Pesquera Exalmar S.A.A.

Financial statements as of June 30th, 2020 and December 31st, 2019

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Content

Financial Statements

Statement of financial position

Income statement

Statement of comprehensive income

Statement of changes in shareholders' equity

Cash flow statement

Financial statement notes

PESQUERA EXALMAR S.A.A.

STATEMENT OF FINANCIAL POSITION
As of June 30th, 2020 and December 31st, 2019

ASSETS

	Note	2020 US$000	2019 US$000
CURRENT ASSETS			
Cash and cash equivalents	7	9.243	3.017
Held-to-maturity investments		-	-
Trade and miscellaneous receivables, Net	8	74.093	54.057
Inventories, Net	9	92.424	61.118
Related Party Receivables	25 (b)	4.500	4.595
VAT credit	26 (e)	8.970	6.357
Current income tax asset	26 (a)	2.565	4.649
Prepaid expenses		1.988	1.082
Total current assets		193.783	134.875
NON-CURRENT ASSETS			
Trade and miscellaneous receivables, Net	8	3.216	3.216
Derivative financial instruments	14 (d)	863	863
Properties, vessels, machinery and equipment, net	10	218.937	229.542
Intangible assets, net	11 (a)	120.699	120.861
Goodwill	11 (c)	113.342	113.342
Right-of-use assets	3 (r)	8.198	8.819
Other assets		1.048	1.058
Total non-current assets		466.303	477.701
Total assets		660.086	612.576

LIABILITIES AND NET EQUITY

	Note	2020 US$000	2019 US$000
CURRENT LIABILITIES			
Short-term bank loans	12	124.330	81.811
Trade and miscellaneous payables	13	71.516	54.530
Related Party Payables	25 (b)	33	32
Long-term liabilities	14	19.675	20.020
Provisions for contingencies	15	96	96
Total current liabilities		215.650	156.489
NON-CURRENT LIABILITIES			
Long-term liabilities	14	144.605	153.878
Trade and miscellaneous payables	13	7.672	7.910
Net deferred income tax liabilities	16	54.256	54.593
Total non-current liabilities		206.533	216.381
Total liabilities		422.183	372.870
NET EQUITY	17		
Issued capital		89.772	89.772
Share premium		69.721	69.721
Revaluation surplus		38.831	38.831
Statutory reserve		3.609	3.609
Net unrealized gains on hedging derivatives	14 (d)	608	608
Retained earnings		35.362	37.165
Total net equity		237.903	239.706
Total liabilities and net equity		660.086	612.576

The accompanying notes from page 7 to 62 are part of the financial statements.

PESQUERA EXALMAR S.A.A.

STATEMENT OF COMPREHENSIVE INCOME
For the periods ended June 30th, 2020 and 2019

	Note	2020 US$000	2019 US$000
Income from ordinary activities	18	92.762	146.159
Cost of sales	19	(72.149)	(107.113)
Distribution costs	20	(7.095)	(9.947)
Gross profit		13.518	29.099
Operating expenses			
Administrative expenses	21	(4.036)	(5.404)
Other income	23	626	920
Other expenses	23	(3.656)	(2.399)
Total operating expenses		(7.066)	(6.883)
Operating profit		6.452	22.216
Other income (expenses)			
Financial income	24	687	145
Financial costs	24	(8.607)	(9.845)
Net foreign exchange loss	6	(546)	(73)
Total other expenses, net		(8.466)	(9.773)
Profit (loss) before income tax		(2.014)	12.443
Income tax	26	211	(6.347)
Net profit		(1.803)	6.096
Basic and diluted earnings (loss) per share (in US dollars)	27	(0,006)	0,021

The accompanying notes from page 7 to 62 are part of the financial statements.

PESQUERA EXALMAR S.A.A.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIODS ENDED JUNE 30th, 2020 AND DECEMBER 31st, 2019

	Note	Issued capital	Share premium	Statutory reserve	Revaluation surplus	Net unrealized gains on hedging derivatives	Retained earnings	Total
		US$000	US$000	US$000	US$000	US$000	US$000	US$000
Balances as of January 1st, 2019		89.772	69.721	3.609	39.031	-	50.815	252.948
Comprehensive income for the year		-	-	-	-	-	6.096	6.096
Other comprehensive income:								
- Revaluation surplus								
- Dividends	17	-	-	-	-	-	(20.000)	(20.000)
Balances as of June 30th, 2019		89.772	69.721	3.609	39.031	-	36.911	239.044
Balances as of January 1st, 2020		89.772	69.721	3.609	38.831	608	37.165	239.706
Comprehensive income for the year		-	-	-	-	-	(1.803)	(1.803)
Other comprehensive income:								
- Revaluation surplus					-			-
- Dividends	17	-	-	-	-	-	-	-
Balances as of June 30th, 2020		89.772	69.721	3.609	38.831	608	35.362	237.903

The accompanying notes from page 7 to 62 are part of the financial statements.

PESQUERA EXALMAR S.A.A.

CASH FLOW STATEMENT
For the periods ended June 30th, 2020 and 2019

	2020	2019
	US$000	**US$000**
OPERATING ACTIVITIES		
Cash collection from customers	78.391	133.150
Other cash collections related to the activity	1.408	757
Cash paid to suppliers	(64.187)	(99.832)
Cash paid to employees	(25.850)	(22.678)
Cash tax paid	(2.626)	(13.688)
Other cash payments related to the activity	(11.484)	(11.907)
Cash from operating activities	(24.348)	(14.198)
INVESTING ACTIVITIES		
Payments to:		
Purchase of property, machinery and equipment	(2.234)	(12.652)
Purchase of intangible assets	(56)	(117)
Cash from investing activities	(2.290)	(12.769)
FINANCING ACTIVITIES		
Obtaining bank loans and financial liabilities	156.407	273.200
Payment of bank loans and financial liabilities	(123.543)	(254.742)
Payment of dividends	-	(20.000)
Cash from (applied to) financing activities	32.864	(1.542)
Net increase in cash and cash equivalents	6.226	(28.509)
Balance in cash and cash equivalents at the beginning of the year	3.017	33.096
Balance in cash and cash equivalents at the end of the period	9.243	4.587

The accompanying notes from page 7 to 62 are part of the financial statements.

1. Identification and economic activity of the Company

(a) Identification –

Pesquera Exalmar S.A.A. (hereinafter referred to as "the Company") is a subsidiary of Caleta de Oro Holding S.A. (main controlling entity), holding 66.58% of shares from its issued capital. The Company was incorporated in the city of Lima on November 25th, 1997.

As of June 30th, 2020 and December 31st, 2019, the Company's registered office address is at Avenida Victor Andrés Belaunde 214, San Isidro, Lima, Perú.

(b) Economic activity –

The Company is dedicated to fishing activities, which include the extraction of hydrobiological resources and their transformation into fishmeal and fish oil, and direct sales of fresh and frozen fish. Likewise, it is dedicated to the commercialization of these products in both domestic and foreign markets, and to the storage of frozen products. For this purpose, as of June 30th, 2020 and from December 31st, 2019, it has a fleet of 24 purse seine fishing vessels and 5 fishmeal and fish oil plants. The fishmeal and fish oil plants are located in Chicama, Chimbote, Huacho, Callao and Tambo de Mora. On the other hand, the Company has two plants located in Paita and Tambo de Mora for frozen fish production.

(c) Approval of financial statements –

As of June 30th, 2020, the financial statements have been issued with the authorization of the Company's management. The audited financial statements as of December 31st, 2019 are pending approval by the Annual Shareholder Meeting.

(d) Regulatory framework –

The Company's activities 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, entity that, besides supervising and overseeing fishing activities and their processing, organizes and centralizes economic and statistical information related to the fishing activity in accordance with the aforementioned regulations, based on technical reports issued by the Instituto del Mar del Peru (Marine Institute of Peru) - IMARPE, establishing biological rest periods for anchovy and sardine to preserve the resources. As of June 30th, 2020, the closed season affecting the Company was about 130 days (101 days in 2019).

On June 28th and December 12th, 2008, the Peruvian Government published the Legislative Decree N°1084 and the Supreme Decrees N°021-2008-PRODUCE and N°009-2009-PRODUCE, establishing the Law on Maximum Catch Limits per Vessel (LMCE, by its Spanish acronym) and its regulations, respectively. Starting in 2009, by means of these legislations, the Peruvian Government changed the fishing model for indirect human consumption, taken through annual maximum catch quotas to individual fishing quotas.

Likewise, in December 2015, the Company signed a warranty contract with the Ministry of Production for its fishing vessels to remain under the LMCE regime, which is valid for 10 years, a term that Management estimates will be renewed. In accordance with these contracts, the Company shall respect the conditions, duties and obligations of the Law on LMCE, the General Fishing Law and its Regulations, and complementary standards.

As of June 30th, 2020 and from December 31st, 2019, according to Management and its legal advisors, the Company has complied with the conditions of the stated contracts.

The standard establishes a social contribution equivalent to USD 1.95 per MT of fish unloaded for a period of 10 years, to a fund for supporting the retirement of employees who are affiliated with the current retirement system applicable to industrial fishing crews.

The Law on LMCE also establishes certain guidelines for the development of fishing activities. The main ones are listed below:

- The LMCE is estimated for each fishing season, based on the Maximum Percentage of Catch per Vessel (PMCE, by its Spanish acronym) assigned to each fishing vessel.

- Fish not caught in execution of a LMCE allocated for a fishing season may not be transferred to any other season, extinguishing the Company's right regarding balances of fish not caught on the closing date of the corresponding fishing season.

- The fishing license of a non-nominated fishing vessel, which means a fishing vessel not selected to carry out fishing activities during a fishing season as it is docked, will be temporarily suspended during that season, and the vessel will be prevented from carrying out extractive activities during that period, and the fishing quota (LMCE) of that vessel will be taken from the (global) stock exchange of the Company.

- The PMCE is recalculated 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 20 percent in each period. The reduction shall correspond to the average percentage not caught during the four consecutive fishing seasons, and shall be prorated among the vessels belonging to the Company.

As of June 30th, 2020 and December 2019, the total PMCE of the Company's fishing vessels in the north-central and southern zones was 6.77 and 4.64 percent, respectively, and has not been reduced since the effective date of the LMCE.

