CIRCULAR DATED 6 August 2013

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN DOUBT AS TO THE ACTION THAT YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

If you have sold or transferred all your shares in the capital of China Fishery Group Limited (the "Company"), please forward this Circular with the Notice of Extraordinary General Meeting and the accompanying Proxy Form immediately to the purchaser or the transferee or to the stockbroker, bank or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any statements made, reports contained or opinions expressed in this Circular.

Terms appearing on the cover of this Circular bear the same meanings as defined in this Circular.

CHINA FISHERY GROUP LIMITED

(Incorporated in the Cayman Islands)

CIRCULAR TO SHAREHOLDERS

in relation to:

THE PROPOSED ACQUISITION OF A SIGNIFICANT EQUITY INTEREST IN COPEINCA ASA

Financial Advisers to the Company on the Acquisition (in alphabetical order)

COÖPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A. (trading as RABOBANK INTERNATIONAL), SINGAPORE BRANCH

ROTHSCHILD (SINGAPORE) LIMITED

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	20 August 2013 at 9.30 a.m.
Date and time of Extraordinary General Meeting	:	22 August 2013 at 9.30 a.m.
Place of Extraordinary General Meeting	:	Millenia 3, Level 2 The Ritz-Carlton Millenia Singapore 7 Raffles Avenue Singapore 039799

CONTENTS

CORPORATE INFORMATION 1

DEFINITIONS 3

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS 15

INDICATIVE TIMETABLE 16

1 INTRODUCTION 17

2 ACQUISITION 19

2.1 Introduction 19

2.2 Dyer Pre-Acceptances 19

2.3 New Offer in Norway and Peru 21

2.3.1 Terms of the New Offer 21

2.3.2 New Offer Price 28

2.3.3 Norwegian Takeover Code and Peruvian Tender Regulations 29

2.3.4 Revision of Terms of the Acquisition 31

2.4 Listing Manual 32

2.4.1 Rule 1006 32

2.4.2 Rule 1015(2) 36

2.5 Waivers Sought from the SGX-ST 39

2.6 Approvals from the Shareholders of PAIH 40

2.7 Supplemental Circular 40

2.8 Information on the Copeinca Group[1,2,3] 42

2.9 Risks to the Acquisition 44

2.10 Rationale for the Acquisition 44

2.11 Financial Effects 46

2.11.1 Introduction 46

2.11.2 NTA 48

2.11.3 EPS 48

2.11.4 Gearing 48

2.11.5 Financial Highlights of the Enlarged Group 49

2.11.6 Other Salient Financial Information of the Acquisition 54

2.12 The Enlarged Group 54

2.12.1 Enlarged Group Structure 54

2.12.2 Principal Business 61

2.12.3 Prospects and Future Plans after the Completion of the Acquisition . 61

2.12.4 Risk Factors 62

2.12.5 Liquidity and Capital Resources 69

2.12.6 Directors and Key Executives 70

2.12.7 Government Regulations 71

2.12.8 Anti-trust Regulations 72

2.12.9 Taxation 73

2.12.10 Exchange Controls 73

2.12.11 Undertakings by Controlling Shareholders 73

3 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS 74

4 EXTRAORDINARY GENERAL MEETING 75

5 ACTIONS TO BE TAKEN BY SHAREHOLDERS 75

6 DIRECTORS' RECOMMENDATIONS 76

7 RESPONSIBILITY STATEMENT OF THE DIRECTORS 77

8 FINANCIAL ADVISERS' RESPONSIBILITY STATEMENT 77

9 INTEREST OF FINANCIAL ADVISERS 78

10 MISCELLANEOUS 78

10.1 Consents 78

10.2 Material Contracts of the Group 78

10.3 Material Litigation 79

10.4 Documents Available for Inspection 80

APPENDIX A – INFORMATION ON COPEINCA GROUP A-1

APPENDIX B – DISCUSSION ON PROSPECTS OF THE ENLARGED GROUP B-1

APPENDIX C – RISKS RELATING TO THE EXISTING GROUP'S OPERATIONS C-1

APPENDIX D – SUMMARY OF RELEVANT NORWEGIAN LAWS AND REGULATIONS D-1

APPENDIX E – SUMMARY OF RELEVANT PERUVIAN LAWS AND REGULATIONS E-1

APPENDIX F – SUMMARY OF RELEVANT SPANISH LAWS AND REGULATIONS . . . F-1

APPENDIX G – TAXATION . . . G-1

APPENDIX H – EXCHANGE CONTROLS . . . H-1

APPENDIX I – FINANCIAL INFORMATION OF THE COPEINCA GROUP . . . I-1

APPENDIX J – UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION ON THE ENLARGED GROUP IN MINIMUM GO SCENARIO . . . J-1

