mainly in vessels and machineries for improvements in catch and in the production of fishmeal and fish oil.

(c) Revaluations –

The Company uses the revaluation model to value its land. For this purpose, the Company hires an independent appraiser, with experience in the valuation of similar assets to determine the fair value.

Fair values were determined by using the valuation technique based on the market approach. This means that valuations performed by the independent appraiser were based on quoted prices in active markets by the nature, location and condition of each land. The date of the last revaluation was in December 2018.

If the land had been measured by using the cost model, as of June 30, 2019 and December 31, 2018, the carrying amount would have been the historic rising cost of US $ 5,569,000. The cost attributed from the adoption of IFRS for the first time amounts to US $ 9,329,000.

(d) Distribution of the year depreciation –

The depreciation allocation as of June 30, 2019 and June 30, 2018 is as follows:

	2019 US$000	2018 US$000
Deferred costs	1,383	-
Cost of sales, note 19	6,647	6,846
Costs incurred in non-production periods	2,237	2,687
Cost of distribution, note 20	219	254
Administrative expenses, note 21	305	305
Total	10,791	10,093

(b) Works in progress –

As of June 30, 2019 and December 31, 2018, it mainly corresponds to improvements in its processing plants for indirect human consumption and in its fishing vessels. In opinion of the Management, all the works in progress will be completed during 2019.

(f) Assets in financial leasing–

As of June 30, 2019 and December 31, 2018, the Company keeps fishing vessels, vehicles, and machinery and equipment through financial leasing contracts. As of June 30, 2019, the cost and accumulated depreciation amount to approximately US $ 53,683,000 and US $ 37,810,000 respectively (as of December 31, 2018, cost and accumulated depreciation amount to approximately US $ 53,482,000 and US $ 36,964,000, respectively).

(g) The Company keeps insurance policies to safeguard its main fixed assets against fire and all risks, as well as the possible claims that may arise due to its activity. In Management's opinion, its insurance policies are consistent with the international practice applicable to the industry and the risk of eventual losses due to accidents considered in the insurance policy.

11. Intangible assets, net and goodwill

(a) The movement and composition of this item is as follows:

	Fishing license (b) US$(000)	Software US$(000)	Total US$(000)
Cost -			
Balance as of January 1, 2018	114,105	5,005	119,110
Additions	-	1,510	1,510
As of December 31, 2018	114,105	6,515	120,620
Adidtions	3,118	118	3,236
As of June 30, 2019	117,223	6,633	123,856
Accumulated amortization -			
Balance as of January 1, 2018	-	2,291	2,291
Additions	-	390	390
As of December 31, 2018	-	2,681	2,681
Additions	-	212	212
As of June 30, 2019	-	2,893	2,893
Net book value -			
As of June 30, 2019	117,223	3,740	120,963
As of December 31, 2018	114,105	3,834	117,939

(b) It corresponds to the fishing permits that the Company holds for the development of its activities. By virtue of its nature, fishing permits are considered intangible with indefinite useful lives, so they are not subject to amortization.

Fishing permits have been acquired along with purse-seine fishing vessels, through

purchase processes and mergers with other companies, and have been determined on the basis of their estimated market values obtained from independent appraisers at the date of each transaction.

(c) As of June 30, 2019, goodwill has been generated by the acquisition of the following companies:

Company	**Acquisition year**	**US$ (000)**
Corporación del Mar S.A.A.	2009	39,396
Walda S.A.C.	2012	15,190
Inversiones Poas S.A.C.	2012	13,586
Pesquera del Sur S.C.R.LTDA	2012	10,366
Grupo Arrieta	2007	7,114
Grupo Queirolo	2007	6,533
Pesquera Ollanta S.A.C.	2011	4,656
Grupo Tassara	2007	3,292
Inversiones Pesquera Valentina S.A.C.	2012	3,252
Pesquera San Martin de Porras S.A.C.	2011	3,224
Empresas varias	2007	3,043
Pesquera Mar Adentro	2011	2,946
Grupo Cabo Peñas	2007	744
Total		113,342

(d) Impairment test –

Intangible assets with indefinite useful lives are analyzed for impairment by assigning them to three cash-generating units (hereinafter “CGU”), which include the following assets:

- Vessels (Fleet)
- Plants of Indirect Human Consumption (IHC)
- Plants of Direct Human Consumption (DHC)

The recoverable amount of the cash generating unit for the extraction and production of fishmeal and fish oil has been determined based on a calculation of the value in use, by using projections of cash flows derived from the financial budgets approved by the Management, and that cover a period of ten years.

Below, the main assumptions on which the Management has based the projections indicated before:

(i) Price of fishmeal and fish oil: For its own fleet and third-party acquisitions, the model assumes 18 percent of the total value of fishmeal as raw material cost. For the plants, the model uses the average prices of fishmeal and fish oil of US $ 1,513 and US $ 1,918 per MT, respectively. The Management expects the prices to be stable and to increase consistently according to the market expectations and demand.

(ii) Fishing quota: The Company has an anchovy fishing quota of 6.77 percent of the total biomass determined by the Peruvian Marine Institute (IMARPE) based on the Law and Regulation on Maximum Catch Limits per Vessel (LMCE). To this quota it is added the participation of third parties of 7.50 percent, reaching a total of 14.27 percent of participation.

The Company’s total quota for 2018 (first and second fishing season) amounted to 3,716,700 MT (4,290,000 MT in 2018).

(iii) Discount rate: The discount rate before income tax applicable to cash flow projections was 7.97 percent, which is consistent with other rates used in the fishing sector.

