COPEINCA AS (FORMERLY KNOWN AS "COPEINCA ASA") AND SUBSIDIARIES

CONDENSED UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2014 AND 2013

COPEINCA AS (FORMERLY KNOWN AS “COPEINCA ASA”) AND SUBSIDIARIES

CONDENSED UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2014 AND 2013

CONTENTS Page

US$	=	United States dollar
NOK	=	Norwegian Kroner
S/.	=	Nuevo Sol

COPEINCA AS (FORMERLY KNOWN AS "COPEINCA ASA") AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As of 30 June 2014 US$000	As of 31 December 2013 US$000
ASSETS			
Non - current assets			
Property, plant and equipment	**8**	261,898	241,577
Fishing licenses	**9**	215,036	215,036
Goodwill	**9**	139,693	139,693
Other intangible assets	**9**	736	882
Investment in associate		3,849	3,717
		621,212	600,905
Current assets			
Inventories	**10**	67,954	76,084
Trade accounts receivable	**11**	11,223	6,539
Other accounts receivable	**12**	22,807	17,924
Amount due from intermediate holding company	**24**	214,377	221,413
Amount due from related parties	**24**	16,497	-
Short-term investments		1,268	5,977
Cash and cash equivalents		6,186	2,057
		340,312	329,994
Total assets		961,524	930,899
EQUITY			
Attributable to owners of the parent			
Share capital	**13**	65,891	65,891
Share premium	**13**	398,497	398,497
Other reserves	**13**	14,224	14,224
Cumulative translation adjustment		(19,655)	(24,490)
Retained earnings		1,399	(25,575)
Total equity		460,356	428,547
LIABILITIES			
Non - current liabilities			
Long-term borrowings	**14**	249,921	249,906
Deferred income tax		71,897	72,682
Other accounts payable	**15**	7,155	6,341
		328,973	328,929
Current liabilities			
Bank loans and short-term debt	**14**	104,793	130,066
Trade accounts payable	**15**	31,305	18,015
Other accounts payable	**15**	16,852	15,586
Current income tax payable	**23**	5,749	-
Accounts payable to related parties	**24**	4,770	990
Current portion of long-term borrowings	**14**	8,726	8,766
		172,195	173,423
Total liabilities		501,168	502,352
Total equity and liabilities		961,524	930,899

The notes on pages from 9 to 21 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	For the six-month period ended 30 June		For the quarter ended 30 June		For the year ended 31 December
		2014	2013	2014	2013	2013
		(unaudited)	(unaudited)	(unaudited)	(unaudited)	(audited)
		US$000	US$000	US$000	US$000	US$000
Sales	16	165,717	54,624	76,195	18,561	209,726
Cost of goods sold	17	(98,995)	(37,987)	(45,093)	(10,144)	(134,729)
Gross profit		66,722	16,637	31,102	8,417	74,997
Selling expenses	18	(8,173)	(3,403)	(3,698)	(1,682)	(11,813)
Administrative expenses	19	(5,012)	(7,838)	(2,464)	(4,232)	(13,883)
Other income	20	3,086	1,970	2,039	1,592	2,164
Other expenses	20	(6,696)	(8,087)	(4,183)	(5,985)	(50,730)
Operating profit		49,927	(721)	22,796	(1,890)	735
Finance income	21	4,601	701	2,261	20	3,484
Finance costs	21	(13,333)	(12,635)	(6,611)	(6,556)	(25,376)
Exchange difference, net		(661)	(16,237)	(762)	(14,980)	(17,648)
Profit (loss) before income tax		40,534	(28,892)	17,684	(23,406)	(38,805)
Income tax expense (gain)	23	(13,560)	6,891	(6,697)	5,162	3,373
Profit (loss) for the period/year		26,974	(22,001)	10,987	(18,244)	(35,432)
Attributable to:						
Equity holders of the company		26,974	(22,001)	10,987	(18,244)	(35,432)

The notes on pages from 9 to 21 are an integral part of these consolidated financial statements