APPENDIX K – UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION ON THE ENLARGED GROUP IN PRE-ACCEPTANCE GO SCENARIO . . . K-1

APPENDIX L – UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION ON THE ENLARGED GROUP IN MAXIMUM GO SCENARIO . . . L-1

NOTICE OF EXTRAORDINARY GENERAL MEETING . . . EGM-1

CORPORATE INFORMATION

Board of Directors

Ng Joo Kwee (Executive Chairman)
Sung Yu Ching (Managing Director)
Ng Joo Siang (Executive Director)
Chan Tak Hei (Executive Director)
Patrick Thomas Siewert (Non-executive Director)
Janine Feng Junyuan
(Alternate to Patrick Thomas Siewert)
Lim Soon Hock (Independent Non-executive Director)
Tse Man Bun (Independent Non-executive Director)
Tan Ngiap Joo (Independent Non-executive Director)

Joint Company Secretaries

Yvonne Choo
Busarakham Kohsikaporn

Registered Office

Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

Principal Office

Room 3312-3314
Hong Kong Plaza
188 Connaught Road West
Hong Kong

Share Registrar

Appleby Trust (Cayman) Ltd
Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

Share Transfer Office

B.A.C.S. Private Limited
63 Cantonment Road
Singapore 089758

Financial Advisers to the Company for the Acquisition
(in alphabetical order)

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.
(trading as Rabobank International)
Singapore Branch
77 Robinson Road #07-00
Singapore 068896

Rothschild (Singapore) Limited
One Raffles Quay, North Tower
1 Raffles Quay #10-02
Singapore 048583

Financial Advisers to the Offeror for the Acquisition in Norway
(in alphabetical order)

Rothschild Nordic AB
Strandvägen 7A
114 56 Stockholm
Sweden

Skandinaviska Enskilda Banken AB (publ) Oslo Branch
Filipstad Brygge 1
0252 Oslo
Norway

Auditors to the Company and Reporting Auditors

Deloitte & Touche LLP
Certified Public Accountants
6 Shenton Way Tower Two, #32-00
Singapore 068809

Legal Adviser to the Company in relation to Singapore Law

David Lim & Partners LLP
50 Raffles Place
#17-01 Singapore Land Tower
Singapore 048623

Legal Adviser to the Company in relation to Hong Kong Law

Baker & McKenzie
23/F, One Pacific Place
88 Queensway, Hong Kong

Legal Adviser to the Company in relation to Norwegian Law

Advokatfirmaet BA-HR DA
Tjuvholmen allé 16
N0-0252 Oslo
Norway

Legal Adviser to the Company in relation to Peruvian Law

Estudio Echecopar, member firm of Baker & McKenzie International
Av. De la Floresta 497, piso 5
San Borja, Lima,
Peru

Legal Adviser to the Company in relation to Spanish Law

Baker & McKenzie Madrid, SLP
Paseo de la Castellana, 92
Madrid 28046

Legal Adviser to the Company in relation to Cayman Law

Appleby
2206-19 Jardine House
1 Connaught Place Central
Hong Kong

Principal Bankers to the Company

China CITIC Bank International Limited
DBS Bank (Hong Kong) Limited
Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (trading as Rabobank International), Hong Kong Branch
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited

DEFINITIONS

In this Circular, unless the context otherwise requires, the following terms or expressions shall have the following meanings:

GENERAL

"Acquisition" : The proposed New Offer, Second General Offer and/or Compulsory Acquisition (as applicable) of Copeinca and acquisitions including but not limited to acquisition of Copeinca Shares in the open market or in privately negotiated transactions or otherwise, by the Group (including the Offeror) and the transactions contemplated thereunder

"Alatir" : Alatir Limited, a corporation incorporated under the laws of the British Virgin Islands that acts as a Supplier under the Supply Agreements

"Articles" : The articles of association of the Company as amended, varied or supplemented from time to time

"Board" : The board of directors of the Company as at the date of this Circular

"Call Option" : The call option granted by Veramar to the Offeror pursuant to the Call Option Agreement to acquire the Call Option Shares

"Call Option Agreement" : The agreement dated 25 February 2013 between the Offeror and Veramar

"Call Option Price" : Means the exercise price for the Call Option i.e. NOK59.70

"Call Option Shares" : 6,295,100 Copeinca Shares as stipulated in the Call Option Agreement