(e) Operations –

Based on the information prepared by Management, the Company's main operating data are presented below:

(i) Indirect Human Consumption -

	2020	2019
Production		
Production days	52	80
Stoppage days	130	101
Costs incurred in non-production period allocated to product cost in US$(000)	5.201	5.115
Anchovy processed in thousand MT	324	308
Anchovy processed with own catch in thousand MT	135	156
Anchovy processed with third-party purchase in thousand MT	189	152
Fishmeal produced in thousand MT	78	72
Fish oil produced in thousand MT	10	12
Foreign sales %	96	99
Local sales %	4	1
North-central zone		
% of allocated quota	6,77	6,77
First season -		
Country quota in thousand MT	2.413	2.100
Opening date	13/05/2020	28/04/2019
Closing date		31/07/2019
Second season -		
Country quota in thousand MT		2.786
Opening date		06/11/2019
Closing date		14/01/2020
Southern Zone		
% of allocated quota		4,64
First season -		
Country quota in thousand MT		540
Opening date		08/01/2019
Closing date		30/06/2019

ii) Direct human consumption -

	2020	2019
Own catch in thousand MT		
Horse mackerel and mackerel in thousand MT	17.654	14.723
% of Sales		
Local	20	31
Foreign	80	69

Environmental regulation –

The General Fishing Law requires that an Environmental Impact Assessment (EIA) must be conducted prior to the opening of any fishing activity.

In accordance with Decree Law No. 25977 - General Fishing Law and its Regulations, and Supreme Decree No. 01-94-PE, fishing entities must adopt the necessary measures for the environmental protection and preservation in order to prevent and reduce pollution damage and terrestrial, marine and atmospheric environments risks.

The Company's operations are conducted with a focus on protecting public health and the environment, and comply with all applicable regulations.

As of June 30th, 2020, the Company has executed works at its multiple locations, related to environmental protection for an amount of USD 140,000 (USD 2,922,000 in 2019), such as the installation of a natural gas network system, a water treatment and solids recovery system, rooms for the physical treatment of pumped water, acquisition of boilers, pumps and steam dryers. These disbursements are recognized as part of the items Property, Vessels, Machinery and Equipment, Net, since they are necessary to meet the operational and production objectives, as well as the standards required for environmental protection.

As of June 30th, 2020 and 2019, 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 30th, 2020 and December 31st, 2019, respectively.

Measurement basis -

The financial statements have been prepared using the historical cost principle, based on the accounting records kept by the Company, except for land and derivative financial instruments which are measured at fair value. The accompanying financial statements are presented in U.S. dollars (functional and presentation currency), and all amounts have been rounded off to the nearest thousand, except where otherwise indicated.

The accounting policies adopted are consistent with those applied in prior years, except for the new IFRS and reviewed IAS, which are mandatory for periods beginning on or after January 1st, 2020. The nature and effect of these changes are indicated below:

IFRS 16 "Leases" –

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases and requires all leases to be accounted for under a model similar to the accounting for finance leases in accordance with IAS 17 "Leases". The standard includes two exceptions to recognition by lessees: short-term leases and those in which the underlying asset is of low value.

When a contract begins, the lessee recognizes a liability for the present value of lease payments that have not been paid at that date and an asset for right-of-use asset during the lease term. Lessees must recognize interest expense on the lease liability and depreciation expense on the right-of-use asset.

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

Lessor accounting under IFRS 16 is substantially unchanged from the current accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle specified in IAS 17, and will distinguish between operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than those required by IAS 17.

The lessee may choose to apply the standard using a modified or full retrospective approach. The transitional provisions of the standard allow certain facilities. The effect of these changes is explained in note 3(r).

IFRIC 23 Interpretation "Uncertainty in the treatment of income taxes" -
The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty as compared to the application of IAS "12 Income Taxes". It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately.
- The assumptions an entity makes about the examination of tax treatments by taxation authorities.
- How an entity determines taxable income (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
- How an entity considers changes in facts and circumstances.

The Company shall determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments based on which approach better predicts the resolution of the uncertainty.

The Company applies significant judgment in identifying uncertainties over income tax treatments.

The effect of this change has not been significant and has not required a review of prior years' financial statements.

The Company has not adopted in advance other standards, interpretations or modifications that 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 statement of financial position comprise balances in current accounts and term deposits with original maturities of three months or less.

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

(b.1) Financial Assets –

Initial recognition and measurement –

Financial assets are classified according to the business model and the characteristics of the 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 initial recognition.

All financial assets are initially recognized at fair value and, in the case of financial assets that are not measured at fair value through profit and loss, directly attributable costs.

Purchases or sales of financial assets that require delivery of assets within a period of time established by a standard or market condition (conventional buying and selling) are recognized on the buy/sell date, i.e., the date on which the Company commits to buy or sell the asset.

As of June 30th, 2020 and 2019, the Company maintains within this category: Cash and Cash Equivalents, Trade, Miscellaneous and Related Party Receivables.

Subsequent measurement –

As of June 30th, 2020 and 2019, the Company only holds assets measured at amortized cost.

The Company measures cash and cash equivalents, and trade, miscellaneous and related party receivables at amortized cost if both of the following conditions are met:

- Financial assets are held within a business model whose objective is to hold financial assets to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Derecognition –

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

(i) The contractual rights to receive the cash flows from the asset have expired; or

(ii) The contractual rights to the cash flows from the asset have been transferred, or an obligation has been assumed to pay all such cash flows to a third party without significant delay, under a pass-through arrangement, and (all risks and rewards of the asset have been substantially transferred; or (b) all risks and rewards of the asset have not been substantially transferred or retained, but control of the asset has been transferred.

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

(b.2) Impairment of financial assets –

The Company evaluates expected credit losses (ECL) associated with its debt instruments measured at amortized cost and at fair value through other comprehensive income, taking into account prospective financial information.

The allocation of the expected loss is based on the credit losses that are expected to arise during the asset's useful life, unless there has been no significant increase in credit risk since the initial date of the financial instrument, in which case the provision is based on the 12-month expected credit loss.

12-month expected credit losses are the portion of expected credit losses during the asset's useful life resulting from default events on a financial instrument that are possible within 12 months after the reporting date.

Both the 12-month expected credit losses and the expected credit losses during the asset's useful life are calculated individually or collectively, according to the portfolio nature.

(b.3) Financial liabilities –

Initial recognition and measurement –

Financial liabilities are classified as financial liabilities at fair value through income changes, loans and accounts payable, or as derivatives designated as hedging instruments in an effective hedge, as applicable. The Company determines the classification of financial liabilities upon initial recognition.

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

As of June 30th, 2020 and 2019, the Company holds within this category short-term loans, long-term financial obligations, trade, miscellaneous and related party payables, and derivative financial instruments.

Subsequent measurement –

The subsequent measurement of financial liabilities depends on their classification. As of June 30th, 2020 and December 31st, 2019, the Company only held mainly loans and accounts payable, which are recorded as follows:

After initial recognition, financial obligations, loans and accounts payable are measured at amortized cost, under the effective interest rate method. Profits and losses are recognized in the income statement when liabilities are derecognized, as well as through the amortization process under the effective interest rate method.

The amortized cost is calculated by taking into account any acquisition discount or premium and any fees or costs that are an integral part of the effective interest rate.

Derecognition –

A financial liability is derecognized when the obligation specified in the corresponding contract has been paid or cancelled, 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 between the respective carrying amounts is recognized in the income statement

(b.4) Offsetting of financial instruments –

Financial assets and financial liabilities are offset by reporting the net amount in the statement of financial position only if a legally enforceable right exists to set off 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 an orderly transaction between market participants at the measurement date.

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

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

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

(i) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
(ii) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
(iii) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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 different levels within the hierarchy by reviewing the classification at the end of each reporting period.

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

(c) Derivative financial instruments and hedge accounting –

Initial recognition and subsequent measurement –

The Company uses derivative financial instruments (interest rate swaps) to manage its exposure to risk associated with interest rate movements. These derivative financial instruments are initially recognized at fair value and at the date of each statement of financial position. Derivatives are presented as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any profit or loss arising from changes in fair value is recorded directly in the income statement, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income.

At the inception of the hedge, the Company formally designates and documents the hedging relationship, as well as the risk management objective and strategy for undertaking the hedge. Documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. These hedges are expected to be highly effective in offsetting changes in cash flows and are assessed on an ongoing basis to determine whether they have been highly effective throughout the reporting periods.
The Company uses hedging transactions that fully qualify as cash flow hedges.

In cash flow hedges the effective portion of the profit or loss on the hedging instrument is recognized directly in other comprehensive income, while the ineffective portion is recognized immediately in the income statement as financing costs.

Amounts recognized as other comprehensive income are transferred to the income statement when the hedged transaction affects income, for example, when financial income or cost is recognized.

Current and non-current classification -
Derivatives designated as effective hedging instruments are separated into a current and non-current portion based on the classification of the underlying hedged item.

(d) 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 sells fresh and frozen fish.

No operating segments have been added to determine the segments described above.

The Deputy General Management is the Company's highest operational decision maker and separately oversees the operating income of its business units for decision-making purposes regarding resource allocation and performance assessment. Segment performance is assessed on the basis of operating income and valued consistently with operating income presented in the financial statements. However, the Company's financing (including financial expenses and income) and income taxes are managed by the Company and are not allocated to the operating segments.

The main items in the Company's statement of financial position and the income statement for each operating segment are presented below:

	Indirect Human Consumption	Direct Human Consumption	Total
As of June 30th, 2020	**US$000**	**US$000**	**US$000**
Total assets	618.477	41.609	660.086
Property, vessels, machinery and equipment, net	178.592	40.345	218.937
Intangibles, net	120.699		120.699
Commercial credit	113.342		113.342
Right-of-use asset	8.138	60	8.198
Inventories, net	91.391	1.033	92.424
Total liabilities	422.183		422.183
Short-term bank loans	124.330		124.330
Long-term financial obligations	164.109	171	164.280

As of June 30th, 2020			
Local sales	2.851	2.624	5.475
Foreign sales	76.604	10.683	87.287
Total sales	79.455	13.307	92.762
Cost of sale	(63.773)	(8.376)	(72.149)
Distribution costs	(4.916)	(2.179)	(7.095)
Gross profit	10.766	2.752	13.518
Administrative expenses	(3.793)	(243)	(4.036)
Other income	626	-	626
Other expenses	(3.656)	-	(3.656)
Operating profit (loss)	3.943	2.509	6.452

As of December 31st, 2019	Indirect Human Consumption US$000	Direct Human Consumption US$000	Total US$000
Total assets	568.563	44.013	612.576
Property, vessels, machinery and equipment, net	187.751	41.791	229.542
Intangibles, net	120.861		120.861
Commercial credit	113.342		113.342
Right-of-use asset	8.759	60	8.819
Inventories, net	60.586	532	61.118
Total liabilities	372.870		372.870
Short-term bank loans	81.811		81.811
Long-term financial obligations	173.561	337	173.898

As of June 30th, 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 sale	(99.239)	(7.874)	(107.113)
Distribution costs	(7.924)	(2.023)	(9.947)
Gross profit	**25.415**	**3.684**	**29.099**
Administrative expenses	(5.242)	(162)	(5.404)
Other income	920	-	920
Other expenses	(2.399)	-	(2.399)
Operating profit (loss)	18.694	3.522	22.216

Segments by geographical area

	2020		2019	
	Indirect Human Consumption US$000	Direct Human Consumption US$000	Indirect Human Consumption US$000	Direct Human Consumption US$000
Income:				
Asia	56.163	41	103.028	-
Europe	9.943	2.788	11.444	2.497
America	9.089	3.123	17.842	6.272
Oceania	4.260	-	157	-
Africa	-	7.355	107	4.812
	79.455	13.307	132.578	13.581

(e) Foreign currency transactions –

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

Transactions and balances –

Foreign currency transactions (non-US dollar currency) are initially recorded by the Company at the exchange rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate on the settlement date of the statement of financial position and the resulting exchange differences are recorded in the income statement.