(iv) Costs: For vessels, extraction costs are considered, such as operating and maintenance costs. The costs incurred in periods of non-production are stable over time, updated only by inflation. Extraction costs are based on budgeted costs prepared by the Management. For plants, production costs are considered where the model assumes that the total of raw material comprises what the Company's vessels fished and is sold to the plants at market prices.

Sensitivity to changes of assumptions -

As of December 31, 2018, in order to generate impairment, the following assumptions should vary in the following way, keeping the rest constant:

- The discount rate should have been higher than 9.71 percent for the CGU of Fleet, 21 percent for CGU of IHC; and 20 percent for the CGU of DHC.
- The total quota allocated should be 3,830,000 MT for the CGU of Fleet and 2,290,000 MT for the CGU of IHC. For the CGU of DHC, there should be a minimum quota for each type of product (horse mackerel, mackerel, giant squid, bonito, small and large mahi-mahi) for a total of 39,800 MT.
- The minimum price should be US $ 1,356 per MT for fishmeal and US $ 1,719 per MT for fish oil for the CGU of Fleet; US $ 1,000 per MT for fishmeal and US $ 1,268 per MT for fish oil for the CGU of IHC. For the CGU of DHC, a minimum price has been calculated for each type of product: horse mackerel and mackerel for US $ 343 per MT, giant squid for US $ 687 per MT, bonito for US $ 1,144 per MT and small and large mahi-mahi for US $ 2,280 per MT.

Taking into account the market conditions, the Management considers that the assumptions used as a basis for the analysis are reasonable and that the variations that would be required in them to generate impairment are not expected to occur. Consequently, it is not necessary to record impairment estimates as of June 30, 2019 and December 31, 2018.

12. Short-term bank loans

(a) This item is made up by:

	2019 US$000	2018 US$000
Banco de Crédito del Perú S.A.A.	36,997	35,000
Banco internacional del Perú S.A.A. - Interbank	15,850	-
Banco Santander del Perú S.A.	20,055	-
BBVA Banco Continental S.A.	17,400	15,000
Scotiabank Perú S.A.A.	5,000	17,000
Banco Interamericano de Finanzas S.A.	15,550	3,000

Total	110,852	70,000

(b) Bank loans correspond to short-term financing for working capital, are denominated in US dollars, accrue interest at annual market rates and can be guaranteed by warrants. See note 9(b).

(c) As of June 30, 2019, the expense for interests accrued by short-term bank loans amounted to US$ 2,840,000 (US $ 3,085,000 in 2018) and is presented in "Financial expenses" of the statements of income. See note 24.

13. Trade and other payables

(a) This item is made up by:

	2019 US$000	2018 US$000
Trade payables (b)	38,124	37,757
Customer advances	40	71
Accrued expenses (c)	3,354	4,203
Financing interests	3,425	5,700
Workers' share	2,485	5,076
Vacations payable	1,469	1,434
Taxes	552	1,074
Remunerations payable	1,426	933
Severance Compensation	305	388
Social contributions	422	516
Others	593	849
	52,195	58,001

(b) Trade payables arise from liabilities generated by services received from local suppliers, for production processes, the export of finished products and the maintenance of equipment. These liabilities are denominated in US dollars and soles, do not accrue interests and no guarantees have been provided for them.

(c) Accrued expenses correspond to services received as of June 30, 2019, whose billings were not received at the annual closing date. These expenses are mainly related to surveillance, insurance, customs duty expenses, certificates and electric power.

14. Long-term financial liabilities

(a) This item is made up by:

	2019 US$000	2018 US$000
Corporate bonds (b)	59,854	167,667
Syndicated loan (c)	107,672	19,000
Finance lease (d)		
Banco internacional del Perú S.A.A. - Interbank	867	1,292
Banco de Crédito del Perú S.A.A.	438	745
BBVA Banco Continental S.A.	3,807	676
Banco Santander del Perú S.A.	15	42

	5,127	2,755
	172,653	189,422
By expiration:		
Current	2,511	5,772
Non current	170,142	183,650
	172,653	189,422

(b) Bonds –

In January 2013, the Company made an international placement of Corporate Bonds under the 144A REGS format for a principal amount of US $ 200,000,000, for a period of 7 years payable at maturity and with an annual fixed interest rate of 7,375 percent. The interest is paid every semester, maturing in 2020.

On August 31, 2016, the repurchase of US $ 30,000,000 was made by paying 76.5 percent of its nominal value and generating a net profit of US $ 3,000,000, which was presented in the Company's income statement.

On February 6, 2018, an exchange of bonds was carried out, substituting the US $ 60,900,000 of the bonds with maturity in 2020 by a new one for the same amount maturing in 2025 and with an increase of the fixed annual interest rate of 8 percent.

On February 19, 2019, the Company prepaid the balance of the bonds due in 2020 for a value of US $ 109,078,00.

As of June 30, 2019, the principal of bond is shown net of the costs directly associated for US $ 1,210,000 (US $ 2,270,000 in 2018).

During the effective period of the contract in which (i) the 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 Company will not be subject to the following provisions ("Suspended Covenants" together) of the placement contract:

- Limitation on indebtedness and unqualified shares; limitation on restricted payments;
- Limitation on dividend restrictions and other payments affecting restricted subsidiaries;
- Limitation on transactions with affiliates;
- Limitation on sales of assets;
- Limitation on business activities;
- Limitation on consolidation, merger and sale of assets.

In the event that the Company has a grade below the Investment Grade, it will be subject to a number of restrictions included in the "Limitation of Indebtedness" section. All the 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 the Working Capital needs for the higher value between US $ 70,000,000 or 14.5 percent of total assets

and debt through finance lease operations for a higher value between US $ 20,000,000 or 4 percent of total assets.