"Call Option Transaction" : The acquisition of the Call Option Shares pursuant to the Call Option Agreement

"Cancellation Fee" : Has the meaning ascribed to it in Section 2.2

"CAVALI" : Cavali S.A. ICLV, the central securities depositary of Peru

"Cayman Companies Law" : The Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and amended) of the Cayman Islands, as amended, varied or supplemented from time to time

“CDP” : The Central Depository (Pte) Limited or its nominee(s) as the case may be

“Cermaq” : Cermaq ASA, a company listed on Oslo Børs

“CET” : Central European Time

“CFIL” : China Fisheries International Limited, an indirect wholly owned subsidiary of the Company

“China Fishery Fleet” : The eight vessels owned and operated by the Group

“Circular” : This circular to Shareholders dated 6 August 2013

“Companies Act” : The Companies Act (Cap. 50) of Singapore, as may be amended, varied or supplemented from time to time

“Company” or “CFGL” : China Fishery Group Limited, the shares of which are listed on the Main Board of the SGX-ST

“Competing Offer” : Has the meaning ascribed to it in Section 2.2

“Compulsory Acquisition” : A compulsory acquisition under Norwegian law by a shareholder who directly or indirectly acquires and holds shares representing 90% or more of the total number of all the issued shares of Copeinca (“**Majority Shareholder**”) to acquire the remaining shares not owned by the Majority Shareholder, from the minority shareholders who have not accepted the New Offer or the Second General Offer (“**Minority Shareholders**”)

The Minority Shareholders have a corresponding right to require the Majority Shareholder to acquire their shares

“Contract Supply Vessels” : Fishing vessels that supply fish for fixed periods under the Supply Agreements or predecessor agreements. At all times, these vessels are owned and operated by the respective Vessel Owning Companies

“Controlling Shareholder” : A person who:

(a) holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in a company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or

(b) in fact exercises control over a company

“Copeinca” : Copeinca ASA, a company incorporated in Norway with organisation number 990565791 and listed on the Oslo Børs with a secondary listing on the Lima Stock Exchange

“Copeinca Bond Issue” : Collectively:

(a) The US$175 million of senior notes due 2017 with a 9.00% coupon issued under an indenture dated 10 February 2010 between Copeinca S.A.C, Copeinca (including any subsidiary guarantors) as a guarantor and Deutsche Bank Trust Company Americas, as trustee, and guaranteed on an unsecured senior basis by Copeinca. Pursuant to this, an offering memorandum dated 10 February 2010 was issued with Credit Suisse Securities (USA) LLC as sole bookrunner and joint lead manager; and

(b) The US$75 million additional senior notes due 2017 issued by Copeinca S.A.C., as announced on the Oslo Børs by Copeinca on 11 January 2013. The additional US$75 million senior notes are a reopening of the bond issue in paragraph (a) above and therefore form a single issue with the US$175 million 9.00% senior notes due 2017 and the total aggregated principal of the senior notes is US$250 million

“Copeinca Group” : Copeinca and its subsidiaries

“Copeinca S.A.C.” : Corporacion Pesquera Inca S.A.C., a wholly-owned subsidiary of Copeinca

“Copeinca Shares” : Issued and registered voting shares in Copeinca each with a nominal value of NOK5

“DCH” : Dyer Coriat Holding S.L.

“Directors” : The directors of the Company as at the date of this Circular

“Dyer Pre-Acceptances” : The pre-acceptance undertakings from DCH and Weilheim, particulars of which are stated in Section 1 of this Circular

“EGM” : The extraordinary general meeting of the Company, notice of which is set out on pages EGM-1 to EGM-2 of this Circular

“Enlarged Group” : The enlarged group of companies comprising the Group and the Copeinca Group immediately after completion of the Acquisition

“EPS” : Earnings per share

“Escrow Agreement” : The escrow agreement dated 21 June 2013 between the Offeror, DCH, Weilheim, Scotiabank Peru S.A.A (“**Escrow Agent**”) and Scotia Sociedad Agente de Bolsa S.A., later amended to have Larrain Vial Sociedad Agente de Bolsa SA as the exchange agent (“**Exchange Agent**”)

“Escrow Amount” : Has the meaning ascribed to it in Section 1

“Facility Agreement” : The Facility Agreement entered into by Grandwell Investment Group Limited, the Company, the Offeror and certain subsidiaries of the Company with Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (trading as Rabobank International), Hong Kong Branch and DBS Bank (Hong Kong) Limited on 26 February 2013 (as amended by supplemental agreement dated 12 July 2013)

