COPEINCA AS AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2014 AND 31 DECEMBER 2013

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

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To the Annual Shareholders' Meeting of Copeinca AS

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Copeinca AS, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company comprise the balance sheet as at 31 December 2014, the profit and loss account, the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the group comprise the statement of financial position as at 31 December 2014, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the CEO's Responsibility for the Financial Statements

The Board of Directors and the CEO are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian accounting act and accounting standards and practices generally accepted in Norway for the company accounts and in accordance with International Financial Reporting Standards as adopted by EU for the group accounts, and for such internal control as the Board of Directors and the CEO determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Registrert i Foretaksregisteret
Medlemmer av Den norske Revisorforening
Organisasjonsnummer: 980 211 282

Opinion on the financial statements for the parent company

In our opinion, the financial statements of the parent company are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Copeinca AS as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian accounting act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements for the group

In our opinion, the financial statements of the group are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the group Copeinca AS as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report concerning the financial statements and the going concern assumption and the proposal for the coverage of the loss is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Other items

The Auditor's Act section 2-3 requires an annual meeting between the Board of Directors and the auditor without management present. Such a meeting has not been conducted during the last year.

Oslo, 8 May 2015
Deloitte AS

Mats Nordal
State Authorised Public Accountant (Norway)

COPEINCA AS AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As of 31 December 2014 US$000	2013 US$000
ASSETS			
Non - current assets			
Property, plant and equipment	6	256,698	241,577
Fishing licenses	7	215,036	215,036
Goodwill	7	139,693	139,693
Other intangible assets	7	598	882
Amount due from related parties	14	85,329	99,225
Investment in associate	8	2,521	3,717
		699,875	700,130
Current assets			
Inventories	10	17,556	75,366
Deferred expenses		-	718
Trade accounts receivable	11	1,035	6,539
Other accounts receivable	12	14,846	17,924
Amount due from related parties	14	103,594	124,615
Short-term investments	15	-	5,977
Cash and cash equivalents	16	3,714	2,057
		140,745	233,196
Total assets		840,620	933,326
EQUITY			
Attributable to owners of the parent			
Share capital	17	65,891	65,891
Share premium	17	398,497	398,497
Legal reserve	18	10,230	10,230
Other reserves	18	3,994	3,994
Cumulative translation adjustment	18	(24,490)	(24,490)
Retained earnings	18	(7,150)	(25,575)
Total equity		446,972	428,547
LIABILITIES			
Non - current liabilities			
Long-term borrowings	19	-	249,906
Deferred income tax	20	62,289	72,682
Other accounts payable	21	7,838	6,341
		70,127	328,929
Current liabilities			
Bank loans and short-term debt	19	287,786	129,855
Trade accounts payable	21	11,513	14,437
Other accounts payable	21	22,368	24,562
Accounts payable to related parties	34	472	6,996
Current income tax payable	32	1,382	-
		323,521	175,850
Total liabilities		393,648	504,779
Total equity and liabilities		840,620	933,326

The notes on pages from 9 to 64 are an integral part of these consolidated financial statements

COPEINCA AS AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	For the year ended, 31 December	
		2014	2013
		US$000	US$000
Sales	22	270,260	209,726
Cost of goods sold	23	(192,892)	(134,729)
Gross profit		77,368	74,997
Selling expenses	24	(12,658)	(11,813)
Administrative expenses	25	(11,363)	(15,038)
Other income	26	7,247	2,164
Other expenses	26	(11,083)	(50,730)
Operating profit		49,511	(420)
Finance income	29	13,418	3,484
Finance costs	29	(25,454)	(24,221)
Exchange difference, net	3	(18,762)	(17,648)
Profit (loss) before income tax		18,713	(38,805)
Income tax expense	32	(1,103)	3,373
Profit (loss) for the year		17,610	(35,432)
Attributable to:			
Equity holders of the company		17,610	(35,432)

The notes on pages from 9 to 64 are an integral part of these consolidated financial statements

COPEINCA AS AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Note	For the year ended, 31 December 2014 US$000	2013 US$000
Profit (loss) for the year		17,610	(35,432)
Items that may be subsequently reclassified to profit or loss:			
Cumulative translation adjustment	18	-	(41,314)
Total comprehensive income (loss) for the year		17,610	(76,746)
Attributable to:			
Equity holders of the company		17,610	(76,746)

The notes on pages from 9 to 64 are an integral part of these consolidated financial statements

COPEINCA AS AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2014 AND 31 DECEMBER 2013

	Note	Share capital US$000	Share premium US$000	Legal reserve US$000	Other reserves US$000	Cumulative translation adjustment US$000	Retained earnings US$000	Total equity US$000
Balances as of 1 January 2013		55,004	282,358	5,145	-	16,824	50,789	410,120
Loss for the year		-	-	-	-	-	(35,432)	(35,432)
Cumulative translation adjustment	18	-	-	-	-	(41,314)	-	(41,314)
Total comprehensive income		-	-	-	-	(41,314)	(35,432)	(76,746)
Dividends distribution related to 2012 profits	18-c	-	-	-	-	-	(35,847)	(35,847)
Transfer to reserves	18-a	-	-	5,085	-	-	(5,085)	-
Sale of shares	17-a,18-b	713	4,104	-	3,994	-	-	8,811
Shares issued	17-a	10,174	112,035	-	-	-	-	122,209
Balances as of 31 December 2013	17-18	65,891	398,497	10,230	3,994	(24,490)	(25,575)	428,547
			-			-	-	-
Balances as of 1 January 2014 (as previously reported)		65,891	398,497	10,230	3,994	(24,490)	(25,575)	428,547
Change in functional currency		-	-	-	-	-	815	815
Balances as of 1 January 2014		65,891	398,497	10,230	3,994	(24,490)	(24,760)	429,362
Profit for the year		-	-	-	-	-	17,610	17,610
Total comprehensive income		-	-	-	-	-	17,610	17,610
Balances as of 31 December 2014	17-18	65,891	398,497	10,230	3,994	(24,490)	(7,150)	446,972
		-	-	-	-	-	-	-

The notes on pages from 9 to 64 are an integral part of these consolidated financial statements

COPEINCA AS AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the year ended, 31 December 2014 US$000	2013 US$000
Cash flows from operating activities			
Cash generated from operations	30	111,877	(28,504)
Interest paid		(25,417)	(20,165)
Income tax paid	32-e	(1,952)	(1,662)
Net cash generated from (used in) operating activities		**84,508**	**(50,331)**
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(36,029)	(15,430)
Purchase of intangible assets	7	(24)	(223)
Proceeds from sale of property, plant and equipment	30	1,151	2,953
Investment in associate	8	-	(3,179)
Short-term investments	15	5,977	(5,977)
Net cash used in investing activities		**(28,925)**	**(21,856)**
Cash flows from financing activities			
Amount due related parties	14	38,370	(219,000)
Repayment of bank loans and short-term loans	19	(203,702)	(62,529)
Proceeds from short-term loans	19	138,990	145,585
Repayment of long-term borrowings	19	(69,284)	(49,311)
Proceeds from bank borrowings	19	41,984	50,300
Proceeds from senior notes	19	-	75,000
Proceeds from private placement	17	-	122,209
Proceeds from sale of treasury shares	17-b	-	8,811
Dividends paid	18	-	(35,847)
Net cash (used in) generated from financing activities		**(53,642)**	**35,218**
Net increase (decrease) in cash and cash equivalents		1,941	(36,969)
Cash and cash equivalents at beginning of the year		2,057	39,090
Exchange gains on cash and cash equivalents		(284)	(64)
Cash and cash equivalents at end of the year	16	**3,714**	**2,057**

The notes on pages from 9 to 64 are an integral part of these consolidated financial statements

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1 GENERAL INFORMATION

a) General information -

Copeinca AS ("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 had 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 17).

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, Chile, Japan, Australia, Denmark, Belgium and Vietnam , among other foreign markets and Perú locally.

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. This transaction was made under common control at a market value of US$794,818 thousand.

Dyer Coriat Holding S.L. was the ultimate parent company of the Group before 2 September 2013. On and after 2 September 2013 until 24 March 2014, its intermediate holding company is 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, is 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.

Corporación Pesquera Inca S.A.C. ("Copeinca S.A.C.") is the main operating company of the Group and it is located in Perú. As of 31 December 2014 and 2013, Copeinca S.A.C. is a wholly owned subsidiary of the Company which has a direct interest of 45.36% of its shares and indirect interest through Copeinca Internacional S.L.U (located in Spain) which has a 54.64% interest.

b) Operations -

Copeinca S.A.C. is also entitled to fishing activities for direct human consumption, but is currently not engaged in industrial processing and manufacturing of sea product concentrates, canned fish, ice, and frozen products, fresh and other by-products. In addition, since May 2002 Copeinca S.A.C. is entitled to, but is currently not engaged in, providing advisory services, management and administration to other companies and individuals, covering a wide area of the fishing industry within the scope of its social objective as a company.

The Group owns five-processing plants (five in 2013) located in the cities of Bayovar, Chicama, Chimbote, Chancay and Ilo, located in the areas of Piura, La Libertad, Ancash, Lima and Moquegua.

These plants manufacture fishmeal and fish oil by using indirect drying systems, known as Steam Dried (SD), giving a variety of fishmeal qualities such as "Prime", "Super Prime", "Taiwan", "Thai" and "Standard".

The capacity of the production lines of each steam dried (SD) fish processing plant is as follows:

Fish - processing plants	Capacity MT/Hour
1.- Bayovar	170
2.- Chicama ACP	159
3.- Chimbote ACP	250
4.- Chancay	168
5.- Ilo	90

As of 31 December 2014, the Group owns 35 vessels with a storage capacity of 14,326 M3 which corresponds to 27 purse seiner vessels with a capacity of 12,444 M3 and 1 trawling vessels with a storage capacity of 133 M3, holding a quota of 10.7% (as of 31 December 2013 the Group had 35 vessels with storage capacity of 14,257 M3 which corresponded to 34 purse seiner vessels with a capacity of 14,124 M3 and 1 trawling vessels with a storage capacity of 133 M3, holding a quota of 10.7%).

The Group is currently operating in average with 24 vessels (27 in 2013), as Management is evaluating the most efficient use of the Company´s fleet.

During 2014, the total allowable catch (“hereinafter TAC”) of anchovy for indirect human consumption was 2,530,000 MT (4,354,000 MT in 2013) out of which 2,530,000 MT was awarded for the first fishing season (2,050,000 MT in the first fishing season 2013) and 0 MT was awarded for the second fishing season (2,304,000 MT in the second fishing season 2013).

In 2014, the Group processed 263,901 MT of raw materials (701,995 MT in 2013) of which 178,129 MT (484,256 MT in 2013) were extracted by its own fleet, 62,323 MT (0 MT in 2013) were sold and 148,095 MT (217,739 TM in 2013) were acquired from third parties.

In 2014, the Group produced 62,604 MT of fishmeal SD and 14,949 MT of fish oil (170,878 MT of fishmeal SD and 28,536 MT of fish oil in 2013).

The Company owns directly and indirectly the following entities:

Subsidiaries	Location	Owner-ship %	Economic activity
Copeinca Internacional S.L.U.	Spain	100	Holding
PFB Fisheries B.V.	Netherlands	100	Holding
Corporación Pesquera Inca S.A.C.	Perú	100	Fishing

c) Approval of Financial Statements

The Group consolidated financial statements were approved and authorized for issue by the Board of Directors on 7 May 2015. These Group consolidated financial statements will be presented to the Annual General Meeting scheduled to be held on 22 May 2015 for its consideration.

d) Regulatory framework -

Fishing Industry is regulated in Perú by two main laws:

i) Decree-Law No. 25977 - General Fishing Law and its regulatory decree, Supreme-Decree No. 012-2001-PE.

This law regulates the fishing activity to promote its sustainable growth as a source of raw material for human consumption, fishmeal and fish oil, employment and income and ensure a responsible exploitation of hydro-biological resources, by optimizing economic benefits, consistent with the environment and bio-diversity conservation.

ii) Legislative Decree No. 1084 and its regulatory decree, Supreme Decree No. 021-2008-PRODUCE that establishes the ITQ (Individual Transferable Quota) System for the fishing of anchovy for Indirect Human Consumption.

This law was enacted in 2008 with the purpose of establishing a new order in the fishing industry of anchovy, for its sustainability and to lead the fishing industry to become one of the most efficient industries in the world, with responsibility for the protection of the hydro biological resources.

The administration and control of the fishing activity nation-wide is at present the responsibility of the Peruvian Ministry of Production, which, in addition to organizing and centralizing the statistical economic and financial information in accordance with the rules of the National System of Statistics, establishes, during the year, fishing bans (or fishing time restrictions) to preserve the sea species, such as the anchovy. These fishing bans are fixed during the reproductive stage of the species or when the annual fishing quota for the country has been reached.

The Peruvian General Fishing Law establishes that fishing licenses are those specific rights that the Fishing Ministry grants to carry out fishing activities. Fishing licenses are granted to each fishing vessel.