As of June 30, 2019 and December 31, 2018, the Company has not breached any covenant and expects to comply with these requirements in the following 12 months.

(c) Syndicated loan –

On January 15, 2019, the Company obtained a syndicated loan for a total of US$ 110,000,000; disbursed in February 2019. This credit was used for the cancellation of the bonds which expire in 2020 and for the refinancing of the syndicated loan, valid as of December 31, 2018. This loan was granted for a term of five years, one-year grace period and a balloon quota of 36%; its maturity is on January 15, 2024. This syndicated loan involves Banco Santander, SA, Cooperatieve Rabobank UA, DNB Bank ASA, Banco de Crédito del Perú and International Bank of Peru - Interbank.

(d) The minimum future payments for financial leasings and the current value of net minimum installments are as follows:

	2019		2018	
	Minimum payments US$000	Current value of payments US$000	Minimum payments US$000	Current value of payments US$000
Until 1 year	2,696	1,665	1,853	1,853
After 1 year but no more than 5 years	2,729	573	1,002	902
Total of mínimum payments	5,425	2,238	2,855	2,755
Less - Interests	(298)	-	(100)	-
Current value of minimum payments	5,127	2,238	2,755	2,755

(e) As of June 30, 2019 and December 31, 2018, the non-current part of long-term financial liabilities has the following maturities:

Expiration year	2019 US$000	2018 US$000
2020	17,600	113,510
2021	20,329	4,069
2022	17,600	7,060
2023 from this point forward	114,613	59,011
Total	170,142	183,650

(f) As of June 30, 2019, interest expense accrued by bonds, syndicated loans and finance leasings amounted to US $ 2,286,000, US $ 1,570,000 and US $ 28,000, respectively (US $ 3,252,000, US $ 392,000 and US $ 45,000 as of June 30, 2018, respectively) and is presented in "Financial expenses" of the statements of income. See note 24.

15. Provisions for contingencies

The movement and composition of this item is as follows:

	Labor process	Administrative process	Total
	US$000	US$000	US$000
As of January 1, 2018	396	2,505	2,901
Deductions	-	(178)	(178)
Payments	(340)	-	(340)
As of December 31, 2018	56	2,327	2,383
Payments	(56)	(9)	(65)
As of June 30, 2019	**-**	**2,318**	**2,318**

16. Net deferred income tax liability

(a) The movement and composition of the caption, according to the items that originated it, is as follows:

	Inicial Balance US$000	… Additions (deductions)… Statement of income US$000	Other changes US$000	Final Balance US$000
As of June 30, 2019:				
Assets:				
Provision for vacations payable	423	(249)		174
Impairment of fixed assets	496	-	-	496
Impairment of investment	525	14	-	539
Other provisions	573	(328)	-	245
	2,017	(563)	-	1,454
Liabilities:				
Revaluation of land	(16,332)	-	-	(16,332)
Higher value for attributed cost and differences in depreciation rates and translation effect	(14,026)	1,701	-	(12,325)
Impairment of supplies	(187)	187	-	-
Other assets, mainly intangibles and translation effect	(25,515)	210	-	(25,305)
Cost of bond issuance	(485)	(1,366)	-	(1,851)
	(56,545)	732	-	(55,813)
Deferred liabilities, net	(54,528)	169	-	(54,359)
As of December 31, 2018:				
Assets:				
Provision for vacations payable	48	375		423
Impairment of fixed assets	496	-	-	496
Impairment of investments	547	(22)	-	525
Others	1,653	(1,080)	-	573
	2,744	(727)	-	2,017
Liabilities:				
Revaluation of land	(13,481)	-	(2,851)	(16,332)
Higher value for attributed cost and differences in depreciation rates and translation effect	(14,839)	813	-	(14,026)
Impairment of supplies	(226)	39	-	(187)
Other assets, mainly intangibles and translation effect	(25,076)	(439)	-	(25,515)
Cost of bond issuance	(432)	(53)	-	(485)
	(54,054)	360	(2,851)	(56,545)
Deferred liabilities, net	(51,310)	(367)	(2,851)	(54,528)

b) The benefit (expense) for income tax shown in the statements of income for the periods as of June 30, 2019 and 2018 is composed as follows:

	2019 US$000	2018 US$000
Income tax:		
Current	6,516	6,811
Deferred	(169)	617
Total	6,347	7,428

The reconciliation of the effective income tax rate as of June 30, 2019 and 2018 is as follow:

	2019 US$000	%	2018 US$000	%
Profit (loss) before income tax	12,443	100.00	22,701	100.00
Theoretical income tax	(3,671)	(29.50)	(6,697)	(29.50)
Tax impact of permanent additions	(489)	(3.93)	(537)	(2.37)
Translation effect	(2,187)	(17.58)	(194)	(0.85)
Income tax benefit	**(6,347)**	**(51.01)**	**(7,428)**	**(32.72)**

17. Net Equity

(a) Issued capital –

As of June 30, 2019 and December 31, 2018, the issued capital is represented by 295,536,144 common shares of S / 1.00 par value each one, duly authorized, issued and paid. These ones belong to both legal entities domiciled and not domiciled in Peru.

The share structure of the Company, as of June 30, 2019, and December 31, 2018, is as follows:

Shareholders	2019 Shares	Percentage
Caleta de Oro Holding S.A.	180,041	60.92%
Caleta de Oro Holding del Perú S.A.C.	25,002	8.46%
Others	90,494	30.62%
	295,536	100.00%

(b) Share Premium –

In General Shareholders' Meeting held on October 4, 2010, it was approved the increase of the Company's capital through the local and international offer of up to 57,500,000 class "A" shares of S/1.00 par value.