Non-monetary items are translated using the exchange rates in effect at the date of the original transactions.

(f) Inventories –

Inventories are valued at the lower of cost or net realizable value.

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

The costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

Finished goods –

It includes cost of raw materials, supplies, direct labor, other direct costs, manufacturing overhead costs and a portion of fixed and variable manufacturing costs based on normal operating capacity, excluding financing costs. Subsequently, the weighted average daily cost method is followed.

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

Raw materials and miscellaneous supplies –

At acquisition cost, following the weighted average daily cost method.

The impairment allowance is determined based on an analysis of the conditions and the inventory turnover. The allowance is charged against the results of the year in which it is determined.

(g) Property, vessels, machinery and equipment –

The item "Property, vessels, machinery and equipment", except for lands, is presented at acquisition cost, net of accumulated depreciation and or accumulated impairment losses, if any. The original cost of an asset comprises its purchase price or manufacturing cost, including import duties and non-refundable purchase taxes, and any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation and the financing costs for long-term construction projects, to the extent that 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. Similarly, when a major inspection is performed, the inspection cost is recognized as a replacement to the extent that the requirements for recognition are met. All other routine repairs and maintenance costs are recognized as expenses in the income statement as they are incurred.

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

Any increase due to revaluation is recognized in other comprehensive income and is accumulated in shareholders' 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 such increase is recognized in the income statement, except to the extent that such decrease offsets a revaluation increase of the same asset previously recognized in the asset revaluation reserve.

An item of property, vessel, machinery and equipment or a significant component is removed at the time of its disposal or when no economic benefit is expected from its use or subsequent disposal. Any profit or loss arising from the retirement of property, vessels, machinery and equipment (calculated as the difference between the sales revenues and the asset's carrying value) is included in the income statement within the year in which the asset is retired.

The residual value, useful life and depreciation methods are periodically reviewed and adjusted if appropriate.

Work in progress includes disbursements for the construction of assets, financing costs, and other directly attributable costs incurred during the construction phase. Work in progress is capitalized when it is completed and its depreciation is calculated from the moment it is available for use.

Depreciation is calculated under the straight-line depreciation method taking into consideration the following 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
Miscellaneous and computer equipment	Between 2 and 10

(h) Leases –

As a lessee -

At the beginning of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

(i) the contract involves the use of an identified asset, which may be specified explicitly or implicitly, and must be physically distinct or substantially represent the overall capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

(ii) the Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and

(iii) the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases, where all decisions about how and for what purpose the asset is used are predetermined, the Company has the right to direct the use of the asset if:

- the Company has the right to operate the asset; or
- the Company has designed the asset in a way that predetermines how and for what purpose the asset will be used.

In its role as lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease.

The Company leases assets such as property (buildings) and equipment and machinery, for periods ranging from 1 to 10 years. The lease terms are negotiated individually and contain different terms and conditions.

Right-of-use asset –

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made on or before the commencement date, plus initial direct costs incurred and estimated costs for dismantling or restoring the underlying asset or the site on which it is located, less any lease incentives received. Subsequently, it is depreciated on a straight-line basis over the life of the contract.

The right-of-use asset is subsequently depreciated using the straight-line depreciation method from the commencement date to the end of the useful life of the right-of-use asset or to the end of the lease term, whichever is shorter, considering that if a call option exists, the estimated useful life of the underlying assets will always be chosen.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for new measurements of the lease liability.

Lease liability –

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if the rate cannot be easily determined, the incremental borrowing rate will be applied. The Company uses the incremental borrowing rate as the discount rate, see note 3(r).

Lease payments comprise: fixed lease payments or, in essence, fixed, variable lease payments depending on an index or rate, initially measured using the index or rate at the commencement date, among other concepts. Likewise, non-lease components can be identified in the contracts referring to disbursements related to other concepts. In this context, IFRS 16 allows to adopt as an accounting policy the non-separation of the lease and non-lease components of this type of contracts which, as a consequence, will be part of the measurement of the lease liability.

The lease liability is measured at amortized cost using the effective interest method. Subsequent measurement of the liability is made when there is a change in future lease payments resulting from a change in an index or rate, if there is a change in the estimate of expected value to be paid for a residual value guarantee of the Company, or if the Company changes its assessment of whether it will exercise a call, extension, or termination option. When the lease liability is remitted, an adjustment is recognized in the carrying value of the right-of-use asset, or in income if the right-of-use asset has no book balance.

Financial costs are charged to the income for the period based on the lease term at the constant periodic interest rate for the financial liability remaining in each period.

Termination and extension options are included in right-of-use liabilities. When determining the lease term, management considers all factors and circumstances that result in the assessment of economic and operating incentives to exercise an extension option or not to exercise a termination option.

Exceptions to recognition –

The Company does not recognize right-of-use assets and lease liabilities for short-term leases that have a term of twelve months or less and leases of low value assets, including computer equipment and 1 sq. meter of data center space. The Company recognizes lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Regarding the exception for low value indicated by the standard, the Company has adopted as its accounting policy that the reference amount to be considered is USD 9,000.

As a lessor –

When the Company acts as lessor, it determines, at the lease commencement date, whether each lease is a financial or an operating lease.

To classify each lease, the Company makes an assessment of whether lease transfers to the lessee are substantially all of the risks and benefits inherent to ownership of the underlying asset. In this instance, the lease is a finance lease, otherwise it is an operating lease. As part of this assessment, the Company considers certain indicators, such as whether the lease covers the major part of the economic life of the asset.

When the Company subleases an asset, it presents its role in the master lease and sublease separately. The sublease is classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. If a master lease is a short-term lease, for the Company to apply the exemption described above, then the sublease is classified as an operating lease.

If a contract contains both lease and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract among the different components.

(i) Intangible assets –

Separately acquired intangible assets are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value at the acquisition date. After initial recognition, intangible assets are maintained at cost less accumulated amortization and/or accumulated impairment losses, if any.

The useful life of intangible assets is considered to be either limited or indefinite.

Intangible assets with limited useful lives are amortized over their economic useful life and impairment is assessed when there is evidence that the intangible asset has become impaired. The amortization period for an intangible asset with a limited useful life is reviewed at least once at the end of each reporting period.

Changes in the expected life or in the expected pattern of consumption of future economic benefits associated with the asset are accounted for as changes in the amortization period or method, as appropriate, and are treated as changes in accounting estimates. Amortization expense for intangible assets with limited useful lives is recognized in the income statement under the expense category consistent with the intangible asset's function.

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

The indefinite useful life assessment is reviewed annually to determine whether indefinite useful life continues to be sustainable. Otherwise, the change in the useful life from indefinite to limited is made prospectively.

Profits or losses arising from the retirement of an intangible asset are measured as the difference between the net disposal income and the carrying value of the asset and are recognized in the income statement when the asset is retired.

Fishing permits and production license –

Fishing permits and production licenses represent the right to fish on the Peruvian coast for each of the fishing vessels and to process fishmeal and fish oil for each of the fish plants. These assets do not have any maturity date, and consequently they are considered intangible assets with an indefinite useful life and are not amortized. However, they are assessed annually for 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 its fair value at the acquisition date.

Goodwill –

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

After initial recognition, goodwill is measured at cost less any accumulated impairment loss. For purposes of impairment testing, goodwill acquired in a business combination is allocated, as of the acquisition date, to each of the Company's cash-generating units expected to be benefited with the combination.

When goodwill is part of a cash-generating unit and part of the operation of a unit is authorized, the associated goodwill in the authorized operation is included in the carrying value when determining the profit 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 acquisition cost and are amortized over ten years.

(j) Impairment of non-financial assets –

At each reporting period end, the Company assesses whether there is any evidence that an asset may be impaired in its value. The Company estimates the recoverable amount of an asset when such an evidence exists or when an annual impairment test is required. The recoverable amount of an asset is the higher value between the fair value less selling costs of either an asset or a cash-generating unit and its value in use, and is determined for an individual asset, unless the asset does not generate cash flows that are substantially independent of other assets or groups of assets.
When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered to be impaired and its value is reduced to its recoverable amount.

When assessing the value in use of an asset, estimated cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. When determining fair value less selling costs, recent market transactions, if any, are taken into account. If those transactions do not exist, an appropriate assessment model is used.
Impairment losses corresponding to continuing 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 performed at least every year (as of December 31st). For other assets in general, at each reporting period end, an assessment is made regarding if there is any evidence that previously recognized impairment losses no longer exist or have decreased. If such an evidence exists, 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 was a change in the assumptions used to determine the recoverable amount of an asset since the last time an impairment loss was recognized for that asset. The reversal is limited in such a way that the carrying amount of the asset does not exceed its recoverable amount, nor does it exceed the carrying amount that would have been determined, net of accumulated depreciation, if no impairment loss had been recognized for that asset in prior years. This reversal is recognized in the income statement.

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

(k) Provisions –

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

If the effect of the value of money over time is significant, provisions are discounted using a current pre-tax market rate that reflects, where appropriate, the specific risks of the liability. When the discount is recognized, the increase in the provision over time is recognized as a financing cost in the income statement.

(l) Contingencies –

Contingent liabilities are not recognized in the financial statements. They are disclosed in financial statement notes, unless the possibility of a capital outflow is remote.

A contingent asset is not recognized in the financial statements, but is disclosed when its degree of contingency is probable.

(m) Revenue recognition –

The Company's revenues correspond mainly to:

Sale of goods –

Revenue is recognized to the extent that a performance obligation is satisfied by transferring goods and services committed to the customer. An asset is transferred when the customer obtains control of that asset.

Revenue will be recognized based on the transaction price assigned to that performance obligation, to which the Company expects to be entitled in exchange for the transfer of goods and services committed to the customer, excluding amounts collected on behalf of third parties.

Interest income –

This income is recognized when interest is accrued using the effective interest rate method. Interest income is included in financial income as part of the income statement.

The Company concludes that it is the title holder in its sales agreements because it controls the goods or services before they are transferred to the customer.