With the ITQ System, each vessel with a license granted has a maximum limit of catch, which is assigned by the Ministry of Production and that represents a quota which is a portion of the total capacity of the Peruvian fleet. During fishing seasons, a vessel is only allowed to fish its assigned quota derived from the total quota authorized for the whole fishing season.

The individual quota of a vessel can be transferred to another vessel of the same company, and can be attached to a vessel of another company. The sale of quotas is forbidden by law. Consequently, a vessel may catch its own quota and that that has been granted to another vessel which may be temporarily or permanently idle.

The rules for the application of the General Peruvian Fishing Law establish that, in order to maintain the fishing license, fishing boat owners should file, in January of every year, within the related government agency of the Peruvian Ministry of Production, the following documents: (a) a notarized sworn statement that the capacity of the vessel has not been increased from that stated and authorized in its license; (b) evidence of the working conditions of its fishing vessels; (c) sworn statement that the fishing boat owner has performed fishing activities during the prior period; and, (d) payment voucher of the related fishing right fee.

The Peruvian Fishing Law also establishes that in the event of a vessel sinking, destruction, export or dismantling, its owner retains the rights of such vessel's license. In such an event, the owner is entitled to request a new license which may be attached to another of its vessels or to request the increase in the storage capacity of another of its vessels, provided that the increase in the storage capacity does not exceed the storage capacity of the original vessel. Peruvian legislation contains no limitation for the exercise of this right.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation -

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union (IFRS's as adopted by the EU), IFRIC, SIC Interpretations and the Norwegian Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires Management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2.1.1 Going concern -

As a result of the effects of the current legislation in force for the fishing industry in Perú (note 1-b-ii) and the current level of the prices of the products traded, the Group´s operating cash flows have improved in the past years. The ITQ System allows Copeinca S.A.C. to use its fleet more efficiently reducing significantly its operating costs. The CAPEX program, in which the Group is engaged, will permit the increase in productivity. The Group's forecasts and projections that take into account reasonably possible changes in market prices and expected quotas to be received show that the Group should be able to operate within the level of its current financing.

The Directors have the reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

2.1.2 Changes in accounting policy and disclosures -

(a) ***New IFRS and interpretations that did not significantly affect reported amounts and their disclosures in the current year***

The following amendments to IFRSs and a new interpretation with mandatory application and effective for accounting periods beginning on or after January 1, 2014, which were not relevant to the Company's operations, are detailed below:

Amendments to IFRS 10, IFRS 12 and IAS 27

The amendments to IFRS 10 define an investment entity and includes an exception for the requirement of consolidating subsidiaries for an investment entity. In this regard, an investment entity shall measure its interest in subsidiaries at fair value through profit or loss. This exception is not applicable to subsidiaries of investment entities that offer services related to the entities' investment activities.

In order to qualify as an investment entity, certain conditions must be met. Specifically, an entity is an investment entity if it:

- Obtains funds from one or more investors with the purpose of rendering investment management professional services.
- Ensures their investor(s) that the purpose of their business is to invest funds solely to obtain yields for capital appreciation, investment revenue, or both, and
- Measures and assesses the performance of virtually all its investments at fair value.

Significant amendments to IFRS 12 and IAS 27 have been made in order to introduce new disclosure requirements for investment entities.

In general, these amendments require retrospective application, with temporary specific provisions.

Due to the fact that the Company is not an investment entity (in accordance with the criteria established in IFRS 10, dated January 1, 2014), the application of these amendments has not affected the disclosures and amounts reported in the financial statements of the Company.

Amendments to IAS 32 Offsetting financial assets and financial liabilities

The amendments to IAS 32 clarify the requirements related to offsetting financial assets and financial liabilities. Specifically, these amendments clarify the meaning of “currently has a legally enforceable right to set off the recognized amounts” and “to realize the asset and settle the liability simultaneously”. These amendments require retrospective application.
The Management has evaluated if any of its financial assets or financial liabilities are within the offset classification, as per the criteria established in these amendments and has concluded that the application of these amendments has not had a significant impact on the amounts reported in the financial statements of the Company.

Amendments to IAS 36 Recoverable Amount Disclosures for Non-financial Assets

The Amendments to IAS 36 omit the requirement to disclose the recoverable amount of a cash-generating unit to which goodwill and other intangible assets with large useful lives had been assigned when there was no impairment or reversal with regard to such cash-generating unit. Also, these amendments add additional disclosure requirements applicable when the recoverable amount of an asset or cash-generating unit is measured at fair value less disposal costs. These new disclosures include fair value hierarchy, key assumptions and applied valuation techniques, together with the disclosure required in IFRS 13 Fair Value Measurement. These amendments require retrospective application.

The application of these amendments has not had a material impact on the disclosures of the financial statements of the Company.

Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The Amendments to IAS 39 are more flexible with the requirement to discontinue hedge accounting when a derivative, designated as a hedging instrument, is subject to novation under certain circumstances. These amendments also explain that any change to the fair value of derivatives, designated as a hedging instrument, as a result of novation, must be included in the assessment and measurement of hedge effectiveness. These amendments require retrospective application.

Due to the fact that the Company does not hold derivatives, the application of these amendments has not had an impact on disclosures or amounts recognized in the financial statements of the Company.

IFRIC 21 Levies

IFRIC 21 addresses the matter about when to recognize a liability to pay levies. This interpretation defines a levy and specifies that the obligating event that gives rise to a liability is the activity that triggers the payment of a levy as per applicable law.

This interpretation provides indicators to know how to record different agreements to pay a levy, in particular, explains that neither economic compulsion nor the condition of a going concern implies that an entity has the present obligation to pay a levy that will be triggered by operating in the future. IFRIC 21 requires retrospective application.

Due to the fact that the Company has not identified levies that have not been recognized yet, the application of this interpretation has not had a material impact on the disclosures or amounts recognized in the financial statements of the Company.

(b) ***New IFRSs and interpretations issued applicable after the date of presentation of financial statements***

The following standards and interpretations have been published to be applicable to periods beginning after the date of presentation of these financial statements:

- ***IFRS 9 Financial Instruments***. (as revised in 2014) (Effective for annual periods beginning on or after January 1, 2018).

    - Phase 1: Classification and measurement of financial assets and financial liabilities;
    - Phase 2: Impairment methodology; and
    - Phase 3: Hedge accounting.

In July 2014, the IASB finalized the reform and issued IFRS 9 Accounting for Financial Instruments (as revised in 2014), which will supersede IAS 39 Financial Instruments: Recognition and Measurement upon the former's effective date.

Compared to IFRS 9 (as revised in 2013), the 2014 version includes limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments. It also adds the impairment requirements related to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit.

The completed IFRS 9 (as revised in 2014) contains the requirements for a) the classification and measurement of financial assets and financial liabilities, b) impairment methodology, and c) general hedge accounting.

Phase 1: Classification and measurement of financial assets and financial liabilities

With respect to the classification and measurement under IFRS 9, all recognized financial assets that are currently within the scope of IAS 39 will be subsequently measured at either amortized cost or fair value. Specifically:

- A debt instrument that: (i) is held within a business model whose objective is to collect contractual cash flows and (ii) has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding that must be measured at amortized cost (net of any impairment loss), unless the asset is designated at fair value through profit or loss (FVTPL) under the fair value option.

- A debt instrument that: (i) is held within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets, and (ii) has contractual terms of the financial assets that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, must be measured at FVTOCI, unless the asset is designated at FVTPL under the fair value option.

- All other debt instruments must be measured at FVTPL.

- All equity investments are to be measured in the statement of financial position at fair value, with profit and loss recognized in the income statement except that if an equity investment is held for trading, an irrevocable election can be made at initial recognition to measure the investment at FVTOCI, with dividend income recognized in profit or loss.

IFRS 9 also contains requirements for the classification and measurement of financial liabilities and derecognition requirements. One major change of IAS 39 relates to the presentation of changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of that

liability. Under IFRS 9, such changes are presented in other comprehensive income, unless the presentation of the effect of the change in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in the fair value designated as FVTPL is presented as profit or loss.

Phase 2: Impairment methodology

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the impairment approach in IFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reported date to reflect changes in credit risk since initial recognition.

Phase 3: Hedge accounting

The general hedge accounting requirements of IFRS 9 retain the three types of hedge accounting mechanisms in IAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of "economic relationship". Retrospective assessment of hedge effectiveness is no longer required. Far more disclosure requirements about an entity's risk management activities have been introduced.

The Company's Management is evaluating the potential impact that this standard will have on the financial statements.

IFRS 14 Regulatory Deferral Accounts. (Effective for the first financial statements under IFRS with annual periods beginning on or after January 1, 2016).

IFRS 14 explains the record of regulatory deferral account balances that arise from rate-regulated activities. This standard is available for only first-time adopters of IFRS and those entities that have recognized regulatory deferral account balances in accordance with previous GAAP. IFRS 14 allows that first-time adopters of IFRS continue with their former rate-regulated accounting policies as per GAAP, with limited changes, and requires a separate presentation of regulatory deferral account balances in the statement of financial position and in the statement of profit or loss and other comprehensive income.

Disclosures are also required to identify the nature and implied risks of the manner rate is regulated, which has caused the recognition of regulatory deferral account balances.

The Company's Management is evaluating the potential impact that this standard will have on the financial statements.

IFRS 15 Revenue from Contracts with Customers. (Effective for annual periods beginning on or after January 1, 2017).

IFRS 15 establishes a large and detailed model that will be used by entities to account for revenue arising from contracts with customers. This standard will replace the following Standards and Interpretations related to income after the date this standard becomes effective.

- IAS 18 Revenue;
- IAS 11 Construction Contracts;
- IFRIC 13 Customer Loyalty Programs;
- IFRIC 15 Agreements for the Construction of Real Estate;
- IFRIC 18 Transfers of Assets from Customers;
- SIC 31 Revenue-Barter Transactions Involving Advertising Services

As suggested by the title of the new Revenue Standard, IFRS 15 will only cover revenue arising from contracts with customers. Under IFRS 15, a customer of an entity is a party that has contracted with the entity to obtain goods or services that are an output of the entity's ordinary activities in exchange for consideration. Unlike the scope of IAS 18, the recognition and measurement of interest income and dividend income from debt and equity investments are no longer within the scope of IFRS 15. Instead, they are within the scope of IAS 39 Financial Instruments: Recognition and Measurement (or IFRS 9 Financial Instruments, if IFRS 9 is early adopted).

As mentioned above, the new Revenue Standard has a single model to deal with revenue from contracts with customers. Its core principle is that an entity should recognize revenue to represent the transfer of goods or services committed to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange of those goods or services.

The new Revenue Standard introduces a 5-step approach for revenue recognition and measurement:

Step 1: Identify the contract with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The new model requires larger disclosures.

The Company's Management is evaluating the potential impact that this standard will have on the financial statements.

Amendments to IFRS 11 Joint Arrangements. (Effective for annual periods beginning on or after January 1, 2016).

The amendments to IFRS 11 provide guidelines to know how to account for the acquisition of an interest in a joint operation in which the activities constitute a business, as per the definition provided by IFRS 3 Business Combinations. Specifically, these amendments establish that pertinent accounting principles should be applied to business combinations under IFRS 3 and other standards (for instance, IAS 36 Impairment of Assets, with regard to the impairment test of a cash-generating unit to which goodwill has been allocated in the acquisition of a joint operation).

The same requirements should be used to form a joint operation if and only if an existent business obtains benefits for such operation by one of the participating parties.

A joint operator is also required to disclose significant information requested by IFRS 3 and other standards for business combinations.

The Company's Management believes that this standard will not have a significant impact on the financial statements.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization. (Effective for annual periods beginning on or after January 1, 2016).

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce legal assumptions that revenue is not an appropriate basis for amortization of an intangible asset. This assumption can only be rebutted in the following two limited circumstances:

(a) when the intangible asset is expressed as a measure of revenue, or
(b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The Company's Management believes that this standard will not have a significant impact on the financial statements.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants. (Effective for annual periods beginning on or after January 1, 2016)

The amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture define the concept of bearer plant and require that biological assets that meet this definition are accounted for as property, plant and equipment, in accordance with IAS 16, instead of IAS 41. In terms of these amendments, bearer plants can be measured using either the cost model or the revaluation model set out in IAS 16.

The Company's Management believes that the application of these amendments to IAS 16 and IAS 41 may impact the reporting amounts and the disclosures in the financial statements of the Company in the future. However, it is not feasible to provide a reasonable estimate of the effect of these changes until the Company conducts a detailed review.

Amendments to IAS 27 Separate Financial Statements: Equity Method in Separate Financial Statements. These amendments reinstate equity method as an accounting option for investments in subsidiaries, joint ventures and associates in the separate financial statements of an entity. These amendments are effective for annual periods beginning on or after January 1, 2016. Early application is permitted.

The Company's Management believes that this standard will not have a significant impact on the financial statements.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions. (Effective for annual periods beginning on or after January 1, 2014).

The amendments to IAS 19 explain how to account for the contributions made by employees or third parties that are related to defined benefit plans or services, taking into consideration if such benefits depend on the employee's number of years of service.

For contributions that are independent of the number of years of service, the entity may recognize the contributions as a reduction in service cost in the period in which the related service is rendered, or to attribute them to the employee's periods of service either using the contribution formula or on a straight-line basis; whereas for contributions that depend on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The Company's Management believes that this standard will not have a significant impact on the financial statements.