The placement of 57,500,000 shares in the local 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 issued capital of US $ 20,584,000 and the recognition of a share premium of US $ 69,721,000, net of costs related to the issuance for US $ 7,467,000.

(d) Legal reserve –

In accordance with the Corporations Act, the legal reserve is incorporated by transferring at least 10 percent of net income each year, after deducting accumulated losses, until it reaches an amount equivalent to one fifth of the capital. In the absence of earnings or freely available reserves, the legal reserve must be applied to offset losses, but it must be replaced when there are earnings. The legal reserve may be capitalized, but it must also be replaced.

(e) Profit Sharing –

In Annual General Shareholders' Meeting held on March 26, 2019, the distribution of dividends for US $ 20 million was approved. Subsequently, and according to the responsibilities delegated by the Shareholders' Meeting mentioned above, the Board of Directors in session of April 15, 2019, approved to set the registration date for the payment of dividends on May 13 and May 15, 2019 as the date of delivery.

(f) 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 on the deferred income tax, is transferred to accumulated earnings when the underlying asset is withdrawn or sold.

18. Net Sales

(a) This item is made up by:

	2019 US$000	2018 US$000
Fishmeal	114,326	107,718
Fish oil	17,826	10,377
Frozen fish	10,317	1,313
Others	3,690	2,012
	146,159	121,420

(b) As of June 30, 2019, approximately 78,581 MT and 9,604 MT of fishmeal and fish oil, respectively, were sold (65,705 MT and 6,389 MT of fishmeal and fish oil, respectively, during 2018).

(c) As of June 30, 2019, 96 percent out of the total sales of the Company went abroad (85 percent in 2018). See note 3 (c).

19. Cost of sales

This item is made up by:

	2019 US$000	2018 US$000
Opening balance of finished products, note 9	70,288	3,178
Cost of production:		
- Raw material, supplies and provisions used	63,030	82,121
- Personnel expenses, note 22 (b)	14,811	18,991
- Manufacturing expenses	13,223	16,955
- Depreciation, note 10 (d)	6,647	6,846
Final balance of finished products, note 9	(69,162)	(62,049)
	98,837	66,043
Costs incurred in non-production periods	8,276	9,650
	107,113	75,693

20. Cost of Distribution

This item is made up by:

	2019 US$000	2018 US$000
Export services	3,450	1,948
Transportation of finished products	2,191	1,592
Personnel expenses, note 22 (b)	781	672
Inspection and analysis	741	606
Security and vigilance	502	384
Commissions for sale of finished products	402	213
Storage of finished products	202	79
Depreciation, note 10 (d)	219	254
Stowage and packing	307	451
Rental expenses	11	9
Others	1,141	693
	9,947	6,901

21. Administrative expenses

This item is made up by:

	2019 US$000	2018 US$000
Personnel expenses, note 22 (b)	2,653	2,459
Professional fees	384	256
Rental expenses	330	324
Depreciation, note 10 (d)	305	305
Security and vigilance	281	245

Communications	147	136
Maintenance and repairs	17	14
Taxes	6	6
Insurance expenses	10	10
Others	1,271	1,154
	5,404	4,909

22. Personnel expenses

(a) The composition of personnel expenses is as follows:

	2019 US$000	**2018 US$000**
Fishing participation	4,855	7,270
Employees' remuneration	3,056	2,985
Workers' share	2,455	2,565
Workers' remuneration	2,322	2,123
Bonuses	2,138	2,190
Security, social security and others	1,714	2,047
Premium	1,051	1,162
Severance Compensation	967	1,111
Vacations	923	1,071
Others	1,166	2,231
	20,647	24,755

As of June 30, the Company had an average of 1,132 workers (1,232 in 2018).

(c) As of June 30, personal expenses have been recorded as follows:

	2019 US$000	**2018 US$000**
Cost of production, note 19	14,811	18,991
Administrative expenses, note 21	2,653	2,459
Cost of distribution, note 20	781	672
Costs incurred in non-production periods	2,210	2,633
Deferred costs	192	-
	20,647	24,755

23. Other incomes and expenses

(a) This item is made up by:

	2019 US$000	2018 US$000
Incomes:		
Reversal of provisions from previous years	148	161
Income from the sale of fuels and materials	102	406
Insurance indemnity	322	26
Others	348	735
	920	1,328

	2019 US$000	2018 US$000
Expenses:		
Net cost for fixed assets disposals	411	225
Penalties of PRODUCE and others	764	782
Reduction - Incineration	295	131
Others	929	817
	2,399	1,955

24. Incomes and financial expenses

This item is made up by:

	2019 US$000	2018 US$000
Financial incomes:		
Interests of short-term bank loans	145	57
	145	57
Financial costs:		
Bond interests, note 14 (f)	3,470	6,501
Interests of short-term bank loans, note 12 (c)	2,840	3,085
Interests of finance leases, note 14 (f)	88	90
Interests of movable guarantee / trust	3,447	776
	9,845	10,452

25. Transactions with related entities

(a) As of June 30, 2019 and June 30, 2018, the Company has made the following transactions with related parties:

	2019 US$(000)	2018 US$(000)
Loans granted	146	409
Rebilling of network services and others	66	5
Expenses for renting offices and others	-3	-11

(b) As a result of these and other minor transactions, as of June 30, 2019 and December 31, 2018, the Company kept the following balances with related entities:

	2019		2018	
	Accounts receivable US$000	Accounts payable US$000	Accounts receivable US$000	Accounts payable US$000
Accounts receivable:				
Comercializadora Global S.A.	2,266		2,089	-
Compañía Hotelera El Sausal S.A.	726	2	708	2
Complejo Agroindustrial Beta S.A.	610	17	588	17
Corporación Exalmar S.A.	227	-	199	-
Corporación del Mar S.A.	192	-	131	-
Inmobiliaria Seville S.A.	41	-	40	-
C.M.V. Servicios Ejecutivos S.A.	33	12	32	8
	4,095	31	3,787	27

(c) Transactions carried out with related parties have been done under normal market conditions. Taxes that these transactions generated, as well as the calculation basis for determining these ones, are the usual ones in the industry and are settled according to current tax regulations. These balances do not accrue interests and have no specific guarantee.