COPEINCA AS (FORMERLY KNOWN AS "COPEINCA ASA") AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	For the six-month period ended 30 June		For the quarter ended 30 June		For the year ended 31 December
	2014	**2013**	**2014**	**2013**	**2013**
	(unaudited)	**(unaudited)**	**(unaudited)**	**(unaudited)**	**(audited)**
	US$000	**US$000**	**US$000**	**US$000**	**US$000**
Profit (loss) for the period	26,974	(22,001)	10,987	(17,075)	(35,432)
Items that may be subsequently reclassified to profit or loss:					
Cumulative translation adjustment	4,835	(40,487)	-	(32,105)	15,755
Total comprehensive income (loss) for the period/year	31,809	(62,488)	10,987	(49,180)	(19,677)
Attributable to:					
Equity holders of the Company	31,809	(62,488)	10,987	(49,180)	(19,677)

The notes on pages from 9 to 21 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014 AND 2013

	Note	Share capital	Share premium	Legal reserve	Other reserves	Cumulative translation adjustment	Retained earnings	Total equity
		US$000	US$000	US$000	US$000	US$000	US$000	US$000
Balances as of 1 January 2013		55,004	282,358	5,145	-	16,824	50,789	410,120
Loss for the period		-	-	-	-	-	(22,001)	(22,001)
Cumulative translation adjustment		-	-	-	-	(40,487)	-	(40,487)
Total comprehensive income		-	-	-	-	(40,487)	(22,001)	(62,488)
Dividend distribution		-	-	-	-	-	(35,432)	(35,432)
Sale of shares		713	4,104	-	3,994	-	-	8,811
Proceeds from shares issued		10,174	112,035	-	-	-	-	122,209
Transfer to reserves		-	-	5,085	-	-	(5,085)	-
Balances as of 30 June 2013		65,891	398,497	10,230	3,994	(23,663)	(11,729)	443,220
Balances as of 1 January 2014		65,891	398,497	10,230	3,994	(24,490)	(25,575)	428,547
Profit for the period		-	-	-	-	-	26,974	26,974
Cumulative translation adjustment		-	-	-	-	4,835	-	4,835
Total comprehensive income		-	-	-	-	4,835	26,974	31,809
Balances as of 30 June 2014		65,891	398,497	10,230	3,994	(19,655)	1,399	460,356

The notes on pages from 9 to 21 are an integral part of these consolidated financial statements

COPEINCA AS (FORMERLY KNOWN AS "COPEINCA ASA") AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the six-month period ended 30 June 2014 (unaudited) US$000	2013 (unaudited) US$000
Cash flows from operating activities			
Cash generated from operations	**22**	60,368	(47,791)
Interest paid		(13,337)	(10,192)
Income tax paid		(697)	(742)
Net cash generated from (used in) operating activities		**46,334**	**(58,725)**
Cash flows from investing activities			
Purchase of property, plant and equipment	**8**	(28,109)	(7,969)
Proceeds from sale of property, plant and equipment		232	1,575
Short-term investments		4,709	(1,062)
Purchase of intangible assets	**9**	(3)	(177)
Loans granted to related parties		(26,095)	-
Payment of loans from related parties		32,355	-
Net cash used in investing activities		**(16,911)**	**(7,633)**
Cash flows from financing activities			
Repayment of bank loans and short term loans	**14**	(164,979)	(45,377)
Proceeds from bank loans and short term loans	**14**	105,911	49,377
Borrowing obtained		38,484	3,500
Repayment of long-term borrowings	**14**	(4,710)	(49,338)
Proceeds from bonds issued	**14**	-	75,000
Proceeds from private placement		-	122,923
Dividends paid		-	(35,847)
Net cash (used in) generated from financing activities		**(25,294)**	**120,238**
Net increase in cash and cash equivalents		4,129	53,880
Cash and cash equivalents at beginning of the period		2,057	39,090
Exchange losses on cash and cash equivalents		-	-
Cash and cash equivalents at end of the period		**6,186**	**92,970**

The notes on pages from 9 to 21 are an integral part of these consolidated financial statements

COPEINCA AS (FORMERLY KNOWN AS "COPEINCA ASA") AND SUBSIDIARIES

OVERVIEW OF NOTES TO THE CONDENSED UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2014 AND 2013