Annual improvements to IFRS 2010-2012 cycle.

Annual improvements to IFRS 2010-2012 cycle include some amendments to many IFRSs, which is detailed below:

Amendments to IFRS 2: (i) change the definitions of "vesting conditions" and "market conditions"; and (ii) add definitions for "performance conditions" and "service conditions", which were included before in the definition of "vesting conditions". The amendments to IFRS 2 are effective for share-based transactions for which the grant date is on or after January 1, 2014.

Amendments to IFRS 3 explain that the contingent consideration, classified as an asset or liability, should be measured at fair value each period it is reported, regardless of being a financial instrument within the scope of IFRS 9, IAS 39 or a non-financial asset or liability. Changes to fair value (that are not adjustments in the measurement period) should be recognized as profit or loss. The amendments to IFRS 3 are effective for business combinations for which the acquisition date is on or after July 1, 2014.

Amendments to IFRS 8: (i) require that an entity discloses the management's judgment when applying aggregation criteria to operating segments, including a description of added operating segments and assessed economic indicators to determine that such segments have "similar economic characteristics"; and (ii) explain that a reconciliation of the total reportable segments' assets, with regard to the entity's assets, should only be delivered if the segments' assets are provided, regularly, to the chief operating decision maker.

The amendments to the basis of conclusions of IFRS 3 clarify that queries about this standard and later amendments to IAS 39 and IFRS 9 do not delete the capacity to measure receivables and payables at a short term, without any interest rate established in invoice amounts without discounting when such discount effect is immaterial. Due to the fact that these amendments do not have an effective date, it is considered that they must be effective immediately.

Amendments to IAS 16 and IAS 38 omit inconsistencies in accounting for accumulated depreciation/amortization when an item of property, plant and equipment or intangible asset is reassessed. Amended standards explain that the gross carrying amount is adjusted consistently to the revaluation of the carrying amount of the asset and that accumulated amortization/depreciation is the difference between the gross carrying amount and the asset amount, after considering accumulated impairment losses.

Amendments to IAS 24 explain that a management entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. Therefore, the reporting entity should disclose as transactions with related parties the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, the disclosure of offsetting components is not required.

The Company's Management believes that these improvements will not have a significant impact on the financial statements.

Annual improvements to IFRS 2011-2013 cycle.

Annual improvements to IFRS 2011-2013 cycle include some amendments to many IFRSs, which is detailed below:

Amendments to IFRS 3 explain that this standard is not applicable to accounting all types of joint arrangements in the financial statements of such joint arrangement.

Amendments to IFRS 13 explain that the exception scope of the investment portfolio to measure fair value of a group of financial assets and financial liabilities based on their exposure is applicable to all contracts that the scope includes and that are accounted for under IAS 39 or IFRS 9, even if these contracts do not meet the definitions of financial assets or financial liabilities established in IAS 32.

Amendments to IAS 40 clarify that IAS 40 and IFRS 3 are not mutually exclusive and that the application of both standards may be required. For this purpose, an entity that acquires an investment property must decide if:

(a) The property meets the definition of investment property established in IAS 40, and
(b) The transaction meets the definition of a business combination under IFRS 3.

The Company's Management believes that these improvements will not have a significant impact on the financial statements.

c) Change in accounting policy

In 2014, the directors of the Company have reviewed the functional currency of all companies in Copeinca Group and have changed their functional currencies as follows:

Copeinca S.A.C. changed from Peruvian Nuevos Soles (S/.) to US dollars (US$)
Copeinca AS, changed from Peruvian Nuevos Soles (S/.) to US dollars (US$)
Copeinca Internacional S.L.U., changed from Euros (EUR) to US dollars (US$)
PFB Fisheries B.V., changed from Euros (EUR) to US dollars (US$)

The change took place beginning on 1 January 2014 and it was 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 an integration process. Most of Copeinca Group's operation was being integrated into the existing operation of CFG Investment S.A.C. (hereinafter CFG S.A.C.), where the functional currency of CFG S.A.C. is US$ and which is also the functional currency of GSI. As such, for management control efficiency and reporting, the functional currency of Copeinca Group was changed to US$, to be consistent with Pacific Andes Group.

d) Changes in accounting estimates

No material changes in accounting estimates were made in 2014.

During year 2013, the directors of the Company have reviewed the depreciation method applied by the Group to its fishing vessels and plants classified as property, plant and equipment and have determined to change the depreciation method from unit of production method to straight line method in order to more appropriately reflect the pattern of expected consumption of the future economic benefits embodied in the plants and fishing vessels. In accordance with the requirements set out in IAS 8 "*Accounting Policies, Changes in Accounting Estimates and Errors* ", the change in depreciation method is accounted for prospectively, with effect from 2 September 2013, the date that the change was determined to be made. The change in depreciation method has decreased the depreciation charge for the period by approximately US$1,551 thousand.

During year 2013, the directors of the Company have also reviewed the allocation method of the non-fishing period expenditure which is included in inventories to the cost of inventories sold and have determined to change the allocation method from the method of based on the proportion of volume of fish caught and processed during the period to the volume of fish caught during the period in order to more appropriately reflect the pattern of expected consumption of the future economic benefits embodied in the inventories. The change in allocation method is a change of accounting estimate and is accounted for prospectively, with effect from 2 September 2013, the date that the change was determined to be made. The change in the allocation method of the non-fishing period expenses has decreased the cost included in inventories by approximately US$711 thousand.

During year 2013, the directors of the Company have changed the cash generating unit ("CGU") identification from the level of individual vessels and individual plants to the Company as one CGU since the smallest identifiable Group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or Groups of assets is the Company in its entirety.

2.2 Basis of Consolidation -

a) Subsidiaries -

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

b) Changes in ownership interests in subsidiaries without change of control -

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

c) Disposal of subsidiaries -

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

2.3 Business combination-

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group.

The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition- by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and eviously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the statement of profit or loss. (note 2.7).

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognized in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.4 Segment reporting -

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

2.5 Foreign currency translation -

a) Functional and presentation currency -

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entities operate ('the functional currency'). The functional currency of all the main subsidiaries in the Group is the New Peruvian sol (S/.). The consolidated financial statements are presented in United States dollars (US$) for convenience of the readers.

b) Transactions and balances -

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses mainly relate to borrowings and cash and cash equivalents which are presented in the statement of income within "exchange difference, net".

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in profit or loss, and other changes in carrying amount are recognized in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in other comprehensive income.

c) Group companies -

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each statement of income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions);

(iii) equity balances, except retained earnings, are translated at the historical exchange rates; and
(iv) all resulting exchange differences are recognized as other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the statement of income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.6 Property, plant and equipment -

Vessels, fleet equipment and machinery and equipment are shown at historical cost less accumulated depreciation and impairment charges. Historical cost is the purchase price and the directly attributable costs of acquisition or construction required to bring the asset to the location and condition necessary for the asset to be capable of operating as design.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of income during the financial period in which they are incurred.

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

	Years
Fishing vessels and equipment of fleet	4-30
Machinery and equipment	4-45
Buildings and land	33
Other fixed assets	4-10

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.7).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within other income and other expenses in the statement of income.

The company capitalizes the costs of dry-dock major inspections (with an interval of 2 years), those of replacement of parts and those related to the overhauling made periodically with the objective of maintaining the operating capacity of the asset according with its technical specifications. At initial recognition major maintenance costs are capitalized as a separate component of the asset and are depreciated over the estimated time in which the next major maintenance will be required.

2.7 Intangible assets -

a) Goodwill -

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Company's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purposes of impairment testing, goodwill is allocated to one cash generating unit ("CGU") as at 31 December 2014.

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

b) Fishing licenses -

The cost of fishing licenses for anchovy fishing at 1 January 2004, the date of the Group's transition to IFRS, was mainly determined by using the appraisers' estimate of their fair value (deemed cost). Licenses acquired through business combination are shown at their fair value at the date of the acquisition determined by independent appraisers. Licenses have an indefinite useful life; consequently they are not amortized and are carried at cost. The carrying values of licenses are assessed at each period-end. If fair value is deemed to be lower than the related carrying amount, licenses are written-down to their recoverable amount.

c) Computer software -

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

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

Directly attributable costs capitalized include: software development, employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Computer software development costs recognized as assets are amortized over their estimated useful lives, which does not exceed three years.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives that range between 2 and 10 years.

2.8 Impairment of non-financial assets -

Assets that have an indefinite useful life such as goodwill and fishing licenses are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (1 cash-generating unit). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Investments in associates -

An associate is an entity over which the Group has significant influence. Significant influence es the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interest that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable asset and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised inmmediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether is necessary to recognize any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interst at fair value at that date and the fair value es regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing or a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other composed by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

2.10 Financial assets -

2.10.1 Classification -

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Loans and receivables -

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet (notes 2.14 and 2.15).

b) *Available-for-sale financial assets -*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2.10.2 Recognition and measurement -

Regular purchases and sales of financial assets are recognized on the trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

2.10.3 Offsetting financial instruments -

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

2.11 Impairment of financial assets -

a) Assets carried at amortized cost -

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate

that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated statement of income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

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

Impairment testing of trade receivables is performed when there is any indication of impairment. According to the Group's policies trade receivables are secured with confirmed letters of credit and collected within 30 and 60 days.

a) Assets classified as available-for-sale -

In case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security bellow its cost is also evidence that the net assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is removed from equity and recognized in the separate consolidated statement of income. Impairment losses recognized in the separate consolidated statement of income on equity instruments are not reversed through the consolidated statement of income. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after impairment loss was recognized in profit and loss, the impairment loss is reversed through the consolidated statement of income.

2.12 Financial liabilities and equity instruments -

2.12.1 Classification as debt or equity

Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.12.2 Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortized costs using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.12.3 Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

2.13 Derivative financial instruments -

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risk, including foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in note 3.

Derivative are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

2.14 Inventories -

Inventories are stated at the lower of cost and net realizable value. Cost is determined by using the weighted-average cost method. The cost of finished goods comprises raw materials, direct labor, other direct costs, and a systematic allocation of fixed and variable production overheads including non-fishing period expenses (based on normal operating capacity) and excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Non-fishing period expenses comprise vessel and plant costs incurred during the year's fishing bans (or fishing time restrictions). Non-fishing expenses incurred during the year are allocated to the cost of inventories based on the normal operating capacity for each year on the corresponding assigned quota granted by the Peruvian authorities (note 1-d-ii). Non-fishing expenses incurred from February to April are allocated to inventories produced in the first fishing season. Non-fishing expenses incurred from August to October are allocated to inventories produced in the second fishing season.

If the second fishing season ends in January next year, non-fishing expenses are deferred based on the proportion of the quota that is to be caught in the next year. The allocation of non-fishing period expenses into the cost of the inventories is limited to the amount of their net realizable value.

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

2.15 Trade receivables -

Trade receivables are amounts due from customers for fishmeal and fish oil sold in the ordinary course of business. All accounts receivable are of current maturity.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment (note 2.10.1-a).

2.16 Cash and cash equivalents -

In the consolidated statement of cash flows, prepared under the indirect method, cash and cash equivalents includes cash at banks and in hand, deposits held at call with banks, short-term highly liquid debt instruments, convertible to known amounts of cash and subject to insignificant risk of changes in value and other short-term highly liquid investments with original maturities of three months or less net of bank overdrafts.

2.17 Share capital -

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.
Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, and is included in equity attributable to the Company's equity holders.

2.18 Trade accounts payable -

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

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.19 Borrowings -

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

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

2.20 Current and deferred income tax -

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to

apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.21 Employee benefits -

a) Employees' severance indemnities -

The amount expensed for employees' severance indemnities is determined for the whole of their indemnity rights in accordance with current legislation. Employee's severance indemnities must be deposited on a monthly basis in bank accounts specifically denominated by the beneficiaries. The Group has no pension or retirement benefit schemes.

b) Bonuses and workers' profit-sharing -

The Group recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

As established by law, companies in Perú have to share with their employees a determined percentage of their yearly pre-tax profit. The percentage is depending on the industry in which they carry out their activities. The percentage for the fishing industry is currently established at 10%. The employee profit sharing is a deductible expense for tax purposes.

2.22 Share-based payments -

In 2014, there were no share-based compensation plan in force.

In 2013, the Group operated a cash-settled, share-based compensation plan, under which the Company receives services from employees in consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market service and performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the statement of income, with a corresponding adjustment to equity and/or liabilities, depending if they are equity settled or cash settled, respectively.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognizing the expense during the period between the service commencement period and the grant date.
When the options are exercised, the Company has the choice to pay in cash or to issue new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium, as applicable. In 2011 the first group of vested options was exercised and the Company paid in cash the difference between the exercise price and the market price of its shares.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognized over the vesting period as an expense in the statement of income with a corresponding credit to equity.

The social security contributions payable in connection with the grant of the share options are considered an integral part of the grant and are recognized as a cash-settled transaction.

2.23 Provisions -

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

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.24 Revenue recognition -

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown, net of value-added tax, (IGV Spanish acronym) returns, rebates and discounts and after eliminating sales within the companies of the Group.