“FAO” : Food and Agriculture Organisation of the United Nations

“Financial Advisers” : Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (trading as Rabobank International), Singapore Branch and Rothschild (Singapore) Limited (in alphabetical order), the financial advisers to the Company for the Acquisition. For the avoidance of doubt, where references are made to or representations are attributed to “Financial Advisers” in this Circular, such references and representations shall be limited to Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (trading as Rabobank International), Singapore Branch and Rothschild (Singapore) Limited (in alphabetical order) acting in the capacity as financial advisers to the Company for the Acquisition and shall not imply any additional financial advisory role undertaken or service provided in respect of the parties

“First Supply Agreement” : The agreement originally named as vessel operating agreement dated 6 January 2004 between CFIL and Perun, as amended by four addenda dated 20 January 2004, 1 April 2005, 20 July 2010 and 15 December 2010, respectively, and further replaced with and renamed as Supply Agreement on 16 July 2012

“Fourth Supply Agreement” : The agreement originally named as vessel operating agreement dated 24 January 2007 between CFIL and Perun, as amended by an addendum dated 20 July 2010, and further replaced with and renamed as Supply Agreement on 16 July 2012

“FY” : Financial year of the Company ended or ending 28 September of a particular year

“FY2010” : Financial year of the Company ended 28 September 2010

“FY2011” : Financial year of the Company ended 28 September 2011

“FY2012” : Financial year of the Company ended 28 September 2012

“GO Settlement Date” : Settlement date of the New Offer

“Golden Target” : Golden Target Pacific Limited, a wholly-owned subsidiary of PARD

“Group” : The Company and its subsidiaries

“Higher Consideration” : Has the meaning ascribed to it in Section 2.2

“HKSE” : The Stock Exchange of Hong Kong Limited

“IFFO” : International Fishmeal and Fish Oil Organisation

“IFRS” : International Financial Reporting Standards

“ISIN” : International Securities Identification Number

“ITQ” : Individual Transferable Quota, which is a fishery management system established to prevent overfishing. An ITQ is a legally defensible right to catch, land and market a quantity of fish over a certain period of time, held by an individual or a firm, and tradable in the market. Under Peru’s ITQ system, individual quotas have been granted to licensed fishing vessels that entitle their owners to a share of Peru’s total allowable catch

“Latest Practicable Date” : 30 July 2013, being the latest practicable date prior to the printing of this Circular

“Lima Stock Exchange” : Bolsa de Valores de Lima, being the stock exchange of Peru

“Lima VGO” : The proposed new conditional voluntary tender offer by the Offeror for Peruvian Securities pursuant to the Peruvian Tender Regulations

“Listing Manual” : The Listing Manual of the SGX-ST, as may be amended, varied or supplemented from time to time

“Listing Rules” : The rules governing the listing of securities on The Stock Exchange of Hong Kong Limited, as may be amended, varied or supplemented from time to time

“Market Day” : A day on which the SGX-ST is open for trading of securities

“Maximum GO Scenario” : An acquisition of 100% of the total issued shares in Copeinca (including the Copeinca Shares already owned or to be acquired by the Offeror) pursuant to the New Offer at the New Offer Price of NOK68.17 per Copeinca Share

“Minimum GO Scenario” : An acquisition of 50.01% of the total issued shares in Copeinca (including the Copeinca Shares already owned or to be acquired by the Offeror) pursuant to the New Offer at the New Offer Price of NOK68.17 per Copeinca Share

“MOFCOM” : Ministry of Commerce of the PRC

“N.S. Hong” : N. S. Hong Investment (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability and the controlling shareholder of PAIH

“NAV” : Net asset value

“New Fourth Supply Agreement” : New Supply Agreement between CFIL and Perun dated 14 November 2012 to replace the Fourth Supply Agreement dated 16 July 2012. The New Fourth Supply Agreement shall take retrospective effect from 1 October 2012 and shall terminate on 30 September 2030

“New Offer” : Means the Lima VGO and the Norway VGO which the Offeror has launched on 16 July 2013

“New Offer Announcement” : The announcement of the Company dated 24 June 2013 on the New Offer

“New Offer Document” : The offer document setting out the terms of the New Offer

“New Offer Price” : NOK68.17, being the offer price for each Copeinca Share or each unit of Peruvian Security representing one Copeinca Share, pursuant to the New Offer

“North Pacific Ocean” : For the purpose of this Circular, the North Pacific Ocean refers to the fishing grounds in Russian territorial waters and exclusive economic zone in the Sea of Okhotsk and the Russian Bering Sea in the North Pacific Ocean