CONTENTS

COPEINCA AS (FORMERLY KNOWN AS "COPEINCA ASA") AND SUBSIDIARIES

NOTES TO THE CONDENSED UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2014 AND 2013

1 GENERAL INFORMATION

Copeinca AS (formerly known as "Copeinca ASA" ("the Company") and its subsidiaries (together, the "Group") was incorporated in Norway as a Public limited liability company. The address of its registered office is Advokatfirmaet BA-HR DA, Tjuvholmen Allé 16, 0252 Oslo, Norway. The Company has its primary listing on the Oslo Børs Stock Exchange and a secondary listing on the Lima Stock Exchange.

On 18 March, 2014 the Shareholders of the Group decided to delist the company (note 13).

The Group is mainly engaged in the extraction of anchovy and its subsequent transformation into fishmeal and fish oil, for direct or indirect human consumption. Its products are mainly sold to China, Germany, Japan, Vietnam, Taiwan, Belgium, Denmark and Chile, among other foreign markets.

Dyer Coriat Holding S.L. was the ultimate parent company of the Group before 2 September 2013. On and after 2 September 2013, Grand Success Investments Limited owned all the shares in Copeinca AS and its intermediate holding company was China Fishery Group Limited ("CFGL"), a company listed on the Singapore Securities Trading Limited ("SGX"). Pacific Andes Resources Development Limited ("PARD"), a company also listed on the SGX, was the intermediate holding company of CFGL and Pacific Andes International Holdings Limited, a company listed on The Stock Exchange of Hong Kong Limited ("HKEX"), is the intermediate holding company of PARD. The ultimate holding company of the Company is N.S. Hong Investment (BVI) Limited, a company incorporated in the British Virgin Islands.

On 25 March 2014, Grand Success Investment Limited transferred all shares in Copeinca AS to CFG Investment S.A.C., domiciled in Perú, an indirect wholly-owned subsidiary of China Fishery Group Limited.

These condensed consolidated interim financial statements were approved for issue on 31 July 2014 by the Management.

2 BASIS OF PREPARATION

These condensed consolidated interim financial statements for the six-month period ended 30 June 2014 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with International Financial Reporting Standards ('IFRS') as approved by the European Union (IFRS's as adopted by the EU), Interpretations of the International Financial Reporting Interpretations Committee ('IFRIC') and the Companies Act 2006 applicable to companies reporting under IFRS. The condensed consolidated interim financial statements are presented in United States dollars (US$) for convenience of the readers.

3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year except as described below.

a) Change in accounting policy

Copeinca S.A.C. located in Perú, the main operating subsidiary and Copeinca ASA, holding Company located in Norway have changed the functional currency from Peruvian Nuevos Soles (S/.) to United States Dollars (US$) beginning on 1 January 2014. The change is made prospectively.

As acquired by Grand Success Investment Limited (hereinafter GSI) in 2013 and during the 1st half of 2014 the Peruvian Fishmeal operation is undergoing integration process. Most of Copeinca S.A.C.'s operation was being integrated into the existing operation of CFG Investment S.A.C. (hereinafter CFG SAC), where the functional currency of CFG SAC is US$ and which is also the functional currency of GSI. As such, for management control efficiency, the functional currency of Copeinca S.A.C. was changed from S/. to US$, to be consistent with the Group.

b) Income taxes

Income taxes in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

There are no IFRS's or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2014 that would be expected to have a material impact on the Group.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Group's critical accounting policies are also consistent with those disclosed in note 4 to the audited annual financial statements for the year ended 31 December 2013.

5 FINANCIAL RISK MANAGEMENT

The Group's activities continue to be exposed to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flows interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. A thorough explanation of the Group's risks and its approach to their identification, assessment and mitigation is included in note 3 to the annual financial statements. During the second quarter of 2014, there have been no changes on the Group's exposure and risk management principles and processes in place as of 31 December 2013.