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

a) Sales of fishmeal and fish oil -

Sales of fish products are recognized when an entity of the Group has delivered products to the customer; the customer has accepted the products according to the sales contract and the collection of the related receivables are reasonably assured. Delivery does not occur until the products have been shipped to the specified location, the risk of loss have been transferred to the customer. There is no risk of not being able to deliver the quantity contracted for since the Group has established contracts

with third party fleet owners who can supply additional raw material after Copeinca's Quota has been reached.

For each export of fishmeal and fish oil Copeinca S.A.C. subscribes contracts to sell at fixed forward market prices. Delivery terms are determined on a case by case basis.

b) Interest income -

Interest income is recognized using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognized using the original effective interest rate.

2.25 Leases -

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

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

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the financed balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

2.26 Dividend distribution -

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

2.27 Reclassifications -

Certain reclassifications has been made to 2013 Financial statements for comparative purposes and improve the presentation.

a) Amount due from related parties of US$221,413 thousand was reclassified from short-term to long-term in the amount of US$99,225 thousand. The amount of US$128,188 thousand was accounted in short-term and the accounts receivable to related parties was split in the amount of US$2,427 thousand.
b) Deferred expenses showed within Inventories amounting to US$718 thousand was reclassified to an individual item in the face of the balance sheet to improve the presentation of inventories.
c) Bank loan interest of US$8,766 thousand was reclassified to other accounts payable
d) Protein Trading Ltd. is an affiliate and the balance was included in trade accounts payable in 2013. This item amounting to US$4,569 thousand was reclassified from trade accounts payable to accounts to payable to related parties. The amount of US$2,427 thousand now is not offset from accounts due from related parties and the advances of US$6,996 thousand was reclassified from trade accounts payable to account payable to related parties.
e) Non-domiciled income tax was reclassified from Finance cost to Administrative expenses in the amount of US$1,155 thousand.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors -

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flows interest rate risk and price risk), credit risk and liquidity risk. The 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.

Financial risk management is carried out by the treasury department under policies approved by the CEO. Treasury identifies, evaluates and manages financial risks in close co-operation with the Group's operating units. The following are the major financial risks which the Group is exposed to:

a) Market risk -

i) Foreign exchange rate risk -

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Peruvian Nuevos Soles. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

Management minimizes this risk partially by: i) maintaining credit balances in foreign currency, ii) maintaining the volumes of exports and their profitability, and iii) entering into forward contracts until September 2, 2013. As of 31 December 2014, Copeinca S.A.C. has not signed any forward contracts (as of 31 December 2013, Copeinca S.A.C. had signed forward contracts amounting to US$36,456 thousand). The Group does not have any forward foreign currency contracts outstanding at the reporting date.

The balances in foreign currency (S/.) and NOK as of 31 December are as follows:

	2014 S/.000	2013 S/.000	2014 NOK000	2013 NOK000
Assets -				
Other accounts receivable	24,766	46,210		-
Amount due from related parties	3,084	-	626,573	-
Cash and cash equivalents	3,442	810	40	-
	31,292	47,020	626,613	
Liabilities -				
Trade accounts payable	(10,507)	(20,299)	-	-
Other accounts payable	(59,215)	(47,081)	(484)	-
	(69,722)	(67,380)	(484)	-
Net liabilities	(38,430)	20,360	626,129	-

As of 31 December 2014, consolidated assets and liabilities in United States dollars have been expressed at the exchange rates of S/.2.981 per US$1 for assets and S/.2.989 for liabilities per US$1 (S/.2.794 per US$1 for assets and S/.2.796 for liabilities per US$1 in 2013).

As of 31 December 2014, the Group recorded net exchange losses amounting to US$18,762 thousand (exchange gains amounting to US$17,648 thousand in 2013) shown in the statement of income. Exchange difference is generated mainly by a loan granted by Copeinca AS to China Fisheries International Limited in NOK (note 14).

If the exchange rate S/. - US$ changes in +/- 5%, with all other variables held constant the post-tax effect for the year would have been +/- US$671 thousand (US$123 thousand in 2013).

ii) Price risk -

The Group is exposed to the risk of fluctuations in the prices of the products traded; International prices of fishmeal and fish oil are subject to changes. The Group is entering into supply contracts with key customers, first in order to establish volumes; and subsequently to establish both volumes and prices. This will allow the Group to mitigate the effects of unforeseen price fluctuations on its revenues. However, the Group does not have any financial instrument exposed to price risk.

iii) Cash flows and fair value interest rate risk -

The Group's cash flows interest rate risk is closely managed. During 2014 and 2013, the Group's borrowings denominated in United States dollars bore fixed interest rates.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, management calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities, including bonds, which represent the major interest-bearing positions.

At 31 December 2014, if interest rates on borrowings denominated in United States dollars had been 5% higher/lower, with all other variables held constant, post-tax profit for the year would have been US$1,125 thousand lower/higher (US$1,109 thousand in 2013).

b) Credit risk -

The Group only sells on a cash basis or on a confirmation letter basis, cash against documents and wire transfer. The Group has established policies for selling its products to clients with an adequate credit history. Under these circumstances management believes that the Group has a limited credit risk.

No credit limits were exceeded during the reporting period and management does not expect any losses from non-performance of its counterparties.

c) Liquidity risk -

The Group is dependent on an amount of short-term credit facilities to cover part of the requirements of working capital during the production periods.

Management monitors rolling forecasts of the Group's liquidity reserve, and cash and cash equivalents on the basis of expected cash flows. These limits vary to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in United States dollars and Peruvian soles and considering the level of liquid assets necessary to meet these cash flows; monitoring balance sheet liquidity ratios against internal and external regulatory requirements; and maintaining debt financing plans.

Until September 2, 2013, surplus of cash held by the Group's operating entities over and above the balance required for working capital management are invested in time deposits, overnights, chosen instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. On or after September 2, 2013 surplus of cash held by the Group's operating entries is transferred to China Fisheries International Ltd.

The table below analyses the Group's non-derivative financial liabilities and allocates them into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year US$000	Between 1 and 2 years US$000	Between 2 and 5 years US$000	Over 5 years US$000	Total US$000
31 December 2014					
Bank loans and short-term debt	287,786	-	-	-	287,786
Trade and other payables	33,881	7,838	-	-	41,719
	321,667	7,838	-	-	329,505

	Less than 1 year US$000	Between 1 and 2 years US$000	Between 2 and 5 years US$000	Over 5 years US$000	Total US$000
31 December 2013					
Bank loans and short-term debt	129,855	-	-	-	129,855
Borrowings	22,538	22,500	283,750	-	328,788
Finance lease liabilities	-	-	-	-	-
Trade and other payables	38,999	6,341	-	-	45,340
	191,392	28,841	283,750	-	503,983

3.2 Capital risk management -

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

During 2014 and 2013, the Company's strategy was to continue reducing bank debt. The gearing ratios at 31 December were as follows:

	2014 US$000	2013 US$000
Total borrowings (note 19)	287,786	379,761
Less: Cash and cash equivalents (note 16)	(3,714)	(2,057)
Net debt	284,072	377,704
Total equity	446,972	428,547
Total capital	731,044	806,251
Gearing ratio (%)	39	47

3.3 Fair value estimation -

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The fair value of quoted financial assets and liabilities is determined by reference to bid prices at the close of business on the balance sheet date for identical assets and liabilities (level 1). Where there is no active market the Group uses inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from

prices) (level 2) and using inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Unlisted investments of US$15 thousand (US$15 thousand in 2013) (note 9) are stated at cost less impairment losses as there are no quoted market prices in active markets for these investments and the range of reasonable fair value estimates can vary significantly, giving as a result that their fair values cannot be measured reliably. These investments are included in level 3 hierarchy.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions -

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

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

The Group tests annually whether goodwill and licenses have suffered any impairment, in accordance with the accounting policy stated in note 2.7. The recoverable amount of the cash-generating unit has been determined based on discounted cash flows determined using the value in use methodology. The main estimation is the “TAC” (note 7).

The Group also assesses the book value of property, plant and equipment, each year using the value in use methodology as the Cash Generating Unit (CGU) is the peruvian fishmeal division which includes goodwill, licenses and PPE.

Inoperative fixed asset are tested for impairment using the fair value of the asset determined by independent appraisers.

If the estimated pre-tax discount rate applied to the discounted cash flows for the CGU had been 1% higher than management’s estimates (for example, 11.92% instead of 10.92%), the Group would not had to recognize any additional adjustment against goodwill. To recognize an additional impairment the discount rate should have been 13.09%.

b) Income taxes -

The Group is subject to income taxes in numerous jurisdictions, but mainly in Perú. Judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Where the actual final outcomes (on the judgment areas) differ by 10% from management’s estimates, the Group would need to:

- increase the income tax liability by US$409 thousand and the deferred tax liability by US$998 thousand, if unfavorable; or
- decrease the income tax liability by US$409 thousand and the deferred tax liability by US$998 thousand, if favorable.

The Group bases its estimates on Management's historical experience and on other various assumptions such as the market prices of fishmeal and fish oil, current Peruvian regulation related to the treatment for fishing licenses, which are granted in respect of each specific fishing vessel or fishing ban periods, that are believed to be reasonable under the circumstances. Accordingly, actual results may differ significantly from these estimates under different assumptions or conditions.

4.2 Critical judgments in applying the entity's accounting policies -

Allocation of non-fishing period expenses into inventories -

Management considers that Copeinca S.A.C.'s production period corresponds to fishing season independently of the fiscal periods imposed by the Peruvian fishing authorities. In this regard, Management understands that the Group's non-fishing expenses correspond to all expenditures incurred from January to April (non-fishing period related to the first fishing season) and from August to November (non-fishing period related to the second fishing season). Consequently, non-fishing expenses incurred during the season are allocated to the cost of inventories based on the normal operating capacity for each plant, which contemplates the corresponding assigned quota granted by the Peruvian regulator to Copeinca S.A.C. As of December 31, 2014, non-fishing expenses amounting to US$1,034 thousand are included as part of the inventories (US$6,748 thousand in 2013). Due to the absence of second fishing season in 2014, the Company has not deferred non-fishing expenses to January 2015. (US$718 thousand was deferred to January 2014).

5 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.

A reconciliation of Adjusted Earnings to profit (loss) before income tax is provided as follows:

	2014 US$000	2013 US$000
Adjusted Earnings	76,961	62,740
Depreciation (note 6)	(19,515)	(13,894)
Amortization (note 7)	(316)	(243)
Impairment of fixed assets (note 26)	(2,317)	(6,445)
Workers' profit sharing (note 31)	(3,784)	(457)
Exchange difference (note 3)	(18,762)	(17,648)
Finance income and costs, net (note 29)	(12,036)	(20,737)
Other expenses, net	(1,518)	(42,121)
Profit (loss) before income tax	18,713	(38,805)

6 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
Year ended 31 December 2013					
Opening net book value					
As of 1 January 2013	105,912	107,767	58,173	4,874	276,726
Additions	361	-	-	15,069	15,430
Disposals, net	(696)	(1,131)	(6)	(315)	(2,148)
Reclassification	6,287	7,242	2,004	(15,533)	-
Exchange differences	(9,138)	(9,404)	(5,087)	(383)	(24,012)
Write-off	(4,080)	(-	-	-	(4,080)
Impairment charge	(5,515)	(930)	-	-	(6,445)
Depreciation charge	(6,879)	(4,471)	(2,057)	(487)	(13,894)
Closing net book value	86,252	99,073	53,027	3.225	241,577
At 31 December 2013					
Cost	134,709	154,042	69,421	7,651	365,823
Accumulated depreciation and impairment	(48,457)	(54,969)	(16,394)	(4,426)	(124,246)
Net book value	86,252	99,073	53,027	3,225	241,577
Year ended 31 December 2014					
Opening net book value					
As of 1 January 2014	86,252	99,073	53,027	3,225	241,577
Adjustment	429	833	454	160	1,876
Additions	-	-	-	36,029	36,029
Disposals, net	(548)	(926)	-	(39)	(1,513)
Reclassification	5,106	7,525	20,943	(33,574)	-
Impairment charge	-	(1,492)	(825)	-	(2,317)
Reversal of impairment	561	-	-	-	561
Depreciation charge	(9,632)	(6,764)	(2,589)	(530)	(19,515)
Closing net book value	82,168	98,249	71,010	5,271	256,698
At 31 December 2014					
Cost	131,198	142,930	83,555	10,216	367,899
Accumulated depreciation and impairment	(49,030)	(44,681)	(12,545)	(4,945)	(111,201)
Net book value	82,168	98,249	71,010	5,271	256,698

Depreciation expense is distributed as follows:

	2014 US$000	2013 US$000
Cost of goods sold (note 23)	19,090	13,528
Selling expenses (note 24)	4	7
Administrative expenses (note 25)	197	359
Other expenses (note 26)	224	-
	19,515	13,894

In connection with lease and leaseback transactions, Copeinca S.A.C. has not pledge any lease contract during 2014 and 2013.