(d) Expenses for participations, remunerations, and other items granted to the members of the Board of Directors and the Company's key Management as of June 30, 2019 and December 31, 2018 amounted to US $ 1,311,000 and US $ 2,236,000, respectively, and are included in the "Administrative expenses" caption of the statements of income.

26. Tax situation

(a) The Company is subject to Peruvian taxation. As of June 30, 2019 and December 31, 2018, the income tax rate is 29.50 percent on the taxable income, after deducting the employees' profit sharing, which is calculated with a 10 percent rate on the taxable income.

Legal entities not domiciled in Peru and natural persons are subject to the withholding of an additional tax on the dividends received. According to Legislative Decree No. 1261, the additional tax on dividends for the profits generated will be 5 percent.

(b) The Tax Authority is entitled to audit and, if applicable, to amend the income tax determined by the Company during the four years following the year of filing the tax return.

The periods to audit for the income tax include the years 2016 to 2018 and for the general sales tax include the years 2015 to 2018.

(c) Due to the interpretations likely to be given by the Taxation Authority on current legal regulations, it is not possible to determine whether the reviews to be conducted will result or not in additional liabilities for the Company. Therefore, any higher taxes, default interest and penalties that might result from these audits will be charged to the profit and loss in the year when they are settled. However, in opinion of the Management and its legal advisors, any additional tax settlement would not be significant to the financial statements of the Company as of June 30, 2019 and December 31, 2018.

For determining the income tax and General Sales Tax, transfer prices of transactions with their related parties and with companies resident in territories or countries with low or no taxation must be supported with documentation and information on the valuation methods

used and the criteria considered for their determination. Based on the analysis of the Company's operations, the Management and its legal advisors believe that, as a consequence of the application of these standards, no significant contingencies will arise for the Company as of June 30, 2019 and December 31, 2018.

(d) In 2018, the Tax Authority audited the income tax of 2015, without significant observations. Likewise, the years 2016 to 2018 are being subject to inspection. The Management estimates that no significant liabilities will arise as a result of these reviews.

(e) The Company has the benefit to exporters for the General Sales Tax related to the exports. In this sense, the balance in favor of this benefit that results from the payments of the aforementioned tax in purchase operations of the Company can be offset against the tax resulting from its sales in the country, income tax or other taxes, or their return through non-negotiable checks can be requested.

The balances of General Sales Taxes to be recovered as of June 30, 2019 and December 31, 2018 amount to approximately US $ 11,087,000 and US $ 11,014,000, respectively, and are presented in the “Tax credit for VAT” caption of the statement of financial position.

As of June 2019, the Company has recovered approximately US$13,498,000 for this concept (US $ 18,547,000 during 2018), which was recorded with charge on the “Cash and cash equivalents” caption and credit and installment to the “Tax credit for VAT” caption of the statement of financial position.

The Company pays custom duties on its imports, for which it is entitled to request the recovery of the drawback in relation to the exports of canned and frozen products. The recoveries related to this operation are recorded as income for the period in which it is carried out under "Other incomes" caption in the Company’s income statement.

(f) The main tax regulations issued as of June 30, 2019, are as follows:

(i) Since January 1, 2019, the treatment applicable to the royalties and fees for services provided by non-domiciled ones was modified, eliminating the obligation to pay an amount equivalent to the withholding when costs or expenses are booked, and must now withhold the corresponding income tax at the time of the payment or retribution accreditation. For that cost or expense to be deductible to the local business, retribution must be paid or accredited until the presentation date of the annual income tax return (Legislative Decree No. 1369).

(ii) The rules governing the obligation of legal entities and/or legal entities to report the identification of their final beneficiaries (Legislative Decree No. 1372) were established. These rules are applicable to legal persons domiciled in the country pursuant to article 7 of the Income Tax Law, and to legal entities in the country. The obligation is applicable for non-domiciled legal entities and legal entities constituted abroad while: a) they have a branch, agency or another permanent domicile in the country; b) the person (natural or legal entity) who manages the autonomous equity or foreign investment funds, or the natural or legal person who has quality of guard or

administrator, is domiciled in the country; and, c) any part of a consortium is domiciled in the country. This obligation will be fulfilled by submitting a Sworn Statement to the Tax Authority, which should contain the final beneficiary information and should be submitted, in compliance with the regulations and in the deadlines established through Resolution of the Superintendence of Peruvian Tax Administration (SUNAT).

(iii) The Tax Code was modified in the implementation of the General Avoidance Prevention Rule (Article XVI of the Preliminary Title of the Tax Code) (Legislative Decree No. 1422).
As part of this modification, a new assumption of joint and several responsibility is envisaged, when the tax debtor is subject to the application of the measures provided by Rule XVI in the event that tax evasion cases are detected. In this case, the joint and several responsibilities shall be attributed to the legal representatives provided that they have collaborated with the design or approval or execution of acts or situations or economic relations foreseen as elusive in Rule XVI. In the case of companies that have a Board of Directors, it corresponds to this corporate body to define the tax strategy of the entity, having to decide on the approval or not of acts, situations or economic relations to be carried out within the framework of tax planning, being this a non-delegable power. The acts, situations and economic relations carried out within the framework of fiscal planning and implemented on the date of entry into force of Legislative Decree No. 1422 (September 14, 2018), and which continue to have effects, must be evaluated by the Board of Directors of the legal entity for the purpose of ratification or modification until March 29, 2019, without prejudice to the fact that the management or other administrators of the company have approved before the aforementioned acts, situations and economic relations.