6 SEASONALITY OF OPERATIONS

The production of fishmeal and fish oil is subject to seasonal fluctuations which cause that in Peru fishing activities are carried on during two seasons established by law. Every year, the first season begins in April/May and ends in July and the second season begins in November and ends in December/January of the following year. As of 30 June 2014, the first fishing season has not yet finished, so non-fishing period expenses incurred subsequently to the end of the second fishing season 2013, have been deferred to permit their allocation to the 2014 first fishing season's production costs beginning on 23 April 2014, as explained in note 4.2 to the annual financial statements. Fixed expenses incurred in 2014 that have been deferred amounts to US$16,314 thousand (US$9,623 thousand as of 30 June 2013). From this amount, US$9,826 thousand (US$6,873 thousand as of 30 June 2013) have been allocated to 2014 first fishing season production (note 10).

7 SEGMENT INFORMATION

The chief operating decision maker has been identified as the Chief Executive Officer (the "CEO") of the Group. The CEO reviews the Group's internal reporting in order to assess performance and allocate resources.

The CEO determined that the Group has only one operating segment. The CEO assesses the performance of fishmeal and fish oil on a consolidated basis as their production process is closely related to each other. Fishmeal and fish oil are sold in worldwide markets. Other products sold by the Group include raw material, that is, anchovy and other minor fish. The CEO assesses the performance of the operating segment based on a formula that considers earnings before finance cost, taxation, depreciation, amortization, worker's profit sharing, other income and other expenses ("Adjusted Earnings"). Accordingly, it is determined that the Group has only one operating segment.

8 PROPERTY, PLANT AND EQUIPMENT

	Vessels and equipment of fleet US$000	Machinery and equipment US$000	Buildings and land US$000	Work in progress and other fixed assets US$000	Total US$000
For the six months ended 30 June 2013					
Opening net book value					
As of 1 January 2013	105,912	107,767	58,173	4,874	276,726
Additions	362	-	-	7,607	7,969
Disposals, net	(222)	(200)	-	(9)	(431)
Reclassification	693	359	1,174	(2,226)	-
Exchange differences	(8,753)	(8,947)	(4,831)	(399)	(22,930)
Depreciation charge	(3,176)	(1,891)	(930)	(230)	(6,227)
Closing net book value	94,816	97,087	53,586	9,618	255,107
At 30 June 2013					
Cost	136,674	149,867	68,720	13,956	369,217
Accumulated depreciation and impairment	(41,858)	(52,780)	(15,134)	(4,338)	(114,110)
Net book value	94,816	97,087	53,586	9,618	255,107
For the six months ended 30 June 2014					
Opening net book value					
As of 1 January 2014	86,252	99,072	53,028	3,225	241,577
Adjustment	312	842	453	160	1,767
Additions	-	-	-	28,109	28,109
Disposals, net	-	-	-	(38)	(38)
Reclassification	83	39	-	(122)	-
Depreciation charge	(4,604)	(3,323)	(1,327)	(263)	(9,517)
Closing net book value	82,043	96,630	52,154	31,071	261,898
At 30 June 2014					
Cost	126,096	138,511	63,437	35,754	363,798
Accumulated depreciation and impairment	(44,053)	(41,881)	(11,283)	(4,683)	(101,900)
Net book value	82,043	96,630	52,154	31,071	261,898

Main additions during the six-month period ended 30 June 2014 are related to: i) acquisition of land and building for administrative office for an amount of US$14,083 thousand and US$2,817 thousand, respectively ii) investments in the environmental management program in the Bayovar and Ilo Plants for an amount of US$2,681 thousand, and US$1,632 thousand, respectively; iii) acquisition of fishing nets and investments in fleet equipment improvements for an amount of US$3,540 thousand; iv) acquisition of machinery improvements in Chancay Plant for an amount of US$2,022 thousand and then others for an amount of US$1,334 thousand.