“Norway VGO” : The proposed new voluntary conditional cash offer by the Offeror for all the shares in Copeinca pursuant to the Norwegian Takeover Code

“Norwegian Takeover Code” : The Norwegian Securities Trading Act of 29 June 2007 no. 75 and pertinent regulations

“NTA” : Net tangible assets

“Ocean Harvest Transaction” : The acquisition of 5,773,000 Copeinca Shares from Ocean Harvest S.A. by the Offeror

“Offeror” : Grand Success Investment (Singapore) Private Limited, a wholly-owned subsidiary of the Company which has made the New Offer

“Old Offer” : The previous voluntary cash offer made by the Offeror for all of the Copeinca Shares which was announced by the Company on 26 February 2013 and has lapsed on 23 May 2013

“Old Offer Announcement” : The announcement made by the Company on 26 February 2013 concerning, *inter alia*, the Old Offer

“Old Offer Price” : The Old Offer Price of NOK53.85 which was subsequently revised to NOK59.70

“Ordinary Resolution” : The ordinary resolution as set out in the notice of EGM on pages EGM-1 to EGM-2 of this Circular

“Oslo Børs” : The Oslo Stock Exchange of Norway

“Owner Supply Agreements” : The agreements between the Suppliers and the Vessel Owning Companies with respect to the sale of fish from the Contract Supply Vessels and the utilisation of the relevant fishing quota shares

“PAIH” : Pacific Andes International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited

“PAIH Supplemental Circular” : Has the meaning ascribed to it in Section 2.7

“PARD” : Pacific Andes Resources Development Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the SGX-ST, and a subsidiary of PAIH

“Penalty Fee” : Has the meaning ascribed to it in Section 2.2

“Penalty Fee Undertaking” : The penalty fee undertaking entered into by the Offeror and the Company, particulars of which are stated in Section 1 of this Circular

“People’s Republic of China” or “PRC” : The People’s Republic of China, for the purpose of this Circular, excluding Hong Kong SAR, Macau SAR and Taiwan

“Perun” : Perun Limited, a corporation incorporated under the laws of the British Virgin Islands that acts as a Supplier under the Supply Agreements

“Peruvian Securities” : The Copeinca securities listed on the Lima Stock Exchange, whether they are shares of Copeinca or depositary receipts representing the shares of Copeinca, further details of which are set out in Section 2.8.1 of this Circular

“Peruvian Tender Regulations” : The applicable tender offer regulations in Peru

“PET” : Peru time

“Pre-Acceptance GO Scenario” : An acquisition of 74.23% of the total issued shares in Copeinca (based on the aggregate pre-acceptance undertakings received by the Offeror as at the date of the New Offer Announcement and the Copeinca Shares currently owned by the Offeror including the Call Option Shares) each at the Offer Price of NOK68.17

“Proxy Form” : The proxy form in respect of the EGM

“Register of Members” : Register of members of the Company

“Relevant Shares” : Has the meaning ascribed to it in Section 2.12.11

“Richtown” : Richtown Development Limited, a wholly-owned subsidiary of PARD

“Rights Issue” : The rights issue of the Company which was completed on 19 April 2013

“Scrip Dividend Scheme” : The scrip dividend scheme of the Company

“Second General Offer” : The mandatory general offer under the rules of the Norwegian Takeover Code and simultaneous voluntary tender offer under the Peruvian Tender Regulations

“Second Supply Agreement” : The agreement originally named as vessel operating agreement dated 20 February 2006 between CFIL and Alatir, as amended by an addendum dated 20 July 2010, and further replaced with and renamed as Supply Agreement on 16 July 2012

“Securities Account” : A securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent

“Securities Act” : United States Securities Act of 1933 as may be amended, varied or supplemented from time to time

“Securities and Futures Act” or “SFA” : The Securities and Futures Act (Cap 289) of Singapore as may be amended, varied or supplemented from time to time

“SFR” : The Securities and Futures (Offers of Investments) (Shares and Debentures) Regulation 2005, as may be amended, varied or supplemented from time to time

“SFRS” : Singapore Financial Reporting Standards

“SGX-ST” : Singapore Exchange Securities Trading Limited

“Share Awards Scheme” : CFGL Share Awards Scheme approved by the Shareholders on 30 April 2007

“Share Transfer Agent” : B.A.C.S. Private Limited

“Shareholders” or “Members” : Registered holders of the Shares in the Register of Members of the Company or where CDP is the registered holder, the term “Shareholders” shall in relation to such Shares and where the context admits, mean the Depositors who have Shares entered against their names in the Depository Register. Any reference to Shares held by or shareholdings of Shareholders shall include Shares standing to the credit of their respective Securities Accounts