Likewise, it has been established that the application of Rule XVI, as regards the re-characterization of tax evasion cases, will take place in the final inspection procedures in which acts, events or situations produced since July 19, 2012, are reviewed.

(iv) Amendments to the Income Tax Law were included, in force since January 1, 2019, to improve the tax treatment applicable to (Legislative Decree No. 1424):

- The regime of credits against Income Tax for taxes paid abroad, incorporating indirect credit (corporate tax paid by subsidiaries abroad) as an applicable credit against Income Tax of domiciled legal persons, in order to avoid economic double taxation.
- The deduction of interest expenses for the determination of the corporate Income Tax. In the years 2019 and 2020, the debt limit set at three times the net equity as of December 31 of the previous year will be applicable, both to loans with related parties, and to loans with third parties incurred since September 14, 2018. Since 2021 the limit for deduction of financial expenses will be equivalent to 30 percent of the entity's EBITDA.
- Norms have been established for the accrual of income and expenses for tax purposes as of January 1, 2019 (Legislative Decree No. 1425). Until 2018 there was no normative definition of this concept, so in many cases the accounting standards were used for its interpretation. In general terms, with the new

criterion, for determining the Income Tax, it will now be considered if there have been substantial facts for the generation of income or expense agreed by the parties, which are not subject to a suspensive condition, in which case recognition will be given when this is fulfilled. The established collection or payment opportunity will not be taken into account; and, if the determination of the remuneration depends on a future fact or event, the total or part of the corresponding income or expense will be deferred until that fact or event occurs."

27. Basic and diluted earnings per share

(a) Basic -

The basic earnings per share are calculated by dividing the net income attributable to the shareholders of the Company by the weighted average number of outstanding common shares and those to be issued during the period:

	2019	2018
Earnings (loss) attributable to the shareholders of the Company (in thousands)	6,096	15,273
Weighted average of common outstanding shares (in thousands)	295,536	295,536
Basic earnings (loss) (S/. per share)	0.021	0.052

(b) Diluted -

The diluted earnings per share are equivalent to the basic loss per share. In 2019 and 2018, no diluted earnings per common share have been calculated because there are no potentially dilutive shares; that is, financial instruments or other contracts that give right to obtain common shares.

28. Commitments and contingencies

(a) Financial commitments –

As of June 30, 2019 and December 31, 2018, the Company holds commitments on operating leases for US $ 3,096,000 (2,095,000 as of December 31, 2018) where the Company is the lessee, and the validity is between 1 and 2 years.
The total future minimum payments of operating leases for rental agreements are as follows:

	2019 US$000	2018 US$000
No more than 1 year	2,111	1,740
More than 1 year and no more than 2 years	985	355
	3,096	2,095

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

(b) Garantees granted –

As of June 30, 2019, the company has the following guarantees:

- Guarantee letters issued by Banco Continental for US $ 604,000 in favor of a judgment with third parties.
- Guarantee letters issued by Interbank:
  - For US $ 222,000 in favor of Gas Natural de Lima y Callao S.A. in compliance with the contract signed for gas supply.
- For S / 217,000 in favor of the 2nd Mixed Labor Court, file 081-2011 in compliance with demand for labor obligations.
- Guarantee letters issued by Banco Santander for S/344,000 in favor of the University of Ica (Project of Works by Taxes).
- Guarantee letters issued by Banco Interamericano de Finanzas:
  - For S / 7,400,000 in favor of SUNAT in guarantee of balance refund for export benefit for the period of March 2019.
  - For S / 2,500,000 in favor of SUNAT in guarantee of balance refund for export benefit for the period of April 2019.

(c) Contingency for legal demands –

In the normal course of its operations, the Company has been subject to various regulatory, legal (labor and administrative) and tax measures, which are recorded and disclosed in accordance with the International Financial Reporting Standards.

As of June 30, 2019 and December 31, 2018, the Company has recorded the necessary provisions. In addition, the possible contingencies amount to approximately US $ 2,318,000 as of June 30, 2019 (approximately US $ 2,592,000 as of December 31, 2018).

29. Financial risk management objectives and policies

The main financial liabilities of the Company include loans and trade payables, other payables and payables to related parties. The Company has cash and trade receivables, other receivables and receivables from related parties, which arise directly from its operations.

The Company is exposed to credit risks, market risk, and liquidity risk.

The independent process of risk control does not include business risks, such as changes in the environment, technology and industry. These are monitored through the Company's strategic planning process.

Risk management structure –

The risk management structure is based on the Board of Directors and the Company Management, which are responsible for identifying and controlling risks in coordination with other areas as explained below:

(i) Board of Directors -

The Board of Directors is responsible for the general approach to risk management. The Board of Directors provides the principles for risk management, as well as the policies developed for specific areas, such as exchange rate risk, interest rate risk and credit risk.

(ii) Finance Management -

The Finance Management is responsible for continuously evaluating and identifying exposures to the risks faced by the Company. In addition, it is responsible for preparing and proposing policies and procedures to improve risk management.

Through the treasury area, the Finance Management is responsible for daily managing the flow of funds of the Company, taking into account the policies, procedures and limits established by the Board and the Management of the Company. It also manages the obtaining of lines of credit with financial entities when necessary.