Work in progress as at 31 December, 2014 mainly comprises plant machinery and installation amounting to US$2,049 thousand (US$1,303 thousand in 2013), vessels equipment amounting to US$1,638 thousand (US$124 in 2013) and other US$24 thousand (US$117 thousand in 2013).

Impairment tests of property, plant and equipment -

In 2014, the Group recorded an impairment charge of US$2,317 thousand related to non - operating plants (an impairment charge of US$6,445 thousand which included: idle plants for US$930 thousand, idle vessels for US$1,903 thousand and equipment related to non-operating plants and vessels for US$3,612 thousand in 2013)

In addition the Company reversed the impairment related to vessels and equipment in the amount of US$561 thousand.

On November 2013, Alejandra vessel with a storage capacity of 500 MT sunk in the sea of Perú, Vegueta zone. The carrying amount of US$4,080 thousand has been written-off and it is recorded in other expenses (note 26). In 2014, the insurance reimbursed the Company an amount of US$4,241 thousand (note 26).

i) Key assumptions used in the model for the determination of the value in use are as follows:

   "TAC": The "TAC" has been estimated using 5,000,000 MT as normal year, pre-Niño phenomenon year: 4,500,000 MT, Niño year: 3,500,000 MT and recovery of Niño year: 5,500,000 MT.

   Extraction costs: Extraction costs are based on budgeted costs approved by the Board. Management determined budgeted costs based on past performance and its expectations of the market according to the conditions given by the ITQ law.

   Prices: The model uses average fishmeal and fish oil prices of US$ 1,300 and US$ 2,000, respectively. Management expects that prices will be stable and will increase steadily according to market expectations and demand.

   Productions costs: the model assumes that 20% and 18% of the raw material corresponds to catch from third parties in the North and South regions, respectively.

   Discount rate: the model uses 10.92% pre-tax rate not adjusted by inflation.

7 INTANGIBLE ASSETS

			Other intangible assets		
	Fishing licenses	**Goodwill**	**Software licenses**	**Others**	**Total**
	US$000	**US$000**	**US$000**	**US$000**	**US$000**
Year ended 31 December 2013					
Opening net book value					
As of 1 January 2013	235,705	153,119	964	16	980
Additions	-	-	223	-	223
Exchange difference	(20,669)	(13,426)	(77)	(1)	(78)
Amortization charge	-	-	(243)		(243)
Closing net book amount	215,036	139,693	867	15	882
At 31 December 2013					
Cost	215,036	153,724	5,867	15	5,882
Accumulated amortization and impairment	-	(14,031)	(5,000)	-	(5,000)
Net book amount	215,036,	139,693	867	15	882
Year ended 31 December 2014					
Opening net book value					
As of 1 January 2014	215,036	139,693	867	15	882
Adjustment	-	-	8	-	8
Additions	-	-	24	-	24
Amortization charge	-	-	(316)	-	(316)
Closing net book amount	215,036	139,693	583	15	598

	Fishing licenses	Goodwill	Other intangible assets — Software licenses	Others	Total
	US$000	US$000	US$000	US$000	US$000
At 31 December 2014					
Cost	215,036	153,724	5,736	15	5,751
Accumulated amortization and impairment	-	(14,031)	(5,153)	-	(5,153)
Net book amount	215,036	139,693	583	15	598

Under current regulations, fishing licenses are granted by the Ministry of Production to a specific fishing vessel for a defined period of time. The period granted starts upon the issue by the Ministry of Production of the resolution underlying the fishing license and lapses (other than when the vessel is retired or scrapped) if the holder does not comply with filing certain required documentation at the beginning of each calendar year (note 1-d-ii).

Provided that the Group complies with the documentation filing requirement the related fishing licenses will continue to be effective indefinitely. In addition, it is forbidden to transfer to third parties fishing licenses by any means separately from the related vessels to which they are granted.

The fishing licenses are granted to each individual vessel. Each vessel, together with its license, is regarded as a separate cash generating unit.

Amortization expense is distributed as follows:

	2014	2013
	US$000	US$000
Cost of goods sold (note 23)	156	118
Selling expenses (note 24)	36	27
Administrative expenses (note 25)	124	98
	316	243

The average remaining useful life of software licenses is 4 years.

Impairment tests of goodwill -

	2014	2013
	US$000	US$000
Gross amount	133,950	133,950
Accumulated exchange difference	19,774	19,774
Less: accumulated impairment	(14,031)	(14,031)
Carrying amount at end of period	139,693	139,693

For the purposes of impairment testing, goodwill is allocated to one cash generating unit ("CGU") as at 31 December 2014. The carrying amounts of goodwill after impairment as at 31 December 2014 allocated to the CGU are as follows:

	2014	2013
	US$000	US$000
Peruvian fishmeal division		
- Copeinca SAC	139,693	139,693

8 INVESTMENTS IN ASSOCIATE

a) Investment in associate as of 2014 and 2013 are as follows:

Associate	Participation on capital As of 31 December		Equity of the associate As of 31 December		As of 31 December	
	2014	2013	2014	2013	2014	2013
	%	%	US$000	US$000	US$000	US$000
Aproferrol	23.15	28.7	10,889	13,004	2,521	3,717

Aproferrol S.A. is engaged to the processing of waste water from companies that produce fishmeal and fish oil in Chimbote.

According to what is stated in the minute of June 20, 2014, the financial statements of 2013 were approved and it was agreed that a contribution of US$1,033 thousand would be reclassified as amount due from related parties (note 14).

In 2014, an impairment of the investment of US$295 thousand was recorded (note 26). .

9 FINANCIAL INSTRUMENTS BY CATEGORY

b) Financial assets as of 31 December 2014 and 2013 are as follows:

	Loans and receivables	Available for sale	Total
	US$000	US$000	US$000
31 December 2014			
Financial assets	-	15	15
Investment in associate	2,521	-	2,521
Trade accounts receivable	1,035	-	1,035
Other accounts receivable	12,872	-	12,872
Amount due from intermediate holding company	175,813	-	175,813
Amount due from affiliate	13,110	-	13,110
Cash and cash equivalents	3,714	-	3,714
Total	209,065	15	209,080
31 December 2013			
Financial assets	-	15	15
Investment in associate	3,717	-	3,717
Short-term investments	5,977	-	5,977
Trade accounts receivable	6,539	-	6,539
Other accounts receivable	2,063	-	2,063
Amount due from intermediate holding company	221,413	-	221,413
Cash and cash equivalents	2,057	-	2,057
Total	241,766,	15	241,781

c) Financial liabilities at amortized cost as of 31 December 2014 and 2013 are as follows:

	US$000
31 December 2014	
Bank loans and short-term debt	287,786
Trade accounts payable	11,513
Total	299,299
31 December 2013	
Bank loans	129,855
Long-term borrowings	249,906
Trade accounts payable	14,437
Total	394,198

10 CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of financial assets that are neither past due nor impaired is assessed by historical information about counterparty default.

During the years 2014 and 2013, neither existing nor new customers' accounts receivable have been impaired. Additions to provision for doubtful accounts in 2014 and 2013 mainly relate to customers from acquired companies and from loans granted to third party owners of vessels (note 13) which have been identified as impaired.

11 INVENTORIES

	2014 US$000	2013 US$000
Finished goods:		
- Fishmeal	5,711	55,257
- Fish oil	4,688	13,966
- Raw material	-	215
- Spare parts, supplies and packaging	8,086	6,752
- Provision for obsolete spare parts, supplies and packaging	(929)	(824)
	17,556	75,366

As of 31 December 2014, the stock of fishmeal and fish oil was 4,039 MT and 4,139 MT respectively (65,107 MT and 15,993 MT respectively as of 31 December 2013).

Cost per ton of inventories in 2013 was lower than in 2014 because the lower raw material price derived from the larger quota awarded for the 2013 second fishing season and the lower non-fishing period expenses allocated into a higher production.

The book values of fishmeal and fish oil inventories include US$417 thousand (US$417 thousand in 2013) related to the workers' profit sharing (note 31).

As of 31 December 2014, the fair value of fishmeal and fish oil pledged as security for bank loans amounts to approximately US$18,343 thousand (US$83,123 thousand as of 31 December 2013).

The annual movement of the provision for obsolescence was as follows:

	2014 US$000	2013 US$000
Opening balance	824	107
Additions	105	824
Write-off	-	-
Exchange difference	-	(107)
Closing balance	929	824

12 TRADE ACCOUNTS RECEIVABLE

	2014 US$000	2013 US$000
Trade accounts receivable - abroad	1,035	6,539
Doubtful accounts	-	-
	1,035	6,539
Less:		
Provision for doubtful accounts	-	-
	1,035	6,539

The book value of these accounts is deemed to be their fair value due their maturity in the short term.

Trade accounts receivable are substantially denominated in United States dollars, are of current maturity and are not interest-bearing.

As of 31 December 2014, approximately 94% of the abroad sales are secured with export credit documents and the 6% balance is subject to bank collections (cash against documents) (approximately 68% and 32%, respectively, in 2013).

The ageing of the trade accounts receivable is as follows:

	2014 US$000	2013 US$000
Current	1,034	6,160
Past due for up to 60 days	-	260
Past due from 61 to180 days	1	119
Past due from 181 to 360 days	-	-
Over 361 days	-	-
	1,035	6,539

The annual movement of the provision for doubtful accounts is as follows:

	2014 US$000	2013 US$000
Opening balance	-	22
Additions	-	-
Write-off	-	(22)
Closing balance	-	-

13 OTHER ACCOUNTS RECEIVABLE

	2014 US$000	2013 US$000
Accounts receivable from third party owners of vessels (a)	6,656	1,182
Refundable value added tax	1,400	3,937
Value-added tax credit (b)	574	6,725
Prepaid income tax (c)	-	5,199
Claims to third parties	590	269
Personnel (d)	3,797	516
Insurance	1,374	-
Others	455	96
Doubtful accounts	1,302	1,385
	16,148	19,309
Less: provision for doubtful accounts	(1,302)	(1,385)
	14,846	17,924

The Group's other accounts receivable are of current maturity.

(a) Accounts receivable to third party owners of vessels mainly correspond to funds provided for the maintenance and repair of these vessels and to loans for working capital. Such funds are secured with mortgages or pledges in favor of Copeinca S.A.C., covering, on average, 200% of the amounts lender as established in the contracts for the management of vessels signed between Copeinca S.A.C. and the corresponding owners of the vessels. These accounts receivable bear interest at monthly interest rate of 0.% (0.5% in 2013) and are offset with the invoices from the acquisition of raw materials delivered to Copeinca S.A.C.'s plants during the fishing periods.

(b) Value-added tax (VAT) relates to the tax credit in favor of Copeinca S.A.C. as exporter, which arises from its purchases of goods, services, construction contracts and importations, which exceeds the VAT payable on local sales. Copeinca S.A.C. has requested the refund of the VAT by an amount based on the sales made to foreign markets (note 32-g).

As of 31 December 2014 the amount of the refundable VAT relates to those amounts filed within the tax authorities in December 2014. During 2014, Copeinca S.A.C. received VAT refunds amounting to US$23,827 thousand (US$22,148 thousand in 2013).

(c) The total of income tax prepayments made in 2014 amounts to US$9,624 thousand (US$7,797 thousand in 2013). The balance as of 31 December 2014 is shown net of the income tax expense for the year (note 32-e).

(d) Accounts receivable from personnel includes loans to employees amounting to US$893 thousand (US$464 thousand in 2013), workers' profit sharing paid in advance amounting to US$2,574 thousand (US$22 thousand in 2013), vacations paid in advance amounting to US$239 thousand (US$10 thousand in 2013) and remunerations paid in advance amounting to US$92 thousand (US$20 thousand in 2013).

The movement of the provision for doubtful accounts for the years ended 31 December is as follows:

	2014 US$000	2013 US$000
Opening balance	1,385	1,227
Provision for impaired receivables	-	767
Write-off and recoveries	(58)	(632)
Exchange difference	(25)	23
Closing balance	1,302	1,385

14 AMOUNT DUE FROM RELATED PARTIES

The amount due from related parties amounting to US$188,923 thousand comprises loans for corporate uses with China Fishery International Limited (CFIL) amounting to US$175,813 thousand, loans with CFG Investment S.A.C. amounting to US$12,075 thousand and loans with Aproferrol amounting to US$1,035 thousand as at 31 December 2014 (US$221,413 thousand with China Fishery International Limited and loans with Protein Trading Ltd. Amounting to US$2,427 thousand in 2013). The loan with CFIL has a one-year term, unsecured and bears an annual interest of 5%.

15 SHORT-TERM INVESTMENTS

As of 31 December 2014, the company has liquidated all the short-term deposits

As of 31 December 2013, short-term deposits denominated in Peruvian Nuevos soles amount to S/.16,700 thousand, equivalent to US$5,977 thousand which bears a short-term market interest rate of 4.48%. For the current year, management expects to hold them as a short-term investment until getting a better profit when sold. In prior years, management intended to keep them as a cash reserve.

16 CASH AND CASH EQUIVALENTS

	2014 US$000	2013 US$000
Cash in hand	31	56
Cash at banks	3,683	2,001
	3,714	2,057

As of 31 December 2013, the cash in hand and cash at banks are denominated in United States dollars ("USD") of US$3,683 thousand and in Peruvian soles of S/.92 thousand (equivalent to US$31 thousand) (US$1,744 thousand in USD and in Peruvian soles of S/.875 thousand, equivalent to US$313 thousand respectively, in 2013). They are deposited in local and foreign banks and are fully available.