“Shares” : Shares of par value US$0.05 each in the capital of the Company

“SMV” : Superintendencia del Mercado de Valores, the regulator of the Peruvian capital markets, including Lima Stock Exchange

“South Pacific Ocean” : For the purpose of this Circular, South Pacific Ocean refers to the fishing grounds in the international waters of the South Pacific Ocean

“STA” : Norwegian Securities Trading Act

“Subsidiary” : Has the meaning ascribed to it in Section 5 of the Companies Act

“Substantial Shareholder” : Has the meaning ascribed to it in Section 81 of the Companies Act and Section 2(4) of the SFA

“Super Investment” : Super Investment Limited, a subsidiary of PARD

“Suppliers” : Alatir and Perun (each a Supplier and collectively, the Suppliers)

“Supply Agreements” : Collectively, the First Supply Agreement, Second Supply Agreement, Third Supply Agreement, Fourth Supply Agreement and New Fourth Supply Agreement, pursuant to which a long-term supply of fish harvested by the Contract Supply Vessels is secured

“Third Supply Agreement” : The agreement originally named as vessel operating agreement dated 4 January 2007 among CFIL, Perun and Alatir, as amended by an addendum dated 20 July 2010 and further replaced with and renamed as Supply Agreement on 16 July 2012

“Undertaking Shareholders” : PARD, Richtown, Golden Target, Zhonggang Fisheries and Super Investment and “Undertaking Shareholder” means any of them as the context so provides

“Veramar” : Veramar Azul S.L.

“Vessel Owning Companies” : The Russian companies that own and operate the Contract Supply Vessels

“Voluntary Offer Period” : Has the meaning ascribed to it in Section 2.2

“Weilheim” : Weilheim Investments S.L.

“West Africa” : For the purpose of this Circular, West Africa refers to the western region of the African continent including countries such as Nigeria, Mauritania, and Namibia, where the Company catches and sells fish

“Zhonggang Fisheries” : Zhonggang Fisheries Limited, which is a subsidiary of PARD

CURRENCIES, UNITS AND OTHERS

“%” : Percentage or per centum

“m^{3}” : Cubic metres

“HK$” and “HK cents” : Hong Kong dollars and cents respectively

“na” : Not applicable

“nm” : Not meaningful

“NOK” and “øre” : Norwegian krone and a unit of 1/100 krone respectively

“S$” and “S cents” : Singapore dollars and cents respectively

“US$” and “US cents” : United States dollars and cents respectively

The words “**Depositor**” and “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

Unless the context otherwise requires, words denoting the masculine gender shall include the feminine and neuter genders and words denoting the singular shall include the plural and vice-versa. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined in the Companies Act, the SFA, the Listing Manual or any statutory modification thereof and used in this Circular shall have the meaning assigned to it under the Companies Act, the SFA, the Listing Manual or any modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

The Company maintains its accounts and publishes its financial statements in US$. This Circular contains conversion of certain Singapore dollar amounts into US$ (or vice versa) at specified rates solely for the convenience of the reader. Unless otherwise indicated, the financial figures in this Circular are calculated on the basis of S$1.2739 = US$1.00.

Unless otherwise expressly stated in this Circular, conversions of NOK into USD and SGD are based on the rate of NOK6.0008 to US$1.00 and NOK4.7105 to S$1.00, respectively.

The exchange rates above are for reference only. No representation is made by the Company that any amount in the respective currencies has been, could have been or could be converted at the above rate or any other rates or at all.

Some of the financial information in this Circular has been rounded for convenience and as a result, the totals of the data presented in this document may vary slightly from the actual arithmetic totals of such information.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

All statements contained in this Circular, statements made in the press releases and oral statements that may be made by the Company, its directors, key executives or employees acting on the Company's behalf, that are not statements of historical fact, constitute "forward-looking statements". Some of these statements can be identified by words that are biased or by forward-looking terms such as "anticipate", "believe", "could", "estimate", "expect", "forecast", "if", "intend", "may", "plan", "possible", "probable", "project", "will", "would" and "should" or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the Group's and the Enlarged Group's expected financial position, business strategy, plans and prospects are forward-looking statements.