Main disposals are related to laboratory equipment in Chimbote plant for an amount of US$38 thousand

9 INTANGIBLE ASSETS

			Other intangible assets		
	Fishing licenses US$000	Goodwill US$000	Software licenses US$000	Others US$000	Total US$000
For the six months ended 30 June 2013					
Opening net book value					
As of 1 January 2013	235,705	153,119	964	16	980
Additions	-	-	177	-	177
Exchange difference	(19,586)	(12,723)	(78)	(1)	(79)
Amortization charge	-	-	(121)	-	(121)
Closing net book amount	216,119	140,396	942	15	957
At 30 June 2013					
Cost	216,119	154,427	5,678	15	5,693
Accumulated amortization and impairment	-	(14,031)	(4,736)	-	(4,736)
Net book amount	216,119	140,396	942	15	957
For the six months ended 30 June 2014					
Opening net book value					
As of 1 January 2014	215,036	139,693	867	15	882
Adjustment	-	-	9	-	9
Additions	-	-	3	-	3
Amortization charge	-	-	(158)	-	(158)
Closing net book amount	215,036	139,693	721	15	736
At 30 June 2014					
Cost	215,036	153,724	5,708	15	5,723
Accumulated amortization and impairment	-	(14,031)	(4,987)	-	(4,987)
Net book amount	215,036	139,693	721	15	736

10 INVENTORIES

	As of 30 June 2014 US$000	As of 31 December 2013 US$000
Finished goods:		
- Fishmeal	41,601	55,257
- Fish oil	10,576	13,966
- Raw material	217	215
- Non-fishing period expenses (note 6)	8,355	718
Spare parts, supplies and packaging	8,073	6,752
Provision for obsolete spare parts, supplies and packaging	(868)	(824)
	67,954	76,084

11 TRADE ACCOUNTS RECEIVABLE

	As of 30 June 2014 US$000	As of 31 December 2013 US$000
Trade accounts receivable - abroad	11,223	6,539
Doubtful accounts	-	-
	11,223	6,539
Less:		
Provision for doubtful accounts	-	-
	11,223	6,539

12 OTHER ACCOUNTS RECEIVABLE

	As of 30 June 2014 US$000	As of 31 December 2013 US$000
Accounts receivable from third party owners of vessels (a)	5,493	1,182
Refundable value added tax	4,531	3,937
Value-added tax credit	7,193	6,725
Prepaid income tax (b)	-	5,199
Claims to third parties	1,126	269
Personnel (c)	3,173	516
Others	1,291	96
Doubtful accounts	1,314	1,385
	24,121	19,309
Less: provision for doubtful accounts	(1,314)	(1,385)
	22,807	17,924

a) As of 30 June 2014, the fishing season has begun and the Company has signed agreements and granted loans to vessels owners for working capital purposes such as repairing their ships. These loans are being collected as the vessels owners discharge raw material in the Company's fishmeal plants. As of December 2013, the fishing season was about to finish, the loans were granted on August 2013 and as the third party vessels owners sold fish to the Company, the loans were repaid.

b) Prepaid income tax is higher in 2013 because it represents 12 months of prepayments. In the other hand, the prepaid income tax of 2014 is offset with the income tax calculation for the year.

c) In 2014 out of the US$3,173 thousand receivable to personnel, US$2,422 thousand corresponds to workers' profit sharing paid in advance from 2014 and 2015 profits for all workers in the Company.

13 SHARE CAPITAL AND SHARE PREMIUM

a) Share capital -

The authorized, signed and paid-in capital under Copeinca ASA's by-laws as of 30 June 2014 comprises 70,200,000 common shares of NOK 5 nominal value each.

	Number of shares (In thousands)	Share capital NOK 000	Share capital US$000	Share premium US$000	Total US$000
Opening balance as of 1 January 2013	57,647	288,236	55,004	282,358	337,362
Sale of treasury shares	853	4,264	713	4,104	4,817
Issue of shares under private placement	11,700	58,500	10,174	112,035	122,209
Balance as of 30 June 2013	70,200	351,000	65,891	398,497	464,388

	Number of shares (In thousands)	Share capital NOK 000	Share capital US$000	Share premium US$000	Total US$000
Opening balance as of 1 January 2014 and balances as of 30 June 2014	70,200	351,000	65,891	398,497	464,388

On 4 April 2013, the Company sold a total of 853 thousand treasury shares at a price of NOK59.7 (equivalent to US$10.33) per share.