IFRS 15 "Revenue from contracts with customers" establishes a five-step model that will be applied to those revenues from ordinary activities coming from contracts with customers and which include:

- Identify the contract with the customer
- Identify performance obligations in the contract
- Determine the transaction price
- Allocating the transaction price to performance obligations in the contract.
- Revenue recognition from ordinary activities when (or as) the entity meets performance obligations.

The accounting principles set out in IFRS 15 provide a more structured approach to measuring and recognizing income.

(n) Financing costs –

Financing costs directly attributable to the acquisition, construction or production of an asset that necessarily requires a substantial period of time before it is ready for its intended use or sale are capitalized as part of the respective cost of assets. All other financing costs are accounted for in the period in which they occur. Financing costs include interest and other costs incurred by the entity in relation to the loans obtained.

(o) Taxes –

Current income tax –

Current income tax assets and liabilities are measured at the values expected to be recovered or paid to the Tax Authority. The tax rates and tax regulations used to calculate these amounts are those in effect at the end of the reporting period in Peru.

Current income tax that relates to items that are recognized directly in equity is also recognized in equity and not in the income statement. Management periodically assesses the positions taken in tax returns with respect to situations in which the applicable tax rules are subject to interpretation, and makes provisions when appropriate.

Deferred income tax –

Deferred income tax is recognized using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end 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 for 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 the future offsetting of tax credits and unused tax loss carryforwards, to the extent that it is probable that future taxable income will be available against which these temporary differences can be offset.

The carrying amount of deferred income tax assets is reviewed at each reporting period end date and reduced to the extent that it is no longer probable that sufficient future taxable income exists to allow those deferred income tax assets to be fully or partially used. Unrecognized deferred income tax assets are reviewed at each reporting date and are recognized to the extent that it becomes probable that future taxable income will be available to recover any previously unrecognized deferred income tax assets.

Deferred income tax assets and liabilities are measured at the tax rates, which are expected to be effective in the year that the asset is realized or the liability is settled, based on tax rates and tax regulations that were enacted as of the end of the reporting period.

Deferred income tax is recognized in relation to the originating item, either in income or directly in equity.

Deferred income tax assets are recognized for all deductible temporary differences, and for the future offsetting of tax credits and unused tax loss carryforwards, to the extent that it is probable that future taxable income will be available against which these temporary differences can be offset.

General sales tax –

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

(i) When the general sales tax incurred in an asset acquisition or in a service delivery is not recoverable from the Tax Authority, in which case such tax is recognized as part of the acquisition cost of an asset or as part of the expense, as appropriate;

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

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

(p) Employees' profit sharing –

In accordance with legal standards, employee's profit sharing is calculated on the same basis used for calculating current income tax and is presented in the income statement under the items "Production cost", "Administrative expenses" and "Distribution cost", as part of personnel expenses.

(q) Employee Benefits –

The Company has short-term obligations for employee benefits that include salaries, social contributions, statutory bonuses, performance bonuses and profit sharing. These obligations are recorded monthly in the income statement as they accrue.

(r) Changes in accounting policies and disclosures –

In these financial statements, the Company has applied for the first time the IFRS 16 effective for periods starting on or after January 1st, 2019.
IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for a majority of leases in the statement of financial position.

The lessor's accounting under IFRS 16 is similar to the one under IAS 17. Lessors will continue to classify leases as either operating or finance leases using the same principles as in IAS 17. Therefore, IFRS 16 has no impact on leases where the Company is the lessor.

In accordance with IFRS 16, entities have two choices of methods at the date of adoption to implement the new Standard:

(a) the full retrospective method, which consists of applying IFRS 16 to each reporting period, as if the Standard had always been in force, following the provisions of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

(b) the modified retrospective method, which consists of applying IFRS 16 and recording the cumulative effect of its initial application at January 1st, 2019 as an adjustment to the opening balance in equity. In other words, the comparative information is not restructured.

The Company adopted IFRS 16 using the modified retrospective method. As allowed by this method, the Company was not required to reassess whether a contract is, or contains, a lease on the date of initial application. Instead, the Company is allowed to:

(a) apply this Standard to contracts that were previously identified as leases by applying IAS 17 Leases and IFRIC 4 Determining whether an Arrangement contains a Lease.

(b) not apply this Standard to contracts that were not previously identified as containing a lease by applying IAS 17 and IFRIC 4.

The Company also elected to use recognition exemptions for leases that, at the commencement date, have a lease term ending within 12 months of the initial application date and do not contain a purchase option (short-term leases), and leases for which the asset is of low value, see note 3(h).

Upon adoption of IFRS 16, the Company applies a single approach for the recognition and measurement of all leases, with the exemption of short-term leases and low value assets, see note 3(h) "Leases" for accounting policy as of January 1st, 2019.

The Standard provides specific transition requirements and practical solutions, which have been applied by the Company and which are:

- A single discount rate is used to a lease portfolio with reasonably similar characteristics.
- It was evaluated whether leases are onerous immediately prior to the initial application date.
- The short-term lease exemption was applied for those with a term of less than 12 months from the date of initial application.
- Initial direct costs were excluded from the measurement of the right-of-use asset at the date of initial application.
- Previous information already known was used to determine the lease term where the contract contained options to extend or terminate the lease.

Leases previously classified as financial leases -

The Company has not changed the initial carrying amounts of assets and liabilities recognized at the commencement date of leases previously classified as finance leases (i.e., right-of-use assets and lease liabilities equal to assets and liabilities recognized under IAS 17). The requirements of IFRS 16 were applied to these contracts from January 1st, 2019.

Leases previously accounted for as operating leases -

The Company recognized the right of use assets and lease liabilities for those previously classified as operating leases under IAS 17, with the exemption of short-term leases and low value assets. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the incremental rate on the date of initial application. Regarding the right of use, the Company measured this asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease, recognized in the statement of financial position immediately prior to the date of initial application.

4. Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires Management to make judgments, estimates and assumptions that affect the reported amounts of income, expense, assets and liabilities, and disclosure of contingent liabilities.

However, the uncertainties and professional judgment surrounding these assumptions and estimates could result in amounts requiring a material adjustment to the carrying value of assets and liabilities.

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

- Estimate for inventory depreciation.
- Estimate for impairment of non-financial assets.
- Useful life and recoverable value of non-financial assets
- Provision for contingencies.
- Income taxes.
- Revaluation of land

Management believes that the estimates included in the financial statements were made in the best knowledge of the relevant facts and circumstances on the date of preparation of these statements; however, the final results may differ from the estimates included in the financial statements.

5. International standards issued, but not yet in force

The Company decided not to early adopt the following standards and interpretations that were issued by the IASB and apply to the Company's operations, but are not effective as of June 30th, 2020:

IFRS 17 Insurance agreements –

The IFRS 17 Insurance agreements establish principles for the recognition, measurement, presentation and disclosure of insurance agreements that are within the scope of the Standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that accurately represents those agreements. This information provides a basis for users of the financial statements to evaluate the effect that insurance agreements have on the entity's financial position, financial performance and cash flows.

This standard is effective as of January 1st, 2021.

6. Foreign currency transactions

Foreign currency transactions are recorded at the free market exchange rates published by the Superintendency of Banking, Insurance and Pension Funds. As of June 30th, 2020, the free market exchange rates for transactions in soles, published by this institution, were USD 0.285 for purchases and USD 0.284 for sales (USD 0.302 for purchases and USD 0.301 for sales as of December 31st, 2019).

As of June 30th, 2020 and December 31st, 2019, the Company had the following assets and liabilities in soles:

	2020 S/ 000	2019 S/ 000
Assets:		
Cash and cash equivalents	3.412	1.657
Trade and miscellaneous receivables	41.173	34.099
Related Party Receivables	13.953	13.897
VAT credit	31.541	21.048
Income Tax	9.018	15.393
	99.097	86.094
Liabilities:		
Trade and miscellaneous payables	159.816	102.030
Related Party payables	114	106
Contingency provisions	3.555	319
	163.485	102.455
Asset position, net	(64.388)	(16.361)

As of June 30th, 2020, the Company recorded a net foreign exchange loss of approximately USD 546 (USD 73 for the period 2019), which is presented in the income statement.

Management does not believe that foreign exchange risk will significantly impact the Company's incomes. As of June 30th, 2020 and December 31st, 2019, the Company does not have financial instruments that cover the foreign exchange risk of its operations in soles.

7. Cash and cash equivalents

(a) The composition of the item is presented below:

	2020 US$000	2019 US$000
Current accounts (b)	9.233	3.007
Imprest Funds	10	10
Total	9.243	3.017

(b) Current accounts are held at local banks, are denominated in US dollars and soles, are unrestricted and do not generate interest.

8. Trade and miscellaneous receivables, net

(a) The composition of the item is presented below:

	2020 US$000	2019 US$000
Advances and loans to fishing vessel owners (b)	36.831	34.022
Advances and loans of maquila (c)	9.279	8.733
Trade receivables (d)	22.803	8.435
Receivable from Shareholders	3.575	3.611
Employee receivables	936	1.006
Third-party claims	2.836	778
Others	1.429	1.072
	77.689	57.657
Less: Estimate uncollectible accounts (e)	(380)	(384)
Total	77.309	57.273
On expiry:		
Current	74.093	54.057
Non-current	3.216	3.216
Total	77.309	57.273

(b) As of June 30th, 2020 and December 31st, 2019, corresponds mainly to the advance granted to fishing vessel owners for the unloading of fish in the Company's plants. These balances are denominated in soles and US. Dollars, do not generate interest and are backed by bills of exchange, and in many cases, security has been granted in the form of mortgages or vessel trusts in favor of the Company. According to Management, the balance will be recovered in the short term.

(c) As of June 30th, 2020 and December 31st, 2019, it corresponds mainly to the advances and loans granted by the fishmeal and oil fish maquila services. These balances are denominated in U.S. dollars, do not generate interest and have current maturities. According to Management, the balance will be recovered in the short term.

(d) Trade receivables are comprised of local and foreign sales, most of which are collected through letters of credit. These accounts receivables are mainly denominated in U.S. dollars, have current maturities and do not generate interest.

(e) Changes for estimating uncollectible accounts as of June 30th, 2020 and December 31st, 2019 were as follows:

	2020 **US$000**	**2019** **US$000**
Opening Balance	384	320
Estimate of the year	-	64
Recovery	(4)	-
Final Balance	380	384

(f) As of June 30th, 2020 and December 31st, 2019, the aging of trade receivables was as follows:

	2020 **US$000**	**2019** **US$000**
Not matured or impaired	22.365	7.439
Up to 60 days	1	626
From 61 and 180 days	198	128
Impaired	239	242
Total	22.803	8.435

9. Inventories, net

(a) The composition of the item is presented below:

	2020 US$000	2019 US$000
Finished products:		
- Fishmeal	62.544	43.851
- Fish oil	17.998	9.752
- Frozen	1.033	530
	81.575	54.133
Supplies	6.785	5.934
Deferred costs (c)	2.969	-
Containers and packaging	1.136	1.475
Products in process	287	-
Goods in transit	262	166
	93.014	61.708
Less : Estimate for inventory depreciation (d)	(590)	(590)
Total	92.424	61.118

(b) As of June 30th, 2020, the Company held 28,800 MT in fishmeal as security for short-term bank loans (as of December 31st, 2019, the Company held 18,140 MT and 3,690 MT in fishmeal and oil fish), see note 12(b).