Credit risk -

Credit risk is the risk that the counterparty does not comply with its obligations stated in a financial instrument or contract, causing loss. The Management considers that the Company does not have significant credit risk on the trade receivable from third parties, trade receivables from fishing ship owners and related parties since no significant difficulties of collections have arisen. Regarding to the other receivables from grants to ship owners, the Management evaluates their condition, case by case, and obtains guarantees over vessels, properties and other assets, if necessary, to secure receivable.

The Company places its excess of liquidity in prestigious financial institutions, 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 significant material losses due to the performance of its counterparts.

Market Risk –

Market risk is the risk of loss in balance sheet positions arising from movements in market prices. These prices include three types of risk: (i) exchange rate, (ii) interest rates, and (iii) prices and others. The Company's financial instruments are affected by exchange rate and interest rate risks.

The sensitivity analyses included in the following sections are related to the financial situation of the Company as of June 30, 2019 and December 31, 2018.

The sensitivity analyses included in the following sections are related to the financial situation of the Company as of June 30, 2019 and 2018. These sensitivity analyses were prepared on the assumption that the amount of net debt, the proportion of fixed interest to the floating and the debt, remain constant as of June 30, 2019 and December 31, 2018.

(i) Exchange Rate Risk –

The exchange rate risk is the risk that the fair value or future cash flows of a financial instrument fluctuate due to changes in the exchange rates of currencies allocated to the functional currency.

The Company's exposure to exchange rate risk is mainly related to the Company's operating activities (when income or expenses are denominated in a currency other than the functional currency).

(ii) Risk of interest rate -

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument fluctuate due to changes in market interest rates. The Company is exposed to the risk of changes in the market interest rates mainly related to its financial obligations at variable rates.

The Company manages its interest rate risk based on the experience of the Management, balancing the active and passive interest rates. In addition, when necessary, the Company enters into contracts of interest rate swaps to exchange variable interest rates by fixed rates. These contracts of interest rate swap are designated as hedges of related debts. As of June 30, 2019 and December 31, 2018, the Company does not have financial instruments that cover interest rate risk.

Information about financial instruments with fixed and variable interest rates is presented below:

	2019			
	Variable rate	**Fixed rate**	**No interest**	**Total**
	US$(000)	US$(000)	US$(000)	US$(000)
Financial assets				
Cash and cash equivalents	-	-	4,587	4,587
Trade and other receivables, net	-	-	67,738	67,738
Receivables from related parties	-	-	4,095	4,095
Financial liabilities				
Short-term bank loans	-	110,852	-	110,852
Trade and other payables	-	-	51,643	51,643
Long-term financial obligations	-	172,653		172,653
Payables to related parties	-	-	31	31

	2018			
	Variable rate	**Fixed rate**	**No interest**	**Total**
	US$(000)	US$(000)	US$(000)	US$(000)
Financial assets				
Cash and cash equivalents	-	-	33,096	33,096
Trade and other receivables, net	-	-	48,800	48,800
Receivables from related parties	-	-	3,787	3,787
Financial liabilities				
Short-term bank loans	-	70,000	-	70,000
Trade and other payables (*)	-	-	56,927	56,927
Long-term financial obligations	6,909	182,513		189,422
Payables to related parties	-	-	27	27

(*)It does not include taxes payable. See note 13.

(iii) Price risks -

The Company is exposed to price risk because there is no futures market for fishmeal and fish oil that covers fluctuations in market price.

Capital management –

The objectives of the Company in managing capital are to safeguard its ability to continue as a running business in order to generate returns to 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 the debt.

The Company monitors its capital based on the leverage ratio. This ratio is calculated by dividing net debt by the total capital. Net debt is the total indebtedness (including "current and non-current debts" as shown in the statement of financial position) less cash and cash equivalents. The total capital corresponds to "Equity" as shown in the statement of financial position plus net debt.

The Finance Management considers that the cost of capital and the risk related to each type of capital are adequate as of June 30, 2019 and December 31, 2018. The leverage ratios as of June 30, 2019 and December 31, 2018 were as follows:

	2019 US$000	2018 US$000
Total financial obligations, note 12 and 14	283,505	259,422
Less: cash and cash equivalent, note 7	(4,587)	(33,096)
Net debt (A)	278,918	226,326
Total net equity	239,044	252,948
Total capital (B)	517,962	479,274
Leverage ratio (%): (A) / (B)	0.54	0.47

Liquidity risk -

Liquidity is controlled by matching the maturities of its assets and liabilities, the obtaining of credit lines and/or maintaining liquidity surplus as investments, which allows the Company to develop its activities normally.

The management of liquidity risk implies maintaining sufficient cash and availability of financing, through an adequate amount of credit sources and the ability to settle debt transactions mainly. In this regard, the Company's Management focuses its efforts on maintaining sources of financing through the availability of credit lines. However, such lines may be unilaterally cancelled by the bank. According to the information of banks, the Management has estimated that, as of June 30, 2019 and 2018, valid credit lines amount to US $ 193,000,000.

The following table shows the maturity of obligations assumed by the Company at the date of the statement of financial position and the amounts to be disbursed at maturity, based on the undiscounted payments to be made:

	As of June 30, 2019				
	1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 6 years	Total
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Short-term bank loans	110,852	-	-	-	110,852
Trade and other payables (*)	51,643	-	-	-	51,643
Payables to related parties	31	-	-	-	31
Long-term financial obligations:					
Amortization of capital	2,511	18,235	17,600	132,281	170,627
Interest payment cash-flow	10,584	11,557	10,419	22,939	55,499
	175,621	29,792	28,019	155,220	388,652

	As of December 31, 2018				
	1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 6 years	Total
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Short-term bank loans	70,000	-	-	-	70,000
Trade and other payables (*)	56,927	-	-	-	56,927
Payables to related parties	27	-	-	-	27
Long-term financial obligations:					
Amortization of capital	5,772	113,989	4,066	65,595	189,422
Interest payment cash-flow	14,065	9,694	5,406	17,310	46,475
	146,791	**123,683**	**9,472**	**82,905**	**362,851**

(*)It does not include taxes payable. See note 13.