17 SHARE CAPITAL AND SHARE PREMIUM

a) Share capital:

The authorized, signed, and paid-in capital under the Company's by-laws as of 31 December 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
At 1 January 2007	24,800	124,000	28,050	-	28,050
Proceeds from private placement	27,500	137,500	22,500	242,287	264,787
Shares issued in acquired company	6,200	31,000	5,167	62,703	67,870
Balance at 31 December 2007, 2008, and 2009	58,500	292,500	55,717	304,990	360,707
Appropriation of share premium to cover accumulated losses	-	-	-	(18,528)	(18,528)
Balance at 31 December 2010	58,500	292,500	55,717	286,462	342,179
Share buy-back program	(152)	(760)	(128)	(814)	(942)
Balance at 31 December 2011	58,348	291,740	55,589	285,648	341,237
Share buy-back program	(701)	(3,504)	(585)	(3,290)	(3,875)
Balance at 31 December 2012	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 at 31 December 2013 and 2014	70,200	351,000	65,891	398,497	464,388

Share capital and share premium accounts are translated into the reporting currency at the historical exchange rates.

On 5 April 2013, the Company issued 11,700,000 new ordinary shares of NOK 5 (equivalent to US$0.8345) each at an issue price of NOK 59.7 (equivalent to US$10.45) per share.

AGM 2014 -

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."

b) Share premium -

Share premium comprises the excess over the NOK5 nominal value of each share paid in the private placements made in 2007 and the fair value adjustment of 6,200,000 shares paid in the purchase of Fish Protein and Ribar on July 2007, reduced by the appropriation of US$18,528 thousand to cover the accumulated losses shown in its consolidated financial statements.
In 2012 and 2011, it was reduced by US$3,290 thousand and US$814 thousand, respectively due to the share buy-back program.

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.

The main shareholders of the Company are as follows:

	2014			2013	
Investor	**Shares**	**%**	**Investor**	**Shares**	**%**
CFG Investment S.A.C.	70,200,000	100.0	Grand Success Investment	43,877,450	62.5
			Euroclear Bank S.A.	26,167,142	37.3
			Others	155,408	0.2
Total	**70,200,000**	**100.0**	**Total**	**70,200,000**	**100.0**

c) Share options -

The Company has issued two share option programs, which main features are as follows:

i) On 30 January 2008, according to the authorization given to the board by the Extraordinary General Stockholders Meeting held on 11 June 2007, the board of the Company approved an Employee Share Option Program as follows:

- 690,000 share options will be issued to twelve key management employees
- The strike price of the share options will be NOK40 adjusted by dividends.

- The options will vest to each employee over the next four years (subject to termination of employment) at a rate of 25% per year.
- The options may be settled in cash at the option of the Group.

A maximum price (CAP) per share has been established at NOK120. If the price of the shares at the time the options are exercised exceeds NOK120, the strike price will be adjusted, so that the difference between the market price and the strike price (the value of each option) is not greater than NOK80.

ii) On 11 January 2010, the Board of the Company approved the distribution of the remaining share options.

- 370,000 share options will be issued to nine key management employees as detailed in schedule II of the program.
- The strike price of the share options will be NOK45.
- The options will vest over the next three years (subject to termination of employment) at a rate of 33.33% per year to each employee.
- A maximum price (CAP) per share has been established at NOK120, if the price of the shares at the time the options are exercised, exceeds NOK120, the strike price will be adjusted upwards, so that the difference between the market price and the strike price (the value of each option) is not greater than NOK80.

As of 31 December 2014 and 2013, the Company does not have outstanding options

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2013	
	Average exercise price in NOK per share	**Options**
Opening balance	37	274,400
Granted	-	-
Exercised	-	-
Terminated	37	(274,400)
Closing balance	-	-

d) Share buy-back program -

In 2011, the Company announced a share buy-back program up to US$5 million as agreed in the 2011 Annual General Meeting. During 2012, the Company bought-back 700,716 of its own shares (152,277 shares in 2011) through its wholly owned subsidiary Copeinca S.A.C. at an average price of US$5.53 per share (US$6.19 per share in 2011) totaling US$3,875 thousand (US$942 thousand in 2011).

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.

18 RESERVES, CUMULATIVE TRANSLATION ADJUSTMENT AND RETAINED EARNINGS

The movement of these accounts for the years ended 31 December 2013 and 2014 is as follows:

	Legal reserve US$000	Other reserves US$000	Cumulative translation adjustment US$000	Retained earnings US$000
Balance as of 31 December 2012	5,145	-	16,824	50,789
Exchange difference	-	-	(41,314)	
Dividend distribution	-	-	-	(35,847)
Transfer to reserves	5,085	-	-	(5,085)
Sale of shares	-	3,994	-	-
Loss for the year	-	-	-	(35,432)
Balance as of 31 December 2013	10,230	3,994	(24,490)	(25,575)
Balance as of 1 January 2014 (as previously reported)	10,230	3,994	(24,490)	(25,575)
Change in functional currency	-	-	-	815
Balance as of 1 January 2014	10,230	3,994	(24,490)	(24,760)
Profit for the year	-	-	-	17,610
Balance as of 31 December 2014	10,230	3,994	(24,490)	(7,150)

a) Peruvian legal reserve -

In accordance with the Peruvian Corporate Law, Peruvian companies must create a legal reserve by the detraction of not less than 10% of their annual net profits up-to the reserve reaches 20% of the paid-in capital. In the event the Company does not have available undistributed profits or reserves of free disposition, the legal reserve may be used to offset accumulated losses. The legal reserve may also be distributed provided that its balance is subsequently restored.

b) 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).

c) Dividend distribution -

No dividend was distributed in 2014.

In 2013, the Company made a dividend distribution amounting to US$35,847 thousand related to 2012 profits among its stockholders (US$40,000 thousand in 2012 related to 2011 profits). The amount distributed represents NOK3.56 or US$0.62 per share and was paid in full on 16 April 2013.
No dividends have been proposed to the stockholders in relation to the results for the year ended 31 December 2013.

19 LONG-TERM BORROWINGS

As of 31 December this account comprises the following:

	2014 US$000	2013 US$000
Total borrowings:		
Bonds	249,943	249,906
Bank borrowings	37,843	129,855
	287,786	379,761
Less current portion of borrowings:		
Bonds	(249,943)	-
Bank borrowings	(37,843)	(129,855)
	(287,786)	(129,855)

	2014	2013
Total long-term borrowings:		
Bonds	-	249,906
	-	249,906
Current borrowings:		
Bonds	249,943	-
Bank loans and short-term debt	37,843	129,855
Total current borrowings	287,786	129,855

The detail of the obligations is as follows:

Name of creditor	Type of guarantee	Annual interest rate	Maturity	Carrying amount 2014	Carrying amount 2013
				US$000	US$000
a) Non-current -					
- Bonds	None	9.00%	February 2017	-	249,906
DNB Bank ASA					
Total non-current balance				249,943	249,906
b) Current -					
BBVA Banco Continental					
- Bank loans	Inventory	1.62%	2014	1,716	20,043
- Loan	Inventory	1.68%	2014	-	10,000
Banco Interbank					
- Bank loans	Inventory	2.17%	2014	1,020	14,807
- Loan	Inventory	3.00%	2014	6,000	17,000
Banco Scotiabank					
- Bank loans	Inventory	1.85%	2014	1,689	15,032
- Loan	Notes	1.20%	2014	-	9,800
Banco de Crédito					
- Bank loans	Inventory	2.42%	2014	13,918	21,173
- Loan	Notes	2.57%	2014	10,000	10,000
Banco Bladex					
- Bank loans	Inventory	Libor + 1%	2014	-	12,000
Multibank					
- Loan	Notes	4.00%	2015	3,500	-
Deutsch Bank					
- Bonds	None	9.00%	May 2017	249,943	-
Total current borrowings				287,786	129,855
Total borrowings				287,786	379,761

The exposures of the Group's borrowings to interest rate changes and the contractual reprising dates at the balance sheet dates are as follows:

	2014	2013
	US$000	US$000
6 months or less	287,786	129,855
1-5 years	-	249,906
	287,786	379,761

Management considers that the effective interest rates of these loans are not significantly different from their nominal interest rates.

The carrying amounts and fair value of the non-current borrowings are as follows:

	Carrying amount		Fair value	
	2014	2013	2014	2013
	US$000	US$000	US$000	US$000
Bonds	249,943	249,906	249,943	241,240
	249,943	249,906	249,943	241,240

The fair value of bank loans and short-term debt equals their carrying amount, as the impact of discounting is not significant.

The fair value of bonds are based on cash flows discounted using a rate based on the bonds rate of 9.00% (fair value of bonds based on a rate of 9.00%, are within level 1 of the fair value hierarchy).

The carrying amounts of the Group's borrowings are denominated in United States dollars.

a) Bonds -

US$250 million 9% senior notes due 2017-

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 the Company and the issue of these notes corresponds to a single issue of the US$175 million 9.00% senior notes due 2017 (collectively referred to as the "Notes"). The total aggregate principal amount of the 9.00% senior notes due in 2017 outstanding following such reopening amounts to US$250 million.

On 2 February 2010, Copeinca S.A.C. agreed with Credit Suisse Securities (USA) LLC, as representative of several purchasers, to issue and sell to the several purchasers, US$175 million principal amount of its 9.00% senior notes due in 2017 to be issued under an indenture dated 10 February 2010, between Copeinca S.A.C., the Guarantor and Deutsche Bank Trust Company Americas, as trustee, guaranteed on an unsecured senior basis by the Company. Coupons bear a 9% interest and are payable on a semi-annual basis. Cash proceeds were used to finance the CAPEX plan of Copeinca S.A.C.

The issue of these bonds includes the following covenants:

i) Change of control: repurchase at 101%:

ii) Limitation on indebtedness:
   a. Net debt / EBITDA less than 3.75 X
   b. Plus warrants: maximum 25% of sales
   c. Plus additional debt not to exceed the greater of US$50 million or 7.5% of assets

   Deviations:

   No.

   Yes, during 2013, the leverage rate was not fulfilled on third and fourth quarter. The ratio on the third quarter (4.7x) and in the fourth quarter (6.0x) exceeded the indebtedness covenant (3.75x). This deviation occurred by two reasons: a) because of a decrease of EBITDA (less catch Peruvian anchovy) and b) because of an increase of short-term debt (financing obtained to fund the working capital of the second fishing season production).

iii) Limitation on restricted payments: Dividends 5X:

   a. Up to US$50 million for fiscal years up to 2009.
   b. 100% of net income if leverage is lower than 1.5 (leverage = net debt less cash/EBITDA 12 months).
   c. 85% of net income if leverage is lower than 2.0X.
   d. 75% of net income if leverages is lower than 2.5X.
   e. 50% of net income if leverage is lower than 3.75X.

iv) Limitations on sale of assets: management has to obtain approval from the Board to sell assets for an amount higher than US$5 million.

   a. At least 75% is paid in cash or cash equivalents.
   b. Or assumption of liabilities.
   c. Or securities that are converted to cash in less than 365 days.

d. Or raw material (anchovy).
e. Within 360 days proceeds should be reinvested or used in the pre-payment of bonds by such amount.
f. If less than US$20 million is left, they will be carried forward, if more, bonds should be prepaid by such amount.

v) Limitation on business activities:

Permitted businesses: Fishmeal, fish oil, other marine proteins, other related or ancillary businesses, and operation or lease of vessels.

vi) Change of control:

a. Sale of all of the assets to a third party.
b. Transaction in which a third party ends up owning more than 33%, and current shareholders end up with less than 33% and cannot elect the board.

Dyer Coriat Holding S.L. was the ultimate parent company of the Group before 2 September 2013. On and after 2 September 2013, its intermediate holding company is China Fishery Group Limited ("CFGL"), a company listed on the Singapore Securities Trading Limited ("SGX") (note 1).

vii) Permitted liens:

a. Liens that come with acquisitions of companies.
b. Refinancing of outstanding debt (at time of issue of bond).
c. Liens in connection with CAPEX in ordinary course of business.
d. Leases under (the greater of) US$100 million or 15% of assets. Copeinca S.A.C. has contracted leases by US$45 million.
e. Other liens under US$3 million.

According to the income tax regime currently in force in Perú, Copeinca S.A.C. has to withhold from the payment of coupons a 4.99% as the income tax of non-domiciled entities. Since the bonds purchase agreement does not contemplate the payment of the withholding tax by the holders, Copeinca S.A.C. will assume it as its own expense.

The annual effective rate of the bonds is 9.5% as of 31 December 2014 and 2013.

Interest from the 7-year bond determined using the amortized cost method amounted to US$23,527 thousand in 2014 (US$23,272 thousand in 2013). Interest accrued using the nominal interest rates as per the terms of the bond agreement in 2014 amounted to US$22,500 thousand (US$22,181 in 2013)

b) Bank borrowings -

DNB Nor Bank -

On 12 October 2011, Copeinca S.A.C. signed an agreement of a US$20 million four-year long term borrowing with DNB Nor Bank. The loan was used to finance the Copeinca S.A.C.'s CAPEX plan and to access to foreign credit lines aiming to reduce its liquidity risk. This loan matures in 2015 and bears a fixed interest rate of 3.14%.