(c) Deferred costs correspond to those incurred during the days when plants and vessels are closed. These costs are allocated to the cost of subsequent production and based on the normal production capacity of these plants and vessels. As of June 30th, 2020, these costs correspond to the balance of the fixed costs accumulated from the end of the second season of each year and are assigned to the production cost of the first fishing season of the corresponding period.

(d) The estimate for inventory depreciation is determined in accordance with the assessment made by the Company's operating areas, identifying those supplies and materials that are obsolete.

Accordingly, the Company's Management considers that no additional provisions are required to the estimate for inventory depreciation as of June 30th, 2020 and December 31st, 2019.

10. Property, vessels, machinery and equipment, net

(a) The movement and composition of the item is presented below:

	Land	Buildings and constructions	Fishing vessels	Machinery and equipment	Transport units	Furniture and fixtures	Miscellaneous 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 1st, 2019	64.692	36.345	149.827	184.704	2.014	1.050	4.006	1.205	443.843
Additions (b)	-	-	-	-	-	-	-	26.198	26.198
Devaluation (c)	(284)	-	-	-	-	-	-	-	(284)
Transfers	-	1.148	10.851	12.441	531	91	433	(25.495)	-
Withdrawals	-	-	(6.416)	(1.771)	(20)	(262)	(113)	-	(8.582)
As of December 31st, 2019	64.408	37.493	154.262	195.375	2.525	879	4.326	1.908	461.176
Additions (b)	-	-	-	-	-	-	-	2.234	2.234
Transfers	-	23	848	53	-	-	19	(943)	-
Withdrawals	-	-	(6.273)	-	-	-	-	-	(6.273)
As of June 30th, 2020	64.408	37.516	148.837	195.428	2.525	879	4.345	3.199	457.137
Accumulated depreciation -									
As of January 1st, 2019	-	11.136	103.632	97.110	1.504	697	2.903	-	216.982
Additions (d)	-	1.214	8.794	11.562	168	98	402	-	22.238
Withdrawals	-	-	(5.853)	(1.351)	(20)	(260)	(102)	-	(7.586)
As of December 31st, 2019	-	12.350	106.573	107.321	1.652	535	3.203	-	231.634
Additions (d)	-	700	4.416	6.041	111	58	189	-	11.515
Withdrawals	-	-	(4.949)	-	-	-	-	-	(4.949)
As of June 30th, 2020	-	13.050	106.040	113.362	1.763	593	3.392	-	238.200
Net book value -									
As of June 30th, 2020	64.408	24.466	42.797	82.066	762	286	953	3.199	218.937
As of December 31st, 2019	64.408	25.143	47.689	88.054	873	344	1.123	1.908	229.542

(b) Additions of the year –

As of June 30th, 2020 and December 31st, 2019, the Company has made additions mainly in vessels and machinery for improvements in the catch and production of fishmeal and fish oil.

(c) Revaluations –

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

Fair values were determined using the market-based valuation technique, meaning that the valuations performed by the independent appraiser were based on quoted prices in active markets due to the nature, location and condition of each piece of land. The date of the last revaluation was in November 2019.

If the land had been measured using the cost model, as of June 30th, 2020 and December 31st, 2019, the carrying amount would have been the historical cost of USD 5,569,000. The attributed cost from first-time adoption of IFRS amounts to USD 9,329,000.

(d) Distribution of current depreciation of tangible assets and right-of-use assets for the term –

As of June 30th, 2020, current depreciation of tangible assets and right-of-use assets amounted to USD 11,515 and USD 621, respectively.

Depreciation as of June 30th, 2020 and June 30th, 2019 has been distributed as follows:

	2020	**2019**
	US$000	**US$000**
Deferred costs	1.378	1.383
Cost of sales, note 19	7.694	6.647
Costs incurred in non-production periods	2.121	2.237
Distribution costs, note 20	365	219
Administrative costs note 21	578	305
Total	12.136	10.791

(e) Right-of-use assets (Operating Lease) –

As of June 30th, 2020, the cost and accumulated depreciation of right-of-use assets amount to USD 10,044,000 and USD 1,847,000, respectively, and are comprised as follows:

	Cost US$000	Accumulated depreciation US$000	Depreciation of the year US$000
Buildings and other constructions	9.015	1.275	425
Transportation units	1.030	572	196
	10.045	1.847	621

(f) Work in progress –

As of June 30th, 2020 and 2019, it corresponds mainly to improvements in their indirect human consumption processing plants and fishing vessels. According to Management, all of the work in progress will be completed in the course of 2020.

(g) Assets under finance lease –

As of June 30th, 2020 and 2019, the Company maintains fishing vessels, transportation units, machinery and equipment through financial lease agreements. As of June 30th, 2020, cost and accumulated depreciation amount to approximately USD 54,597,000 and USD 38,656,000, respectively. (As of December 31st, 2019, cost and accumulated depreciation amount to approximately USD 54,596,000 and USD 37,845,000, respectively).

(h) Securities given –

As of June 30th, 2020 and 2019, the Company has provided securities on plants and vessels of approximately USD 82,853,000. These securities support the syndicated loans, see note 14.

(i) The Company maintains insurance policies to safeguard its major property, plant, and equipment against fire and other hazards, as well as potential claims arising from its business activities. According to Management, its insurance policies are consistent with international practice applicable to the industry and the risk of possible losses from claims considered in the insurance policy.

11. Intangible assets, net and goodwill

(a) The following is the movement and composition of the Intangibles, net item:

	Fishing permits (b) US$(000)	Software US$(000)	Total US$(000)
Cost -			
Balances as of January 1st, 2019	114.105	6.515	120.620
Additions	3.118	233	3.351
As of December 31st, 2019	117.223	6.748	123.971
Additions	-	56	56
As of June 30th, 2020	117.223	6.804	124.027
Accumulated amortization -			
Balances as of January 1st, 2019	-	2.681	2.681
Additions	-	429	429
As of December 31st, 2019	-	3.110	3.110
Additions	-	218	218
As of June 30th, 2020	-	3.328	3.328
Net book value -			
As of June 30th, 2020	117.223	3.476	120.699
As of December 31st, 2019	117.223	3.638	120.861

(b) It corresponds to the fishing permits that the Company maintains for the development of its activities. Given their nature, fishing permits are considered intangible assets with an indefinite useful life, and therefore are not subject to amortization.

The fishing permits have been acquired together with the purse seine fishing vessels, through purchase processes and mergers with other companies, and have been determined based on their estimated market values obtained from independent appraisers at the date of each transaction.

In April 2019, the Company acquired by means of a financial lease the fishing vessel "Maria Mercedes" whose cost amounted to USD 3,350,000 which included the value of the anchovy fishing permit and the fishing vessel for approximately USD 3,118,000 and USD 232,000, respectively.

(c) Between 2007 and 2012, the Company acquired 100 percent of the shares representing the issued capital of several companies. The acquisitions of these companies were recorded using the purchase method, and adjustments were made to their financial statements to reflect the assets and liabilities acquired at their fair values on the date of acquisition. As a result of these acquisitions, the Company recognized a goodwill of USD 113,342,000.

As of June 30th, 2020 and December 31st, 2019, goodwill has been generated by the acquisition of the following companies:

Company	**Year of purchase**	**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 Assessment –

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 Plants (DHC)

The recoverable amount of the cash-generating unit for the extraction and production of fishmeal and fish oil has been determined on the basis of a value in use calculation, using cash flow projections derived from financial budgets approved by Management and covering a ten-year period.

The following are the main assumptions on which Management has based the above-mentioned projections:

(i) Price of fishmeal and fish oil: For its own fleet and third-party acquisitions, the model assumes as raw material cost the18 percent of the total value of the fishmeal. For plants, the model uses average fishmeal prices of USD 1,450 and

USD 1,892 per MT, respectively. Management expects prices to be stable and to increase consistently according to market expectations and demand.

(ii) Fishing quota: The Company has an anchovy extraction quota of 6.77 percent of the total biomass determined by the Instituto del Mar Peruano (IMARPE) under the Law and Regulation on the Total Allowable Catch (TAC). To this quota is added the third-party share of 7.50 percent, reaching a total share of 14.27 percent. The Company's quota for 2019 (first and second fishing season) amounted to 4,890,000 MT.

(iii) Discount rate: The pre-income tax discount rate applicable to cash flow projections was 10.21 percent, which is consistent with other rates used in the fishing industry.

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

Sensitivity to changes in assumptions –

As of December 31st, 2019, in order for an impairment to be generated, the following assumptions would have to vary as follows, all others remaining constant:

- The discount rate may have been greater than 17.60 percent for the Fleet CGU, 11.50 percent for the IHC CGU; and 41.80 percent for the DHC CGU.
- The total quota allocated may be 3,039,000 MT for the Fleet CGU and 2,886,000 MT for the IHC of CGU. For the DHC of CGU, there may be a minimum quota for each type of product (horse mackerel, mackerel, and squid) for a total of USD 26,900 MT.
- The minimum price may be USD 979 per MT for fishmeal and USD 1,216 per MT for fish oil for the Fleet CGU; USD 1,413 per MT for fishmeal and USD 1,755 per MT for fish oil for the IHC of CGU. For the DHC of CGU, a minimum price has been calculated for each type of product: horse mackerel, mackerel for USD 528 per MT and squid for USD 617 per MT.

Taking into account market conditions, Management believes that the assumptions used as a basis for the analysis are reasonable and that the variations that would be required in these assumptions to generate impairment are not expected to occur. Accordingly, it is not necessary to record impairment estimates as of June 30th, 2020 and December 31st, 2019.

12. Short-term bank loans

(a) Below is the composition of the item:

	2020 US$000	2019 US$000
Banco de Crédito del Perú S.A.A.	2.000	23.966
Banco Santander del Perú S.A.	27.000	14.000
BBVA Banco Continental S.A.	20.300	10.884
Banco Interamericano de Finanzas S.A.	15.435	15.000
Banco internacional del Perú S.A.A. - Interbank	45.595	14.750
Scotiabank Perú S.A.A.	12.000	3.211
Banco Pichincha	2.000	-
Total	124.330	81.811

(b) Bank loans correspond to short-term financing for working capital, are denominated in U.S. dollars, generate interest at annual market rates and may be secured by warrants, see note 9 (b).