On 5 April 2013, the Company issued 11,700 thousand new ordinary shares of NOK 5 (equivalent to US$0.83) each at an issue price of NOK 59.7 (equivalent to US$10.45) per share.

b) Share premium -

In 2013, share premium increased by US$4,104 thousand due to sale of treasury shares and US$112,035 thousand due to issue of shares under private placement.

c) Other reserves -

In 2013, the Company sold its treasury shares reaching a net gain of US$3,994 thousand (sale of US$8,811 thousand and a book value of US$4,817 thousand).

The Company's main subsidiary, Copeinca S.A.C.,detracted from its 2012 net profit amounting to US$5,085 thousand 10% to transfer the amount to the legal reserve in compliance of Peruvian legal requirements explained in note 17-a) to the annual financial statements.

d) Share buy-back program -

The total program was carried out for a total of 852,993 shares at an average price of US$5.65 per share totaling US$4,817 thousand. The Company is acquiring its own shares in order to increase the stock value. These shares are shown as a 'treasury shares' in its consolidated financial statements.

On 4 April 2013, the Company sold its treasury shares at a price of NOK59.7 (equivalent to US$10.33) per share.

e) Annual General Meeting -

According to the General Meeting held on 30 June, the following was agreed:

Approval of Financial statements
Approval of the annual consolidated and separate financial statements of Copeinca AS and the Board of Directors Report of 2013.
According to the Extraordinary Meeting held on 22 April 2014, the following was agreed:

Change of Auditors
The change of auditors from Pricewaterhousecoopers AS to Deloitte AS was agreed.

According to the extraordinary General Meeting held on 18 March 2014, the following was agreed:

De-listing of the shares of the company from Oslo Børs
In accordance with the board's proposal, the general meeting unanimously resolved as follows: "Copeinca ASA shall promptly apply to Oslo Børs for a de-listing of its shares from quotation at Oslo Børs pursuant to section 25 of the Norwegian Stock Exchange Act, cf. section 15.1 (4) of the Continuing obligations for stock exchange listed companies. Robin Bakken is appointed as the company's attorney in - fact to, for and on behalf of the Company, execute and deliver all applications, certificates, undertakings, documents and writings, and to do all such other acts and things, as he may in his or her sole discretion consider necessary or desirable in order to effect such de-listing, including to file a de-listing application for the Company with Oslo Børs."

De-listing of the shares of the company from Bolsa de Valores de Lima
In accordance with the board's proposal, the general meeting unanimously resolved as follows: "Copeinca ASA shall promptly apply to Bolsa de Valores de Lima for a de-listing of its shares from quotation at Bolsa de Valores de Lima pursuant to applicable Bolsa de Valores de Lima rules. Francisco Paniagua is appointed as the company's attorney-infact to, for and on behalf of the Company, execute and deliver all applications, certificates, undertakings, documents and writings, and to do all such other acts and things, as he may in his sole discretion consider necessary or desirable in order to effect such de-listing, including to file a delisting application for the Company with Bolsa de Valores de Lima and/or the SMV."

Transformation from public to private limited liability company
The company is transformed from a public limited liability company (ASA) to a private limited liability company (AS) cf. section 15-1 of the Norwegian Public Limited Liability Companies Act. This resolution shall enter into force as of when the general meeting has resolved to apply for de-listing of the shares of the company from Oslo Børs and Bolsa de Valores de Lima, Oslo Børs and Bolsa de Valores de Lima have resolved to de-list such shares and the de listings have become effective."

14 BORROWINGS AND LOANS

	As of 30 June 2014 US$000	As of 31 December 2013 US$000
Non-current	249,921	249,906
Current	113,519	138,832
	363,440	388,738

Re-tap of US$75 million bonds -

On January 2013, Copeinca S.A.C. reopened its US$175 million 9.00% senior notes due in 2017 raising gross proceeds of US$75 million, which are guaranteed by Copeinca ASA. The issue of these notes corresponds to a single issue of the US$175 million 9.00% senior notes due 2017. The total aggregate principal amount of the 9.00% senior notes due in 2017 outstanding following such reopening amounts to US$250 million. The net proceeds from the additional bond issue were used to repay lease obligations, to fund capital expenditures and for general corporate purposes.