Interest related to this loan charged to results during 2013 amounted to US$202 thousand..

On June 14, 2013, this loan was repaid for an amount of US$13,333 thousand.

c) Financial lease and sale and leaseback liabilities -

In January of 2013, sale and leaseback obligations were repaid for US$ 29,811 thousand.

20 DEFERRED INCOME TAX

The temporary differences that are the base of the calculation of the deferred income tax are as follows:

	2014 US$000	2013 US$000
Deductible temporary differences:		
- Deductible temporary differences to be recovered after more than 12 months	(3,639)	(3,574)
- Deductible temporary differences to be recovered within 12 months	(10,927)	(10,742)
	(14,566)	(14,316)
Taxable temporary differences:		
- Taxable temporary differences to be settled after more than 12 months	200,487	217,035
- Taxable temporary differences to be settled within 12 months	36,539	39,555
	237,026	256,590
Taxable temporary differences (net)	222,460	242,274
Deferred income tax liability	62,289	72,682

The gross movement on the deferred income tax liabilities account for the years ended 31 December is as follows:

	2014 US$000	2013 US$000
Opening balance	72,682	86,006
Exchange difference	(416)	(7,340)
Credit to the statement of income (note 32)	(9,977)	(5,984)
Closing balance	62,289	72,682

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Deferred tax liability, net					
	Fair value of licenses US$000	Fair value of fixed assets US$000	Impairment of fixed assets US$000	Leased fixed assets US$000	Other US$000	Total US$000
At 31 December 2012	49,961	38,882	(18,706)	14,171	1,698	86,006
Exchange difference	(4,378)	(3,685)	1,918	(1,238)	43	(7,340)
Charge (credit) to the statement of income	-	(931)	(2,202)	(678)	(2,173)	(5,984)
At 31 December 2013	45,583	34,266	(18,990)	12,255	(432)	72,682
Exchange difference	(4,617)	3,968	335	(109)	7	(416)
Charge (credit) to the statement of income	7,347	25,286	(31,550)	4,116	(482)	(9,977)
At 31 December 2014	33,619	63,520	(50,205)	16,262	(907)	62,289

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. The Group has a non-recognized a deferred income tax asset of US$355 thousand (US$7,342 thousand in 2013) related to tax losses carry-forward amounting to US$1,315 thousand (US$27,193 thousand in 2013). These tax losses carry-forward relate to the Company and do not expire.

21 TRADE AND OTHER ACCOUNTS PAYABLE

	2014 US$000	2013 US$000
Trade accounts payable:		
Invoices payable	8,208	14,437
Notes payable	3,305	-
	11,513	14,437
Other accounts payable:		
Payroll, social security and other taxes	4,072	7,966
Workers' profit-sharing (a)	4,200	874
Loans to third parties	347	291
Accrued expenses (b)	3,583	4,178
Provisions (c)	9,031	8,129
Bank loans interest (d)	8,785	8,976
Other accruals	188	489
	30,206	30,903
Non-current portion	(7,838)	(6,341)
Current portion	22,368	24,562

a) Workers profit-sharing is higher in the current year because of higher profits during the year ended as of 31 December 2014.
b) Accrued expenses in 2014 were composed mainly by US$1,822 thousand and US$1,200 thousand related to surveillance services and moving cost for administrative office, respectively.
c) Provisions related to legal claims increased in US$1,097 thousand because of new labour trials and administrative proceedings.
d) Bank loans interest is composed mainly by US$8,750 thousand interest from bonds in both periods.

22 SALES

Revenues from sales relate to the following products/services:

	2014 US$000	2013 US$000
Fishmeal	195,757	174,409
Fish oil	53,016	29,754
Mackerel/Jack mackerel	3,065	4,516
Anchovy	16,173	931
Rent of quota	2,086	-
Others	163	116
	270,260	209,726

The corresponding quantities (Metric Tons) shipped and sold as at 31 December were:

	2014 MT	2013 MT
Fishmeal	123,596	111,857
Fish oil	26,421	14,242
Mackerel/Jack mackerel	6,422	7,712
Anchovy	62,775	3,787
	219,214	137,598

23 COST OF GOODS SOLD

The cost of goods sold for the year ended 31 December comprises:

	2014 US$000	2013 US$000
Opening balance of finished products	70,156	13,577
Consumption of raw materials and other materials	64,911	106,783
Employee benefits expenses	28,312	42,381
Depreciation	19,090	13,528
Amortization	156	118
Other manufacturing expenses	20,666	28,498
Closing balance of finished products	(10,399)	(70,156)
	192,892	134,729

24 SELLING EXPENSES

Selling expenses for the year ended 31 December comprise:

	2014 US$000	2013 US$000
Employee benefits expenses	1,282	1,464
Custom duties	9,308	7,617
Services rendered by third parties	1,510	2,217
Other management charges	518	481
Depreciation	4	7
Amortization	36	27
	12,658	11,813

25 ADMINISTRATIVE EXPENSES

Administrative expenses for the year ended 31 December comprise:

	2014 US$000	2013 US$000
Employee benefits expenses	4,146	6,248
Services rendered by third parties	4,933	5,775
Non-domiciled income tax	1,135	1,155
Other taxes	94	96
Other management charges	734	1,307
Depreciation	197	359
Amortization	124	98
	11,363	15,038

26 OTHER INCOME AND OTHER EXPENSES

Other income and other expenses for the year ended 31 December comprise:

	2014 US$000	2013 US$000
Other income:		
Administrative and operating service income net	266	-
Net gain on sale of fixed assets	-	805
Recovery of provisions (a)	5,087	291
Gain on leasing operation	-	121
Gain on sale of diesel and supplies	347	324
Impairment reversion	561	-
Other operating income	986	623
	7,247	2,164
Other expenses:		
Expenses related to the search of strategic alternatives to the non-solicited takeover and issuance of additional capital (b)	-	(18,820)
Termination benefits paid to former management (c)	-	(6,342)
Fee for the early termination of agreements (d)	-	(3,055)
Net loss on sale of fixed assets	(363)	-
Write-off of net book value of fixed assets (note 6)	-	(4,080)
Expenses from non-operating vessels (e)	(1,531)	-
Depreciation from non-operating vessels	(224)	-
Fines and sanctions	(754)	(1,506)
Employee severance indemnities (f)	(2,761)	(827)
Provisions for legal lawsuits and administrative proceedings (g)	(2,676)	(5,427)
Expenses from prior years	-	(2,641)
Impairment loss of fixed assets (note 6)	(2,317)	(6,445)
Other operating expenses (h)	(457)	(1,587)
	(11,083)	(50,730)

(a) Mainly comprises the recovery of Alejandra's vessel insurance reimbursement which amounts to US$4,241 thousand.

(b) In 2013, US$18,820 thousand from expenses related to search of strategic alternatives to non-solicited offer from China Fishery Group Limited.

(c) In 2013, US$6,342 thousand from severance expenses paid to former administration.

(d) In 2013, US$3,055 thousand from early termination of agreement with former director and a related party (previous major shareholder).

(e) Comprise the expenses of surveiliance of the non-operating vessels (5 vessels)

(f) Comprise the cost of the lay-off of 48 (3 in 2013) crew members, 69 (4 in 2013) plant workers and 120 (4 in 2013) of administrative personnel amounting to US$2,761thousand (US$827 thousand in 2013).

(g) Explained by US$1,259 thousand of legal lawsuits paid (US$5,209 thousand in 2013) and US$1,417 thousand of administrative proceedings paid (US$218 thousand in 2013).

(h) Include US$295 thousand from the impairment of the investment in Aproferrol.

27 EXPENSES BY NATURE

Expenses by nature for the year ended 31 December comprise:

	2014 US$000	2013 US$000
Change in inventories of finished goods	59,976	(56,579)
Raw materials and consumables	64,911	106,783
Employee benefit expenses (note 28)	33,740	49,676
Depreciation and amortization (notes 6 and 7)	19,831	14,137
Services rendered by third parties	6,738	7,992
Taxes	1,229	1,251
Custom duties	9,308	7,617
Transportation, load and unload	911	1,218
Quality control analysis	662	1,038
Maintenance	7,001	7,821
Fishing rights	1,167	3,719
Insurances	2,263	2,018
Surveillance	2,492	2,244
Electricity and water	1,548	2,016
Fishing unload	2,480	3,989
Provision for obsolescence	105	824
Other management charges	2, 776	5,816
	217,138	161,580

28 EMPLOYEE BENEFIT EXPENSES AND AUDITORS' FEES

Employee benefit expenses for the year ended 31 December comprise:

	2014 US$000	2013 US$000
Wages and salaries	24,645	41,860
Vacations	1,505	2,441
Social security costs	1,875	2,865
Share options granted to employees (note 17)	-	767
Workers' profit sharing (note 31)	3,784	457
Other employee costs	1,514	1,286
	33,323	49,676
Number of employees	1,533	1,391

Employee benefit expenses are distributed as follows:

	2014 US$000	2013 US$000
Inventories (note 11)	(417)	(417)
Cost of goods sold (note 23)	28,312	42,381
Selling expenses (note 24)	1,282	1,464
Administrative expenses (note 25)	4,146	6,248
	33,323	49,676

Compensation paid to the Board of Directors amounted to US$69 thousand in 2014, net of withholding taxes (US$325 thousand in 2013).
Auditors' fees billed to the Company comprise the following services (VAT included):

	2014 US$000	2013 US$000
Statutory audit	637	595
Other services	19	86
	656	681

29 FINANCE INCOME AND COSTS

The detail of finance income (costs) for the year ended 31 December is as follows:

	2014 US$000	2013 US$000
Finance income:		
Interest on accounts receivable to related parties	13,291	2,413
Interest on short-term deposits	4	331
Interest on other accounts receivable	50	475
Bonds (amortized cost)	-	265
Others	73	-
Total finance income	13,418	3,484
Interest expenses:		
Bonds	(22,500)	(22,181)
Bank borrowings	(963)	(233)
Finance leases	-	(84)
Inventory financing	(730)	(498)
Factoring commissions	(704)	(446)
Bonds (amortized cost)	(15)	-
Others	(542)	(779)
Total finance costs	(25,454)	(24,221)
Finance income and costs, net	(12,036)	(20,737)

30 CASH GENERATED FROM OPERATIONS

	2014 US$000	2013 US$000
Profit (loss) before income tax	18,713	(38,805)
Adjustments for:		
Depreciation (note 6)	19,515	13,894
Amortization (note 7)	316	243
Loss/gain on sale of property and equipment	363	3,275
Impairment charge	2,317	6,445
Impairment reversion	(561)	-
Share options granted to employees	-	767
Foreign exchange losses on operating activities	-	64
Finance costs, net	12,036	20,737
Changes in working capital (net of the effects of acquisition and exchange differences on consolidation):		
Inventories	58,528	(51,996)
Trade accounts receivables	5,504	11,860
Other accounts receivable	(20,206)	(3,965)
Trade accounts payable	(2,924)	11,101
Other accounts payable	18,276	(2,124)
Cash generated from operations	111,877	(28,504)

Proceeds from the sale of property, plant and equipment comprise:

	2014 US$000	2013 US$000
Disposals, net (note 6)	1,513	2,148
Write-off (note 6)	-	4,080
Net book value	1,513	6,228
Loss on disposal of property and equipment	(362)	(3,275)
Proceeds from sale of property, plant and equipment	1,151	2,953

31 WORKERS' PROFIT SHARING

Workers' profit sharing (WPS) is distributed as follows:

	2014 US$000	2013 US$000
Inventories (note 11)	417	417
Cost of goods sold	2,996	81
Administrative expenses	623	352
Selling expenses	165	24
	3,784	457
	4,201	874

32 INCOME TAX EXPENSE

a) The Company -

As of 31 December 2014 the income tax rate in Norway is 27%. As of December 2013, the income tax rate in Norway was 28%. As of 31 December 2014, the Company has a tax loss carry-forward amounting to NOK9,769 thousand equivalent to US$1,315 thousand (NOK104,578 thousand equivalent to US$17,190 thousand in 2013). According to Norwegian legislation these tax losses have no expiration term.

b) Copeinca S.A.C. -

Management of the Group considers that it has determined the taxable income, under the general regime of the income tax as established by regulations currently in force in Perú, which requires adding to and deducting from the result shown in its separate financial statements, those items considered as taxable and non-taxable, respectively.