(c) As of June 30th, 2020, interest expense generated by short-term bank loans amounted to USD 2,698,000 (USD 2,840,000 in 2019) and is presented in the item "Financial costs" of the income statement, see note 24.

13. Trade **and miscellaneous payable**s

(a) Below is the composition of the item:

	2020 US$000	2019 US$000
Trade payables (b)	52.402	37.036
Lease liability, note 3 (r)	8.654	8.892
Customer Advances	95	3.427
Employee's profit sharing	-	3.156
Interest payable	3.550	3.314
Accrued expenses (c)	6.816	1.973
Accounts payable to the Department of Production PRODUCE note 15 (b)	1.440	1.616
Vacation pay payable	1.254	1.363
Taxes	531	442
Remuneration payable	2.571	257
Compensation for time of service	719	245
Social contributions	582	312
Others	574	407
	79.188	62.440
On expiry:		
Current	71.516	54.530
Non-current	7.672	7.910
	79.188	62.440

(b) Trade payables correspond to liabilities generated by services received from local suppliers, for the production processes, the export of their finished products and the maintenance of their equipment. These liabilities are denominated in U.S. dollars and soles, do not accrue interest and no securities have been granted to them.

(c) The accrued expenses correspond to the services received as of June 30th, 2020 for which the Company did not receive invoices. These expenses are mainly related to natural gas, surveillance, electric power, insurance, customs expenses and certifications.

14. Long-term financial obligations

(a) Below is the composition of the item:

	2020 US$000	2019 US$000
Corporate bonds (b)	60.233	60.008
Syndicated loan (c)		
Cooperatieve Rabobank U.A.	33.135	36.027
DNB Bank ASA	24.852	27.020
Banco Santander del Perú S.A.	20.935	22.763
Banco de Crédito del Perú S.A.A.	11.446	12.446
Banco internacional del Perú S.A.A. - Interbank	9.037	9.826
	99.405	108.082
Financial leases (e)		
BBVA Banco Continental S.A.	2.446	3.085
Banco de Crédito del Perú S.A.A.	2.196	2.281
Banco internacional del Perú S.A.A. - Interbank	-	438
Banco Santander del Perú S.A.	-	4
	4.642	5.808
	164.280	173.898
On expiry:		
Current	19.675	20.020
Non-current	144.605	153.878
	164.280	173.898

(b) Bonds –

In January 2013, the Company made an international placement of Corporate Bonds under the 144A REGS format in the amount of USD 200,000,000 as principal, for a 7-year term, to be paid at maturity and with a fixed annual interest rate of 7.375 percent. The agreed interest payment period was semiannual, with a maturity date in 2020.
On August 31st, 2016, the repurchase of USD 30,000,000 was made, paying 76.5 percent of its nominal value and generating a net profit of USD 3,000,000, which was presented in the Company's income statement.

On February 6th, 2018, a bond exchange was made, replacing the USD 60,900,000 of bonds maturing in 2020 with a new one for the same amount maturing in 2025 and with an increase in the fixed annual interest rate to 8 percent.

On February 15th, 2019, the bonds were repurchased for an amount of USD 109,078,000, with the funds obtained through the acquisition of the syndicated loan for USD 110,000,000, see letter (c).

As of June 30th, 2020, the bond principal is presented net of directly related costs of USD 814,000 (USD 914,000 in 2019).

During the term of the placement agreement in which (i) Bonds are Investment Grade rated by two recognized risk rating agencies and (ii) no default or Event of Default has occurred that has not been cured, the Company will not be subject to the following provisions (collectively the "Suspended Covenants") of the placement agreement:

- Limitation on indebtedness and disqualified actions; limitation on restricted payments;
- Limitation on restrictions on dividends and other payments affecting restricted subsidiaries;
- Limitation on transactions with affiliates;
- Limitation on asset sales;
- Limitation on business activities;
- Limitation on consolidation, merger and sale of assets.

In the event that the Company is rated below Investment Grade, it will be subject to a number of restrictions included in the "Borrowing Limitation" section. All debt incurred by the Company in this situation will be subject to a Debt Coverage ratio (Total Debt/EBITDA) for the last twelve months not exceeding 3.5x.

If Debt Coverage is greater than 3.5x, the Company may incur "Allowable Debt" which contains a number of debt authorizations including Debt to cover its Working Capital needs in excess of USD 70,000,000 or 14.5 percent of total assets and debt through leasing operations in excess of USD 20,000,000 or 4 percent of total assets.

As of June 30th, 2020 and December 31st, 2019, the Company has not incurred any events of default and expects to comply with such requirements within the next 12 months.

(c) Syndicated Loan –

On January 15th, 2019, the Company entered into a syndicated loan agreement in the amount of USD 110,000,000, which was primarily used to repurchase bonds in the amount of USD 109,078,000 and to repay the prior syndicated loan in the amount of USD 19,000,000, effective as of December 31st, 2018. The loan was disbursed in two tranches: one for USD 91,000,000 and the other for USD 19,000,000, for a term of 5 years at a 3-month Libor interest rate plus an applicable margin calculated as follows:

The loan has a quarterly repayment period and a five-year term, with a maturity date on January 15th, 2024 and is secured by the Company's plants and vessels, see note 10(g).

As of June 30th, 2020 and December 31st, 2019, the principal of the syndicated loan is presented net of directly related costs of USD 1,800,000 (USD 1,918,000 in 2019).

- Financial Debt/EBITDA ratio >= 3.0 and <3.5; interest rate: Libor 3 months + 4.35%
- Financial Debt/EBITDA ratio >= 2.25 and <3.0; interest rate: Libor 3 months + 3.85%
- Financial Debt/EBITDA ratio < 2.25; interest rate: Libor 3 months + 3.70%

(d) Operating Lease –

As of June 30th, 2020, the liability for future operating lease payments amounts to USD 8,654,000 composed of Buildings and transportation units. (USD 8,892,000 in 2019).

(e) Future minimum lease payments and the present value of the net minimum payments are as follows:

	2020		2019	
	Minimum Payments US$000	**Current value of payments US$000**	**Minimum payments US$000**	**Current value of payments US$000**
Within one year	2.235	2.052	2.628	2.418
After one year but not more than five years	2.647	2.590	3.556	3.390
Total minimum payments	4.882	4.642	6.184	5.808
Less - Interests	(240)	-	(376)	-
Current value of minimum payments	4.642	4.642	5.808	5.808

(f) As of June 30th, 2020 and December 31st, 2019, the non-current portion of the long-term financial obligations has the following maturity year:

Maturity year	**2020 US$000**	**2019 US$000**
2020	-	19.527
2021	18.885	18.885
2022	17.777	17.777
2023 onwards	107.943	97.689
Total	144.605	153.878
	144.605	153.878

(g) As of June 30th, 2020, interest expense generated by the bonds, syndicated loan, and financial leases amounted to USD 2,373,000, USD 3,437,000, and USD 99,000, respectively (USD 3,470,000, USD 3,447,000, and USD 88,000 as of June 30th, 2019, respectively) and is presented in the item "Interest expense" in the income statement, see note 24.

15. Provisions for contingencies

The movement and composition of the item is presented below:

	Working processes US$000	Administrative processes US$000	Total US$000
As of January 1st, 2019	56	2.327	2.383
Provision	40	-	40
Payments		(711)	(711)
Reclassifications	-	(1.616)	(1.616)
As of December 31st, 2019	96	-	96
Additions	-	-	-
Payments	-	-	-
As of March 31st, 2020	**96**	**-**	**96**

16. Net deferred income tax liability

(a) The movement and composition of the item, according to the headings that originated it, is presented below:

	Opening Balance US$000	Aditions (deductions)... Income Statement US$000	Other changes US$000	Closing Balance US$000
As of June 30th,2020				
Asset:				
Provision for vacations pay payable	402	(32)		370
Impairment of fixed assets	485	-	-	485
Impairment of investment	535	(32)	-	503
Impairment of supplies	245	-	-	245
Tax loss	-	2.731	-	2.731
Other provisions	1.474	(704)	-	770
	3.141	1.963	-	5.104
Liability:				
Land revaluation	(16.248)	-	-	(16.248)
Higher value by deemed cost and differences in depreciation rates and translation effect	(11.943)	(1.048)	-	(12.991)
Valuation of financial instruments caused by hedge	(255)	-	-	- (255)
Other assets, mainly intangibles and translation effect	(25.365)	(578)	-	(25.943)
Cost of bond issuance	(3.923)	-	-	(3.923)
	(57.734)	(1.626)	-	(59.360)
Deferred liability, net	(54.593)	337	-	(54.256)

As of December 31st, 2019:				
Asset:				
Provision for vacations pay payable	423	(21)		402
Impairment of fixed assets	496	(11)	-	485
Impairment of investment	525	10	-	535
Impairment of supplies	(187)	432	-	245
Others	573	901	-	1.474
	1.830	1.311	-	3.141
Liability:				
Land revaluation	(16.332)	-	84	(16.248)
Higher value by deemed cost and differences in depreciation rates and translation effect	(14.026)	2.083	-	(11.943)
Valuation of financial instruments caused by hedge	-	-	(255)	(255)
Other assets, mainly intangibles and translation effect	(25.515)	150	-	(25.365)
Cost of bond issuance	(485)	(3.438)	-	(3.923)
	(56.358)	(1.205)	(171)	(57.734)
Deferred liability,net	(54.528)	106	(171)	(54.593)

(b) The income tax benefit (expense) shown in the income statement for the terms as of June 30th, 2020 and 2019 is composed as follows:

	2020 US$000	2019 US$000
Income tax:		
Current	126	6.516
Deferred	(337)	(169)
Total	(211)	6.347

(c) The reconciliation of the effective income tax rate as of June 30th, 2020 and 2019 is presented below

	2020 US$000	%	2019 US$000	%
Profit (loss) before income tax	(2.014)	100,00	12.443	100,00
Theoretical Income Tax	594	(29,49)	(3.671)	(29,50)
Tax impact of permanent items	(896)	44,49	(489)	(3,93)
Translation effect	513	(25,47)	(2.187)	(17,58)
Income tax benefit	**211**	**(10,48)**	**(6.347)**	**(51,01)**

17. Equity

(a) Issued capital –

As of June 30th, 2020, and December 31st, 2019, the issued capital is represented by 295,536,144 common shares with a face value of S/1.00 each, duly authorized, subscribed and paid; these shares belong to legal entities domiciled or not domiciled in Peru.