15 TRADE AND OTHER ACCOUNTS PAYABLE

	As of 30 June 2014 US$000	As of 31 December 2013 US$000
Trade accounts payable:		
Invoices payable	28,805	18,105
Notes payable	2,500	-
	31,305	18,105
Other accounts payable:		
Payroll, social security and other taxes	6,437	7,966
Workers' profit-sharing (a)	5,201	874
Loans to third parties	192	291
Accrued expenses (b)	2,055	4,178
Provisions (c)	9,174	8,129
Other accruals	948	489
	24,007	21,297
Non-current portion	(7,155)	(6,341)
Current portion	16,852	15,586

a) Workers profit-sharing is higher in 2014 because of higher profits during the six months ended 30 June 2014.
b) Accrued expenses decreased because at year end major estimations regarding services rendered during the year were recorded.
c) Provisions related to legal claims increased in US$1,045 thousand because of new labour trials and administrative proceedings.

16 SALES

Revenues from sales relate to the following products and services:

	For the six-month period ended	
	30 June 2014 US$000	30 June 2013 US$000
Steam dried (SD) fishmeal	112,709	42,306
Fish oil	37,626	7,986
Fish for direct human consumption	3,065	4,262
Anchovy	10,156	-
Rent of quota	2,086	-
Others	75	70
	165,717	54,624

The corresponding quantities (Metric Tons) shipped and sold were:

	For the six-month period ended	
	30 June 2014 MT	30 June 2013 MT
SD fishmeal	78,808	23,622
Fish oil	19,388	3,214
Mackerel/Jack mackerel	6,422	7,386
Anchovy	40,292	-
	144,910	34,222

17 COST OF GOODS SOLD

The cost of goods sold for the period comprises:

	For the six-month period ended	
	30 June 2014 US$000	30 June 2013 US$000
Opening balance of finished products	70,156	13,577
Consumption of raw materials and other materials	49,871	51,164
Employee benefits expenses	19,228	20,537
Depreciation	9,264	6,108
Amortization	78	58
Other manufacturing expenses	11,147	14,439
Closing balance of finished products	(60,749)	(67,896)
	98,995	37,987

18 SELLING EXPENSES

Selling expenses comprise:

	For the six-month period ended	
	30 June 2014 US$000	30 June 2013 US$000
Employee benefits expenses	796	793
Custom duties	6,220	1,844
Services rendered by third parties	888	514
Other management charges	249	235
Depreciation	2	4
Amortization	18	13
	8,173	3,403

19 ADMINISTRATIVE EXPENSES

Administrative expenses comprise:

	For the six-month period ended	
	30 June 2014 US$000	30 June 2013 US$000
Employee benefits expenses	2,008	3,735
Services rendered by third parties	2,311	3,328
Other taxes	51	118
Other management charges	329	492
Depreciation	251	115
Amortization	62	50
	5,012	7,838

20 OTHER INCOME AND OTHER EXPENSES

Other income and other expenses comprise:

	For the six-month period ended	
	30 June 2014 US$000	30 June 2013 US$000
Other income:		
Administrative and Operating service income	1,390	-
Net gain on sale of fixed assets	193	1,156
Reversal of provisions for legal lawsuits		292
Gain on sale of diesel and supplies	255	150
Reversal of provision	685	-
Other operating income	563	372
	3,086	1,970
Other expenses:		
Expenses related to the search of strategic alternatives to the non-solicited takeover and issuance of additional capital	-	(4,333)
Administrative and Operating service cost	(1,320)	-
Expenses from non-operating vessels	(982)	-
Fines and sanctions	(247)	(747)
Employee severance indemnities	(2,402)	(350)
Provisions for legal lawsuits and administrative proceedings	(1,593)	(322)
Expenses from prior years	-	(1,344)
Other operating expenses	(152)	(991)
	(6,696)	(8,087)

21 FINANCE INCOME AND COSTS

The detail of finance income and costs comprise:

	For the six-month period ended 30 June 2014 US$000	For the six-month period ended 30 June 2013 US$000
Finance income:		
Interest on accounts receivable to related parties	4,520	-
Interest on short-term deposits	2	307
Interest on short-term debt instruments	63	189
Interest on other accounts receivable	16	16
Bonds (amortized cost)	-	189
Total finance income	4,601	701
Interest expenses:		
Bonds	(11,256)	(10,931)
Bank borrowings	(1,863)	(1,252)
Finance leases	-	(84)
Others	(214)	(368)
Total finance costs	(13,333)	(12,635)
Finance income and costs, net	(8,732)	(11,934)

22 CASH GENERATED FROM OPERATIONS

	For the six-month period ended 30 June 2014 US$000	For the six-month period ended 30 June 2013 US$000
Profit (loss) before income tax	40,534	(28,892)
Adjustments for:		
Depreciation (note 8)	9,517	6,227
Amortization (note 9)	158	121
Gain on sale of property and equipment	(270)	(1,143)
Finance costs, net	8,732	11,934
Changes in working capital (net of the effects of acquisition and exchange differences on consolidation):		
Inventories	8,130	(51,989)
Trade accounts receivables	(4,684)	7,422
Other accounts receivable	(4,883)	(10,735)
Trade accounts payable	(12,300)	(4,787)
Other accounts payable	15,434	24,051
Cash generated from operations	60,368	(47,791)

23 INCOME TAX EXPENSE

Income tax in interim periods is accrued using the tax rate that would be applicable to expected total annual profit or loss. The estimated average annual tax rate used for the year 2014 and 2013 is 30%.

The income tax expense shown in the statement of profit or loss comprises:

	For the six-month period ended 30 June 2014 US$000	30 June 2013 US$000
Current	(13,929)	6,941
Deferred	369	(50)
	(13,560)	6,891

24 RELATED-PARTY TRANSACTIONS

The balances are as follows:

	As of 30 June 2014 US$000	As of 31 December 2013 US$000
Amount due from intermediate holding	214,377	221,413
Amount due from related parties	16,502	-
Accounts payable to related parties	(4,770)	(990)
	226,109	220,423

Amount due from intermediate holding
The amount due from intermediate holding company (China Fisheries International Limited) comprises loans for corporate uses, has a one-year term, unsecured and bears an annual interest of 5%.

Amount due from related parties
The amount due from related parties (CFG Investment S.A.C.) comprises loans, sale of fish and sale of supplies.

25 GUARANTEES

Type of asset	Encumbered creditor	Name of the asset	Type of indebtedness	Fair Value US$000	Type of guarantee
Vessel	Petroperú	Rodga I	Line of credit	44,531	Mortgage
Vessel	Interbank	Ribar XVIII	Line of credit	20,453	Mortgage
Total				64,984	

26 EVENTS OCCURRING AFTER THE REPORTING PERIOD

a) First Fishing Season 2014 ends -

On 10 August 2014, the First fishing season 2014 ended with 66% of the national quota captured (1,677,547 MT out of 2,530,000 MT) compared to a catch of 1,950,000 MT out of 2,050,000 in the first fishing season 2013. The Company reached 61% (157,118 MT) of its own quota of 256,775 MT equivalent to approximately 10.7% and 40% (70,290 MT) of its third party purchase goal of 177,100 MT equivalent to 7% of the national quota.

The main reasons why all the Peruvian companies could not reach the 100% of the national quota were as follows:

- Presence of a weak to moderate “el Niño” natural disruption which made the biomass to move south.
- Disperse biomass and presence of juveniles.
- Difficult sea conditions.

.

The Company was able to produce 49,342 MT of fishmeal and 12,637 MT of fish oil compared to a production of 71,183 MT of fishmeal and 14,497 MT of fish oil in the First fishing season 2013.

b) Moody's Investors Service (Moody's) has revised the rating outlook for Corporación Pesquera Inca, S.A.C. (Copeinca) to stable from positive on July 2, 2014.

The outlook change reflects Copeinca's weaker than expected operating performance and liquidity coupled with our expectation of negative free cash flow generation in several quarters over the next 18 months.