These forward-looking statements and other matters discussed in this Circular, including but not limited to:

- revenue and profitability;
- any expected growth;
- any expected industry trends;
- expansion plans; and
- other matters that are not historical facts,

are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company and the Enlarged Group's actual results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements. These risks, uncertainties and other factors are discussed in more details in Section 10 of Appendix A entitled "Information on Copeinca Group" and in Section 2.12.4 entitled "Risk Factors of the Enlarged Group" in this Circular.

Given the risks and uncertainties that may cause the Company and the Enlarged Group's actual future results, performance or achievements to be materially different than expected, expressed or implied by the forward-looking statements in this Circular, you are advised not to place undue reliance on those statements which apply only as at the date of this Circular.

None of the Group, the Financial Advisers or any other person represents or warrants to you that the Company and the Enlarged Group's actual future results, performance or achievements will be as discussed in those statements. The Company and the Enlarged Group's actual future results, performance or achievements may differ materially from those anticipated in these forward-looking statements.

Further, the Company and the Financial Advisers disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future, subject to compliance with all applicable laws and regulations and/or rules of the SGX-ST and/or any regulatory or supervisory body or agency.

The Enlarged Group, upon completion of each of the New Offer, Second General Offer and the Compulsory Acquisition will be subject to the Listing Manual regarding corporate disclosure.

INDICATIVE TIMETABLE

The following indicative timetable assumes that approval for all the resolutions proposed at the EGM is obtained on 22 August 2013.

ACQUISITION

If Shareholders' approval for the Acquisition is obtained at the EGM

Event		**Date**
New Offer		
Announcement of the New Offer	:	24 June 2013
Launch of the New Offer and despatch of New Offer Document	:	16 July 2013
Acceptance period of the New Offer	:	17 July 2013 to and including 31 July 2013
Settlement of the New Offer	:	middle to late August 2013
Second General Offer (if triggered)		
Expected launch of Second General Offer (despatch of offer document)	:	Maximum 4 weeks after settlement of New Offer
Expected Second General Offer acceptance period	:	4-6 weeks
Expected settlement of Second General Offer	:	Maximum 2 weeks after close of acceptance period

Compulsory Acquisition (if triggered)

The Compulsory Acquisition of all the shares in Copeinca not owned by the Offeror at the close of the New Offer or Second General Offer is subject to the Offeror owning 90% or more of all the issued Copeinca shares at the close of the Second General Offer. Please see Section 2.3.3 of this Circular for more information.

Please note that the above timetable is only indicative and may be subject to change. Where any of the events cannot take place on the dates specified or changes are required thereto, an appropriate announcement stipulating an alternative date may be made by the Company prior thereto through a SGXNET announcement to be posted on the internet at the SGX-ST website, http://www.sgx.com. Please refer to future announcement(s) by the Company for the actual dates of these events.

CHINA FISHERY GROUP LIMITED

(Incorporated in the Cayman Islands)
(Company Registration No. 99414)

Directors:

Ng Joo Kwee (Executive Chairman)
Sung Yu Ching (Managing Director)
Ng Joo Siang (Executive Director)
Chan Tak Hei (Executive Director)
Patrick Thomas Siewert (Non-executive Director)
Janine Feng Junyuan (Alternate to Patrick Thomas Siewert)
Lim Soon Hock (Independent Non-executive Director)
Tse Man Bun (Independent Non-executive Director)
Tan Ngiap Joo (Independent Non-executive Director)

Registered Office:

Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

6 August 2013

To: The Shareholders

Dear Sir/Madam

THE PROPOSED ACQUISITION OF A SIGNIFICANT EQUITY INTEREST IN COPEINCA ASA

1 INTRODUCTION

(a) The Offeror has on 16 July 2013 launched a new voluntary cash offer for all the outstanding Copeinca Shares and Peruvian Securities at the price of NOK68.17 (or the equivalent amount in US$ for a Peruvian Security, based on the applicable exchange rate published by Norges Bank on the date the Offeror issues a confirmation through the online system of the Oslo Børs that all conditions for completion of the New Offer have been met or waived) per Copeinca Share.

The acceptance period for the New Offer was from 17 July 2013 to and including 31 July 2013. However, as at the Latest Practicable Date, the exact number of acceptances for the New Offer is still being verified. The Company will, when the level of acceptance is confirmed, release the necessary announcement. As at 26 July 2013, the Offeror in aggregate holds shares and rights to shares in Copeinca amounting to 74.34% of the total Copeinca Shares. This means that the condition on minimum acceptance level for completion of the New Offer has been met.

(b) In connection with the New Offer, the Offeror has received pre-acceptance undertakings from DCH and Weilheim whereby DCH and Weilheim undertake to accept the New Offer for all the Copeinca Shares that they own, as well as any Copeinca Shares that they may acquire prior to completion of the New Offer.