As of June 30th, 2020, and December 31st, 2019, the Company's shareholding structure is as follows:

	2020	
Shareholders	**Shares**	**Percentage**
Caleta de Oro Holding S.A.	196.775	66,58%
Inversiones Odisea Limitada	27.156	9,19%
Caleta de Oro Holding del Perú S.A.C.	25.000	8,46%
Others	46.605	15,77%
	295.536	100,00%

(b) Shares Issued at Premium –

On October 4th, 2010, at the General Shareholders' Meeting, the Company's capital increase was approved by the local and international offering of up to 57,500,000 class "A" shares with a face value of S/1 each.

The placement in the local and international market of 57,500,000 shares was incorporated into the Company's equity for a market value of S/4.75 each, representing an increase in issued capital of USD 20,584,000 and a capital premium recognition of USD 69,721,000, net of the costs associated with the issuance of USD 7,467,000.

(c) Legal reserve –

According to the General Corporations Act, the legal reserve is formed by transferring at least 10 percent of the distributable profit of each year, after deducting accumulated losses, until the regal reserve reaches an equivalent amount to one fifth of the capital. In the absence of undistributed profits or unrestricted reserves, the legal reserve may be applied to compensate for losses, but when profits are obtained it shall be replaced. The legal reserve may be capitalized, but shall still be replaced.

(d) Profit sharing –

On March 26th, 2019, at the Annual General Shareholders' Meeting, the dividend distribution of USD 20 million (USD 0.068 per share) was approved, which was paid in cash in May 2019.

(e) Revaluation surplus –

It includes the revaluation of the land in amounts that have been determined by technical valuations made by independent appraisers. The revaluation surplus, registered net of its deferred income tax effect, is transferred to retained profits when the underlying asset is removed or sold.

18. Net Sales

(a) The composition of the item is presented below:

	2020 US$000	2019 US$000
Fishmeal	66.487	114.326
Fish oil	12.200	17.826
Frozen fish	12.293	10.317
Others	1.782	3.690
	92.762	146.159

(b) As of June 30th, 2020, approximately 44,240 MT and 5,410 MT of fishmeal and fish oil, respectively, were sold (78,581 MT and 9,604 MT of fishmeal and fish oil, respectively, as of 2019).

(c) As of June 30th, 2019, from the Company's total sales, 945 percent were sold abroad (96 percent in 2019), see note 3(d).

	2020 US$000	2019 US$000
Exports:		
Asia	56.204	103.028
Europe	12.731	13.941
America	6.737	18.861
Oceania	4.260	157
Africa	7.355	4.919
	87.287	140.906
Local sales and others	5.475	5.253
Total	92.762	146.159

19. Cost of sales

The cost of sales equation is presented below:

	2020 US$000	2019 US$000
Opening balance of finished products, note 9	54.134	70.288
Production cost:		
- Raw materials, inputs and supplies used	61.481	63.030
- Personnel expenses, note 22 (b)	10.992	14.811
- Manufacturing expenses	10.860	13.223
- Depreciation, note 10 (d)	7.693	6.647
Closing balance of finished products, note 9	(81.575)	(69.162)
	63.585	98.837
Costs incurred in non-production periods	8.564	8.276
	72.149	107.113

20. Distribution cost

The composition of the item is presented below:

	2020	2019
	US$000	US$000
Export Services	2.200	3.450
Transport of finished products	1.295	2.191
Personnel expenses, note 22 (b)	504	781
Inspection and analysis	544	741
Security and surveillance	368	502
Comissions for sale of finished products	195	402
Storage of finished products	488	202
Depreciation, note 10 (d)	365	219
Stowage and packaging	320	307
Renting expenses	16	11
Others	800	1.141
	7.095	9.947

21. Administrative expenses

The composition of the item is presented below:

	2020	2019
	US$000	US$000
Personnel expenses, note 22 (b)	2.092	2.653
Professional fees	417	384
Renting expenses	19	330
Depreciation, note 10 (d)	578	305
Security and surveillance	267	281
Media	145	147
Maintenance and repairs	23	17
Insurance expenses	15	10
Taxes	9	6
Others	471	1.271
	4.036	5.404

22. Personnel expenses

(a) The composition of personnel expenses is presented below:

	2020 US$000	2019 US$000
Fishing quota share	4.238	4.855
Employees' remuneration	2.849	3.056
Employees' profit sharing	-	2.455
Workers' remuneration	2.083	2.322
Rewards	1.627	2.138
Security, Employee benefits and others	1.445	1.714
Bonuses	802	1.051
Compensation for Time of Services	847	967
Vacations	789	923
Others	631	1.166
	15.311	20.647

As of June 30th, the Company had an average of 1,189 workers (1,132 in 2019).

(b) Personnel expenses as of June 30th have been distributed as follows:

	2020 US$000	2019 US$000
Production cost, note 19	10.992	14.811
Administrative expenses, note 21	2.092	2.653
Distribution costs, note 20	504	781
Costs incurred in non-production periods	1.071	2.210
Deferred costs	652	192
	15.311	20.647

23. Other income and expenses

(a) The composition of the items is presented below:

	2020 US$000	2019 US$000
Income:		
Reversal of provisions from previous years	39	148
Income from the sale of fuel and materials	104	102
Insurance compensation	120	322
Interest income	49	-
Others	314	348
	626	920

	2020 US$000	2019 US$000
Expenses:		
Net cost for fixed assets disposals	1.325	411
Penalties of PRODUCE and others	325	764
COVID19 expenses	790	-
Losses - impairments - incentives	-	295
Others	1.216	929
	3.656	2.399

24. Financial income and costs

The composition of the item is presented below:

	2020 US$000	2019 US$000
Financial income:		
Interest on short-term deposits	687	145
	687	145
Financial costs:		
Bonus interest, note 14 (f)	2.373	3.470
Interests on short-term bank loans, note 12 (c)	2.698	2.840
Interest on syndicated loans, note 14 (f)	3.437	3.447
Interest on financial leases, note 14 (f)	99	88
	8.607	9.845

25. Transactions with related entities

(a) As of June 30th, 2020, and December 31st, 2019, the Company has entered into the following transactions with related entities:

	2020 US$(000)	2019 US$(000)
Loans granted	161	146
Rebilling of network services and others	12	66
Expenses for renting offices and others	-3	-3

(b) As a result of these and other minor transactions, as of June 30th, 2020 and December 31st, 2019, the Company had the following balances with related entities:

	2020		2019	
	Accounts receivable US$000	Accounts payable US$000	Accounts receivable US$000	Accounts payable US$000
Accounts receivable:				
Comercializadora Global S.A.	2.132	-	2.248	-
Compañía Hotelera El Sausal S.A.	679	3	720	2
Complejo Agroindustrial Beta S.A.	597	16	607	17
Corporación del Mar S.A.	361	-	407	-
Caleta de Oro Holding del Peru	311	-	203	-
Corporación Exalmar S.A.	225	-	227	-
C.M.V. Servicios Ejecutivos S.A.	86	14	88	13
Caleta de Oro Holding SAC	61	-	46	-
Inmobiliaria Seville S.A.	38	-	40	-
Torres del Rio SAC	6	-	5	-
Silk Holding Mangement ltd.	4	-	4	-
	4.500	33	4.595	32

(c) Transactions with related entities have been perform under normal market conditions. The taxes generated by these transactions, as well as the calculation bases for their determination, are the usual ones in the industry and are settled in accordance with current tax regulations. These balances do not generate interest, nor do they have any security.

(d) Expenses for shares, compensations, and other items granted to members of the Board of Directors and the key Management of the Company as of June 30th, 2020 and 2019 amounted to USD1,111,000 and USD1,311,000, respectively, and are included in the "Administrative expenses" item of the income statement.

26. Tax situation

(a) The Company is subject to the Peruvian tax system. The income tax rate as of June 30th, 2020 and December 31st, 2019 is 29.50 percent on taxable profit after deduction of worker's share which is calculated at a rate of 10 percent on taxable profit.

Legal entities not domiciled in Peru and individuals are subject to an additional tax withholding on dividends received. In this regard, in view of the aforementioned Legislative Decree No. 1261, the additional tax on dividends for profits generated shall be 5 percent.

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

The periods opened to audit for income tax include years 2016 to 2019 and for general sales tax include years 2015 to 2019.

(c) Due to the possible interpretations that the Tax Authority may give to the legal regulations in force, it is not possible to determine if as a result of the revisions to make, it will or will not result in additional liabilities for the Company, therefore any greater tax, moratorium interest and penalties that may result from possible tax revisions would be applied to the results of the year in which these are determined. However, according to the Management and its legal advisors, any eventual additional tax settlement would not be material to the Company's financial statements as of June 30th, 2020 and December 31st, 2019.

For the purpose of determining income tax and general sales tax, transfer prices of transactions with their related entities and with resident companies 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, Management and its legal advisors deem that, as a result of the application of these standards, it will not arise any contingency of relevance to the Company as of June 30th, 2020 and December 31st, 2019.

(d) In 2018, the Tax Authority audited the income tax for the year 2015, without significant observations. Likewise, the years 2016 to 2019 are being audited. Management deems that no significant liabilities will arise as a result of these reviews.

(e) The Company has the benefit to exporters of the General Sales Tax related to its exports. In this regard, the balance in favor of this benefit resulting from the payments of the referred tax in the purchase operations of the Company, can be compensated against the tax resulting from its sales in the country, income tax or other taxes or request its refund through non-negotiable checks.

The balances of General Sales Taxes to be recovered as of June 30th, 2020 and December 31st, 2019 amount to approximately USD 8,970,000 and USD 6,357,000, respectively, and are presented as part of the "Tax credit for VAT" in the statement of financial situation.

By June 2020, the Company has recovered approximately USD 8,106,000 for this item (USD 21,129,000 during 2019); which was registered under the item "Cash and cash equivalents" and credited to the item "Tax credit for VAT" of the statement of financial position.

The Company pays customs duties on its imports and is therefore entitled to request drawback recovery in relation with its canned and frozen exports. The recoveries related to this operation are registered as income for the period in which it is performed in the income statement of the Company.

27. Basic and diluted profit per share

(a) Basic –

Basic profit per share are calculated by dividing net income attributable to the Company's shareholders by the weighted average number of common shares on the market and issuable during the period:

	2020	2019
Profit (loss) attributable to shareholders of the company (in thousand)	(1.803)	6.096
Weighted average of common shares on the market (in thousand)	295.536	295.536
Basic profit (loss) per share (S/ per share)	(0,006)	0,021

(b) Diluted –

Diluted profit per share are equivalent to the basic loss per share. In the 2019 and 2018 periods, the diluted profit per common share has not been calculated because there are no potential dilutive shares; that is, financial instruments or other agreements that entitle to obtain common shares.