As of 31 December 2014 and 2013, the income tax rate in Perú is 30%. The income tax rate for the years 2015-2016, 2017-2018 and 2019 and on will be 28%, 27% and 26% respectively. The taxable income has been determined as follows:

	2014 US$000	2013 US$000
Profit before income tax	18,713	(38,805)
Plus: Workers' profit sharing	3,784	457
	22,497	(38,348)
Non-deductible expenses	7,757	6,489
Temporary differences	9,464	19,946
Non-taxable revenues	(337)	(328)
Other adjustments	2,631	20,981
Taxable income	42,012	8,740

	2014	2013
Workers' profit sharing (10%)	(4,201)	(874)
	37,811	7,866
Workers' profit sharing not paid in 2014 and 2013	(878)	837
	36,933	8,703
Current income tax (30%)	11,080	2,611

c) Other subsidiaries -

As of 31 December 2014, the other subsidiaries of the Group have determined tax losses amounting to US$74 thousand (tax losses amounting to US$1,039 thousand in 2013). The Company's Management has determined the income tax for each subsidiary as from the 1 January of the year in which their control was obtained instead of as from the date of their acquisition. Management estimates that the effect resulting from this way of calculation, if any, is not significant. The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted-average tax rate applicable to profits of the consolidated companies as follows:

	2014		2013	
	US$000	%	US$000	%
Profit (loss) before income tax	18,713		(38,805)	
Plus: Workers' profit sharing (note 31)	3,784		457	
	22,497	100	(38,348)	100
Income tax and workers' profit sharing	6,749	30	(11,504)	(30)
Other non-taxable income	(101)	-	(98)	-
Other non-deductible expenses	3,837	17	8,517	22
Other adjustments	(9,382)	(42)	(288)	(1)
Current and deferred income tax	1,103	6	(3,373)	(9)

d) The income tax expense shown in the statement of income comprises:

	2014	2013
	US$000	US$000
Current (note 32-b)	(11,080)	(2,611)
Deferred (note 20)	9,977	5,984
	1,103	3,373

e) The movement of the income tax payable shown in the balance sheet is as follows:

	2014	2013
	US$000	US$000
Opening balance	-	-
Current income tax (note 32-b)	11,080	2,611
Payments in advance (note 32-h)	(1,952)	(1,662)
Compensation of income tax credit (note 32-h)	(7,672)	(6,135)
Exchange difference	(74)	(13)
Income tax credit (note 13-c)	-	5,199
Closing balance	1,382	-

f) Peruvian tax authorities (SUNAT, Spanish acronym) have the right to review and, if applicable, amend the income tax determined by Copeinca S.A.C. in the last four years as from the following year the tax returns have been filed (years subject to examination). Years 2011 to 2014 are subject to examination by the tax authorities. Since discrepancies may arise on the interpretation of the tax laws applicable to Copeinca S.A.C. by the tax authorities, it is not possible to presently anticipate if any additional liabilities will arise as a result of eventual examinations. Any additional tax, penalties and interest, if any, will be recognized in the results of the period in which such differences are

resolved. Copeinca S.A.C.'s Management considers that no significant liabilities will arise as a result of these tax examinations.

g) Copeinca S.A.C. may obtain a refund of the VAT (IGV in Perú) on its exports. In this sense, the tax paid may be applied against the VAT arising from local sales or other taxes that are considered as revenues for the Public Treasury or otherwise apply for refund through negotiable credit notes or checks. The credit to be recovered as of 31 December 2014 amounts to approximately US$1,463 thousand (approximately US$3,937 thousand as of 31 December 2013) and is shown net in other accounts receivable in the balance sheet (note 13).

h) Copeinca S.A.C. reported a taxable income for the fiscal year 2013; consequently, it was under the obligation of making, during 2014, payments in advance of the 2014's income tax as established by Article 54 of the income tax law. In this sense, Copeinca S.A.C. made payments in advance of the 2014's income tax between January and November 2014 for a total amount of US$9,624 thousand (US$7,797 thousand in 2013) of which US$1,952 thousand were paid in cash (US$1,662 thousand in 2013) and US$7,632 thousand were provided as compensation for current income tax credit (US$6,135 thousand in 2013) (note 32-e). Payments in advance of the income tax are applied against the final income tax filed within the tax authorities.

33 CONTINGENCIES

As of 31 December 2014, Copeinca S.A.C. has the following contingent liabilities:

- Claims filed against the Peruvian Tax Authorities currently pending resolution, related to tax assessments amounting to US$1,948 thousand (US$2,152 thousand in 2013).
- Court actions (civil and labor-related actions) against Copeinca S.A.C. for an amount of US$3,062 thousand, (US$3,697 thousand in 2013).
- Administrative proceedings filed within the Production Ministry amounting to US$6,363 thousand (US$7,843 thousand in 2013).

It is not anticipated that any material liabilities will arise from the contingent liabilities other than those provided for (note 21-d). Management believes that no material liabilities will arise from the final resolution of these cases.

34 RELATED-PARTY TRANSACTIONS

As of 31 December 2014, the Company's sole shareholder is CFG Investment S.A.C. As of 31 December 2013, the Company's major shareholders were Grand Success Investment holder of a 62.5% interest and Euroclear bank holder of a 37.3% interest. The remaining 0.2% is held by other minor shareholders.

a) Before September 2, 2013 -

Gestion del Pacifico S.A.C. is a company owned by Dyer and Coriat Holding which provides corporate affair services to Copeinca S.A.C. and other companies.
Camposol S.A. is a subsidiary of Dyer and Coriat Holding.

Marinazul S.A. is a subsidiary of Camposol S.A. which has 94.95% of interest. This company is dedicated to the farming, breeding and export of shrimps.

The movement of accounts receivable to affiliated companies for services rendered is as follows:

	2013
	US$000
Opening balance	29
Services rendered	611
Repayment of loans received	(640)
Interest charged	-
Closing balance	-

These services include US$111 thousand from services rendered to Camposol S.A. and US$500 thousand for assorted services to Gestion del Pacifico S.A.C.

The movement of accounts payable to affiliated companies for services received is as follows:

	2013
	US$000
Opening balance	80
Services received	1,309
Others	3,286
Payments done	(4,675)
Closing balance	-

The services received from Marinazul S.A. are related to research and investigation amounting to US$75 thousand and other services amounting to US$41 thousand.

The services received form Camposol S.A. are related to research and investigation amounting to US$52 thousand and assorted services amounting to US$22 thousand.

The services received from Gestion del Pacifico S.A.C. are related to image, communications and social responsibility amounting to US$635 thousand, Office Maintenance amounting to US$138 thousand and IT services amounting to US$346 thousand. Other account payable corresponds to early termination of agreement with Gestion del Pacifico S.A.C. amounting to US$3,055 thousand and others amounting to US$231 thousand.

b) On or after September 2, 2013 and 2014 -

China Fisheries International Limited provides fishing management services also engages in selling of fish and other marine catches.

The movement of accounts receivable to affiliated companies for loans rendered is as follows:

	2014	2013
	US$000	US$000
Amount due from related parties	188,923	223,840
Accounts payable to related parties	(472)	(6,996)
	188,451	216,844

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

	2014 US$000	2013 US$000
Income from related companies is as follows:		
Operation income from CFG Investment S.A.C.	168	-
Administrative income from CFG Investment S.A.C.	4,407	-
Interest income from CFIL	8,391	1,188
Cession quota from CFG Investment S.A.C.	2,086	-
Sale of fishmeal and fish oil to Protein Trading Ltd.	84,196	12,492
Sale of raw material to CFG Investment S.A.C.	15,650	-
	114,898	13,680

	2014 US$000	2013 US$000
Expenses from related companies are as follows:		
Operation expenses from CFG Investment S.A.C.	(121)	-
Administrative expenses from CFG Investment S.A.C.	(4,188)	-
Purchase of raw material from CFG Investment S.A.C.	(15,497)	-
	(19,806)	-

c) Board and management remuneration -

In 2014, the director Herdis Drofn resigned.

On 2 September 2013, an Extraordinary General Meeting of the Company was held, resolving:

I) A new board of directors:

- Ng Joo Siang
- Ng Puay Yee
- Jon Thor Gunnarson
- Herdis Drofn Fjeldsted

II) To approve the remuneration of the resigning Directors based on actual service time since the last Annual General Meeting (144 days since 12 April 2013 to 2 February 2013) and in accordance with the resolution made on 12 April 2013 by the Annual General Meeting regarding the remuneration of the Board of Directors:

Directors	**Board**	**Nominations Committee Proposed Fees**	
		NOK 000	**US$000**
Mr. Samuel Dyer Coriat	Chairman	262	43
Mr. Kristjan Davidsson	Deputy Chairman	215	35
Mr. Samuel Dyer Ampudia	Member	139	23
Mr. Osterling Luis Dyer Ampudia	Member	118	19
Mrs. Mimi Berdal	Member	124	20
Mrs. Marianne Johnsen	Member	128	21
Mr. Sheyla Dyer Coriat	Member	118	19
Mr. Jon Hindar	Member	118	19
		1,222	**199**

The Group has a Management team consisting of a CEO and a CFO; all employed by the main subsidiary Copeinca S.A.C. During 2014 and 2013, the amounts paid to these executives were:

	2014 US$000	2013 US$000
Short-term benefits	681	433
Bonus	46	49
	727	482

There were no loans granted to key management during 2014 and 2013.

The group has provided several of its key management personnel with short-term loans at free interest rates. The loans to key management personnel are unsecured.

e) Statement on the determination of salary and other remuneration -

i) Wages -

The Board of Directors determines the remuneration of the CEO. There is no bonus program designed for management, but it is possible to pay an exceptional bonus when the Board decides on it. Other key executive's remuneration is proposed by the CEO to the board for approval.

Key executives remuneration should be competitive in the market in which the Company operates, and it may have both variable and fixed components.

ii) Other benefits -

In the case of the CEO and key management, other benefits consist of car allowances, fuel coupons, health and life insurance, telephone and electronic communication equipment.

iii) Severance payments -

Copeinca S.A.C. pays termination benefits, as required by Peruvian law, to all its employees, management included. If the employee is laid off, Peruvian law provides for a severance payment consisting of one and a half monthly salaries per year worked for the employer. This severance payment, by law, has an upper limit and cannot exceed 12 monthly salaries. Additionally, with the authorization of the CEO, Copeinca S.A.C. may pay a limited additional benefit, when key management is invited to retirement.

iv) Other remuneration -

No member of the Group's Management has received remuneration or economical benefits from other entities in the Group, other than the amounts stated above. No additional remuneration has been granted for special services outside the normal functions of a CEO. No loans have been given to, or guarantees given on the behalf of, any members of the Group's management, the Board or other elected corporate bodies.

v) Share options scheme -

Key management also benefits from a stock option plan which was terminated in May 2013 (note 17-c).

35 GUARANTEES

As of 31 December 2014, the Group has pledged the following assets:

Gaurantees:

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	

Letter of guarantees:

Date	Bank	Number	Beneficiary	Amount US$000
Ago 2011	Scotiabank	10276499-003	4th Judged specialist	77
Oct 2011	Santander	2454	4th Judged specialist	1
Dec 2012	Scotiabank	10380955	14th Comercial judged	64
Sep 2014	Continental	9800293264	4th Judged permanent	1
Sep 2014	Continental	9800293272	4th Judged permanent	1
Sep 2014	Continental	9800293280	4th Judged permanent	12
Dec 2014	Continental	9800321225	SUNAT	704
Nov 2014	Crédito	2137115	SUNAT	1,006
Nov 2014	Continental	9800317708	PNICP	10
Nov 2014	Continental	9800317686	PNICP	9
Total				1,885

36 COMMITMENTS

Capital expenditures contracted for at the end of the reporting period but not yet incurred amounts to US$305 thousand for property plant and equipment (US$611 thousand in 2013).

37 EVENTS AFTER THE REPORTING PERIOD

a) First fishing season 2015 begins -

On April 9th 2015, PRODUCE, The Peruvian Ministry Of Production's Fishing Vice Ministry, the entity that executes and directs the sector's policies to guarantee the rational management of fishing resources and preservation of the environment, issued resolution 082-2015-PRODUCE authorizing the start of the first fishing season on April 2nd 2015 at 00:00 hours in the area between the center - north area of Perú (North of 16th parallel). The maximum allowable catch limit of anchovy for indirect human consumption for the first fishing season 2015 is 2,580,000 MT. The first fishing season will end once the maximum allowable catch limit is reached, otherwise on 30 June 2015. This date may be extended according to the biological environment, prior report from the Peruvian Marine Research Institute (Instituto del Mar Perúano, IMARPE).

As for the southern fishing season, the first season began on March 26th with a quota of 375,000 MT, representing a 60% increase compared to the first season of 2014.

b) Redemption of Copeinca US$250 million senior notes -

On November 11, 2014 China Fishery Group announced that that Company had obtained the consent from the lenders under the US$650,000,000 Term and Revolving Facility Agreement dated 20 March 2014 (the "Facility") to extend the deadline for the redemption of the outstanding US$250,000,000 9.00% senior notes due 2017 issued by Corporacion Pesquera Inca S.A.C., a subsidiary of Copeinca AS (the "Copeinca Notes") until 16 March 2015 by the relevant lenders.

On April 1, 2015, China Fishery Group has obtained in principle conditional consent from the lenders under the CFGL Facility to extend the Redemption Deadline of the Copeinca Notes until 15 May 2015. The consent is subject to the execution of the formal waiver document. The conditions of the consent largely relate to the flow of funds in the Pacific Andes Group that will be used for the redemption of the Copeinca Notes, to secure that the Rights Issue proceeds will be used for the stipulated purposes and to address the situation if the Rights Issue fails.