Changes in liabilities coming from financing activities for the periods as of June 30, 2019 and 2018:

	Balance as of January 1, 2019	Proceeds	Payments	Balance as of June 30, 2019
	US$(000)	US$(000)	US$(000)	US$(000)
Short-term bank loans	70,000	163,200	-122,348	110,852
Long-term financial obligations	189,422	113,350	-130,119	172,653
	259,422	276,550	-252,467	283,505

	Balance as of January 1, 2018	Proceeds	Payments	Balance as of December 31, 2018
	US$(000)	US$(000)	US$(000)	US$(000)
Short-term bank loans	3,000	261,600	-194,600	70,000
Long-term financial obligations	195,319	61,297	-67,194	189,422
	198,319	322,897	-261,794	259,422

30. Financial instruments by category

(a) Category of financial instruments –

The financial assets and liabilities of the Company are composed of:

	2019 US$000	2018 US$000
Financial assets:		
At amortized cost:		
Cash and cash equivalents	4,587	33,096
Trade and other receivables, net	67,738	48,800
Receivables from related parties	4,095	3,787
Total	76,420	85,683
Financial liabilities:		
At amortized cost:		
Short-term bank loans	110,852	70,000
Long-term financial obligations	172,653	189,422
Trade and other payables (*)	51,643	56,927
Payables to related parties	31	27
	335,179	316,376

(*)It does not include taxes payable. See note 13.

(b) Credit quality of financial assets –

The credit quality of financial assets that are not expired or impaired can be evaluated on the external risk indexes (if available) or the historical information that reflects compliance rates.

The credit quality of financial assets is as follows:

	2019 US$000	2018 US$000
Cash and cash equivalents (*)		
Banco Santander - Perú (A+)	10	22,007
Banco Financiero (A+)	14	10,014
Banco de Credito del Perú (A+)	2,562	545
Banco Continental (A+)	1,053	186
Banco Scotiabank (A+)	352	18
Banco Interbank (A+)	291	142
Others	305	184
	4,587	33,096

The indices in table "A and AAA" represent the high quality credit indices. For banks located in Peru, the ratings were derived from the risk rating agencies authorized by the banking regulator, “The Superintendency of Banking, Insurance and Private Pension Fund Administrators (SBS)”.

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

	2019 US$000	2018 US$000
Trade receivables, (Note 8)		
Counterparties without external risk rating		
A	22,846	9,837
B	85	85
	22,931	9,922
Trade receivables from related entities (Note 25)		
B		
	4,095	3,787
	4,095	3,787
Other receivables (Note 8) (*)		
A	36,710	31,844
	36,710	31,844

(*) Only corresponds to accounts receivable from fishing owners.

A: Existing customers / related parties (with more than 6 months of business relationship) with no history of prior default; and

B: Existing customers / related parties (with more than 6 months of business relationship) with previous history of default.

31. Fair value of financial instruments

The financial instruments are carried at amortized cost and their estimated fair value for disclosure in this note, as well as the level in the fair value hierarchy is described below:

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

Level 1–

- Cash and cash equivalents do not represent a significant credit risk or interest rate risk; therefore, their carrying amounts approximate their fair values.

- Because the trade receivables, other receivables and receivables from related parties are net of the allowance for impairment of receivables and, mainly, have maturities of less than three months, the Management has considered that its fair value is not significantly different from their carrying amount.

- Because the trade payables, other payables and payables to related parties have current maturities, the Management estimates that its book values approximate its fair values.

Level 2 –

- For other financial liabilities, fair values were determined by comparing the market interest rates at the time of their initial recognition with current market rates related to similar financial instruments. Below there is a comparison between the carrying amounts and fair values of these financial instruments:

	2019		2018	
	Carrying Amounts US$000	Fair value US$000	Carrying Amounts US$000	Fair value US$000
Bonds	57,526	61,042	167,667	173,206
Long-term bank loans	110,000	104,490	19,000	23,108
Finance lease	5,127	5,070	2,755	2,727
Total	172,653	170,602	189,422	199,041

32. Subsequent events

On July 10, 2019, it was published in the Official Newspaper El Peruano, Supreme Decree No. 007-2019-PRODUCE, by which the Ministry of Production amended articles 43 and 45 of the Regulations of the General Fishing Law approved by Supreme Decree No. 012-2001-PE, in the following terms:

Article 43 - Breach of payment of rights and expiration of the fishing permit.

a) It indicates that it corresponds to the General Directorate of Fisheries for Direct and Indirect Human Consumption to verify the fulfillment of payment of the fishing rights in the months of February and August, providing that, in case of breach, the corresponding Director's Resolution is issued, ordering the suspension of fishing permits and the beginning of the expiration procedure.

Article 45 - Amount of Fishing Rights for the Catch of Hydro-biological Resources.

b) It specifies that the payment of fees for the catch of hydro-biological resources destined for indirect human consumption is made on the basis of applying 0.43% of the FOB value per ton of fishmeal, computable on the average monthly price according to official information issued by ADUANET. (Until the 1st fishing season of 2019, the payment of the fishing fee was made on the basis of applying 0.25% of the FOB value per ton of fishmeal).

It should be noted that the modification provided, at the point referred to Article 45 corresponding to the payment of Fishing Rights for catching hydro-biological resources destined for indirect human consumption, enters into force as of the beginning of the Second Fishing Season 2019.