28. Commitments and contingencies

(a) Securities granted –

As of June 30th, 2020, the company has the following securities:

- Bank Comfort Letter issued by Banco Interbank:
  - For USD 125,654 in favor of Gas Natural de Lima y Callao S.A. in compliance with the signed agreement for the gas supply.
  - For S/217,000 in favor of 2do Juzgado Mixto Laboral, file 081-2011 in compliance with demand for labor obligations.
- Bank Comfort Letters issued by Banco Santander for S/487,939 in favor of the Universidad Nacional San Luis Gonzaga de Ica (Tax Works projects).
- Bank Comfort Letter issued by Banco Continental for USD 603,916 in favor of JMG Constructores Asociados SAC, in compliance with the Award

(b) Contingency for legal demands –

In the normal course of business, the Company has been subject to various regulatory, legal (labor and administrative) and tax assessments, which are registered and disclosed in accordance with International Financial Reporting Regulations.

As of June 30th, 2020, and December 31st, 2019, the Company has registered the necessary provisions. Likewise, possible contingencies amount to approximately USD 3,678,000 as of June 30th, 2020.

29. Financial risk management purposes and policies

Due to the nature of its activities, the Company is exposed to market, credit, liquidity and capital management risks, which are managed by Senior Management through a process of continuous identification, measurement and monitoring, subject to risk limits and other controls. This risk management process is critical to the Company's continued profitability and each person within the Company is responsible for the risk exposures related to his/her responsibilities. The independent risk management process does not include business risks such as changes in the environment, technology, and industry, which are monitored through the Company's strategic planning process.

Credit risk -

Credit risk is the risk that a counterparty will not comply its obligations under a financial instrument or agreement, resulting in a loss. Management deems that the Company does not have significant credit risk on trade receivables to third-parties, accounts receivable from fishing vessel owners and related entities because no significant uncollectible problems have occurred. With respect to the other accounts receivable from fishing vessel owners, Management evaluates their status on a case-by-case basis and, if deemed necessary, obtains security over vessels, property, and other assets to secure the accounts receivable.

The Company places its liquidity surpluses with prestigious financial institutions, the company establishes conservative credit policies and constantly evaluates existing conditions in the market in which it operates. In consequent, Management does not expect the Company to incur significant material losses due to the performance of its counterparties.

Market risk –

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

The sensitivity analyses included in the following sections relate to the Company's financial condition as of June 30th, 2020 and December 31st, 2019. These sensitivity analyses were prepared on the assumption that the amount of net debt, fixed-to-floating interest ratio and debt remain constant as of June 30th, 2020 and December 31st, 2019.

(i) Exchange rate risk –

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the exchange rates of currencies denominated in the functional currency.

The Company's exposure to foreign exchange risk relates primarily to the Company's operating activities (when revenues or expenses are denominated in a currency other than the functional currency).

(ii) Interest rate risk -

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to the risk of changes in market interest rates primarily related to financial obligations arranged at floating interest rates.

The Company manages its interest rate risk based on Management's experience by balancing lending and borrowing rates. In addition, when necessary, the Company enters into interest rate swap agreements to exchange floating for fixed interest rates. Such interest rate swap agreements are designated as hedges of the related debt.

Information on financial instruments with fixed and floating interest rates is presented below:

	2020			
	Floating interest rate	**Fixed rate**	**Interest-free**	**Total**
	US$(000)	US$(000)	US$(000)	US$(000)
Financial Assets				
Cash and cash equivalents	-	-	9.243	9.243
Trade and miscellaneous receivables, net	-	-	77.309	77.309
Related party receivables	-	-	4.500	4.500
Financial Liabilities				
Short-term bank loans	-	124.330	-	124.330
Trade and miscellaneous payables	-	-	70.985	70.985
Long-term financial obligations	99.405	64.875		164.280
Related party payables	-	-	33	33

	2019			
	Floating interest rate	**Fixed rate**	**Interest-free**	**Total**
	US$(000)	US$(000)	US$(000)	US$(000)
Financial Assets				
Cash and cash equivalents	-	-	3.017	3.017
Trade and miscellaneous receivables, net	-	-	57.273	57.273
Related party receivables	-	-	4.595	4.595
Financial Liabilities				
Short-term bank loans	-	81.811	-	81.811
Trade and miscellaneous payables (*)	-	-	54.088	54.088
Long-term financial obligations	108.082	65.816		173.898
Related party payables	-	-	32	32

(*) Does not include taxes payable, see note 13.

(*) Does not include taxes payable, see note 13.

As of June 30th, 2020 and December 31st, 2019, the only debt with a floating interest rate corresponds to the syndicated loan in effect at each date, entered into with local and foreign banks. As of June 30th, 2020, the debt of the syndicated loan is covered by the interest rate swaps entered into by the Company in 2019, see note 14(d).

As indicated in the preceding paragraph, as of June 30th, 2020 and December 31st, 2019, the Company is not exposed to significant risk related to fluctuations in interest rates.

(iii) Price risks -

The Company is exposed to price risk because it does not hold any financial instruments that may fluctuate as a result of changes in market price.

Capital management –

The Company's objectives in managing capital are to safeguard the Company's ability to continue as a going concern in order to generate returns to its shareholders, benefits to other stakeholders and maintain an optimal capital structure. To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Finance Management believes that the cost of capital and risk associated with each class of capital is appropriate as of June 30th, 2020 and December 31st, 2019.

Liquidity risk –

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

Liquidity risk management involves maintaining sufficient cash and availability of funding, through an adequate number of credit sources and the ability to settle transactions primarily of indebtedness. 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 cancelled by the bank unilaterally. According to information from the banks, Management has estimated that, as of June 30th, 2020 and 2019, the credit lines in effect amount to USD 193,000,000.

As of June 30th, 2020, the Company has a negative working capital of USD 21,867,000 (USD 21,614,000 in 2019). However, according to Management, this situation does not represent a risk in its operations because it has mechanisms for negotiating with creditors and, if necessary, with the financial entities with which it works.

The following table shows the maturity of the Company's obligations 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 30th, 2020				
	1 year	Between 1 - 2 years	Between 2 - 3 years	Between 3 - 6 years	Total
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Short-term bank loans	124.330	-	-	-	124.330
Trade and miscellaneous payables (*)	70.985	1.285	985	4.000	77.255
Related party payables	33	-	-	-	33
Long-term financial obligations:					
Capital amortization	19.675	19.442	18.298	106.865	164.280
Interest paid for cash flow	10.898	9.873	8.866	13.064	42.701
	225.921	30.600	28.149	123.929	408.599

	As of December 31st, 2019				
	1 year	Between 1 - 2 years	Between 2 - 3 years	Between 3 - 6 years	Total
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Short-term bank loans	81.811	-	-	-	81.811
Trade and miscellaneous payables (*)	54.088	1.640	1.285	4.985	61.998
Related party payables	32	-	-	-	32
Long-term financial obligations:					
Capital amortization	20.020	19.527	18.885	115.466	173.898
Interest paid for cash flow	11.108	9.998	8.906	15.504	45.516
	167.059	31.165	29.076	135.955	363.255

(*) Does not include taxes payable, see note 13.

Changes to liabilities arising from financing activities for the periods ended on June 30th, 2020 and December 31st, 2019 are presented below:

	Balance as of January 1st, 2020	Income	Dividends	Payments	Balance as of June 30th, 2020
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Short-term bank loans	81.811	156.407	0	-113.888	124.330
Long-term financial obligations	173.898	0	0	-9.618	164.280
Payment of lease liabilities	8.892			-238	8.654
	264.601	156.407	0	-123.744	297.264

	Balance as of January 1st, 2019	Income	Dividends	Payments	Balance as of December 31st, 2019
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Short-term bank loans	70.000	275.211		-263.400	81.811
Long-term financial obligations	189.422	115.354		-130.878	173.898
Payment of lease liabilities	9.609	435		-1.152	8.892
Dividends payable			20.000	-20.000	0
	269.031	391.000	20.000	-415.430	264.601

30. Financial instruments by category

(a) Financial instrument category –

The Company's financial assets and liabilities consist of:

	2020 US$000	2019 US$000
Financial assets:		
At amortized cost:		
Cash and cash equivalents	9.243	3.017
Trade and miscellaneous receivables, net	77.309	57.273
Related party receivables	4.500	4.595
Total	91.052	64.885
Financial liabilities:		
At amortized cost:		
Short-term bank loans	124.330	81.811
Long-term financial obligations	144.701	153.974
Trade and miscellaneous payables (*)	70.985	54.088
Related party payables	33	32
	340.049	289.905

(*) 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 damaged may be assessed on external risk rates (if available) or historical information reflecting compliance rates.

The credit quality of financial assets is as follows:

	2020 US$000	2019 US$000
Cash and cash equivalents:		
Banco BBVA Perú (A+)	6.245	512
Banco de Crédito del Perú (A+)	1.207	1.410
Banco Internacional del Perú - Interbank (A)	598	185
Banco Scotiabank (A+)	385	402
Banco Santander - Perú (A+)	38	145
Others	770	363
	9.243	3.017

The rates in the "A and AAA" table represent the high-quality credit ratings. For banks located in Peru, the ratings were derived from the risk rating agencies authorized by the banking regulator "Superintendencia de Banca, Seguros y AFP" (SBS, by its Spanish acronym)

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

	2020 US$000	2019 US$000
Trade receivables (Note 8)		
Counterparts without external risk rating		
A	22.324	7.951
B	239	242
	22.563	8.193
Trade and Related Party Receivables (Note 25)		
B	4.500	4.595
	4.500	4.595
Other accounts receivable (Note 8) (*)		
A	36.831	34.022
	36.831	34.022

(*) Only corresponds to the accounts receivable of the fishing owners.

A: Existing customers / related parties (with more than 6 months of business relationship) with no history of previous non-compliance; 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 Company carries at fair value only derivative financial instruments as explained in note 14(d). Therefore, they are considered in Level 2 of the fair value hierarchy.
Financial instruments are carried at amortized cost and their estimated fair value for disclosure purposes in this note, as well as the level in the fair value hierarchy described below:

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

Level 1 –

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

- Trade, miscellaneous and related party receivables. Management has considered that their fair value is not significantly different from their carrying value, since they are net of their allowance for uncollectible accounts and, mainly, have maturities of less than three months.
- Trade, miscellaneous, and related party payables have current maturities, and Management estimates that their carrying values approximate its fair value.

Level 2 –

- For other financial liabilities, fair values have been determined by comparing market interest rates at initial recognition with current market rates for similar financial instruments. A comparison of the carrying amounts and fair values of these financial instruments is presented below:

	2020		2019	
	Carrying amounts US$000	Fair value US$000	Carrying amounts US$000	Fair value US$000
Bonds	60.233	55.086	60.008	62.900
Long-term bank loans	99.405	97.715	108.082	105.745
Financial leases	4.642	4.620	5.808	5.878
Total	164.280	157.421	173.898	174.523

32. Subsequent events

As of June 30th, 2020, there have been no subsequent events that could affect the reasonability of the financial statements issued and/or required to be disclosed in the notes.