DCH currently owns 19,098,000 Copeinca Shares representing approximately 27.21% of the outstanding shares in Copeinca, and Weilheim currently owns 3,485,930 Copeinca Shares representing approximately 4.97% of the outstanding shares in Copeinca.

In connection with the Dyer Pre-Acceptances, the Company and the Offeror have also entered into a Penalty Fee Undertaking on 21 June 2013.

(c) In order to secure the payment of the Penalty Fee and Cancellation Fee under the Penalty Fee Undertaking, the Offeror has entered into the Escrow Agreement. Pursuant to the Escrow Agreement, payment of an escrow amount of US$5.0 million ("**Escrow Amount**") to the Escrow Agent has been made and the Escrow Amount is being held in escrow by the Escrow Agent in accordance with the terms and conditions of the Escrow Agreement. If the Offeror shall have completed and settled the New Offer as set forth in the Penalty Fee Undertaking, the Escrow Amount shall be released to the Offeror.

(d) Veramar a shareholder of Copeinca owning 8.97% of the outstanding Copeinca Shares has, on certain terms and conditions given the Offeror the option to acquire 6,295,100 Copeinca Shares (representing the entire 8.97% equity interest of Veramar in Copeinca) at a price equal to the number of Call Option Shares multiplied by the call option price of NOK59.70 each. The Offeror has on 21 June 2013 exercised the Call Option to acquire the Call Option Shares from Veramar.

On 27 June 2013, the Company announced that Veramar has breached the Call Option Agreement and the transfer of the Call Option Shares was not completed. The Offeror has commenced arbitration against Veramar.

On 26 July 2013, the Company announced that on 25 July 2013, the Offeror had reached agreement with Veramar to complete the acquisition of the Call Option Shares at the Call Option Price. The Company will release the necessary announcement on completion of the acquisition of the Call Option Shares.

The purpose of this Circular is to provide you with information on and to explain the rationale for the Acquisition for which the approval of the Shareholders will be sought at the EGM. Notice of the EGM is set out on page EGM-1 to EGM-2 of this Circular.

Shareholders please take note that if the approval of the Shareholders is obtained for the Acquisition, it will authorize the Group (including the Offeror) to (i) acquire an equity interest of between 50.01% to 100% of the issued shares of Copeinca through the New Offer, Second General Offer and/or Compulsory Acquisition (as applicable) and through other acquisitions including but not limited to acquisition of Copeinca Shares in the open market or in privately negotiated transactions or otherwise; (ii) if the circumstances require, amend the terms of the Acquisition including but not limited to during the New Offer or for the purpose of undertaking the Second General Offer without the need for the Company to convene another EGM to seek any further approval from the Shareholders.

2 ACQUISITION

2.1 Introduction

On 26 February 2013, the Company first announced that the Offeror intends to make a voluntary cash offer for all of the Copeinca Shares at the offer price of NOK53.85 ("**Old Offer**"). The Offeror launched the Old Offer on 13 March 2013. Shareholders' approval for the Old Offer was obtained on 19 March 2013. However, subsequent to the launch of the Old Offer, Cermaq launched a competing bid for all the Copeinca Shares. In response to the competing bid from Cermaq, the Offeror revised the Old Offer Price to NOK59.70 per Copeinca Share. For more details on the competing bid from Cermaq, please refer to Section 12 of Appendix A. On 24 May 2013, the Company announced that the Old Offer was not completed and that the Company was reviewing its options regarding the launch of a possible new voluntary cash offer to acquire all of the Copeinca Shares.

The Offeror had on 16 July 2013 launched the New Offer. The terms of the New Offer are set out in Section 2.3.1 below.

Note:

(1) Please refer to Section 2.8 of this Circular for further details in respect of the listing of the Peruvian Securities on the Lima Stock Exchange.

2.2 Dyer Pre-Acceptances

The salient terms of the Dyer Pre-Acceptances are as follows:

(a) In the event the New Offer Price is increased by the Offeror during the offer period for the New Offer ("**Voluntary Offer Period**") or in the offer period of a subsequent mandatory offer (if any) pursuant to the Norwegian Securities Trading Act, then the Dyer Pre-Acceptances shall apply according to the new and improved offer. All Copeinca shareholders who have accepted the New Offer, including by way of pre-acceptance, shall be compensated accordingly through payment in cash.

(b) DCH and Weilheim shall be entitled to withdraw the Dyer Pre-Acceptances if before the expiry of the Voluntary Offer Period a third party launches a competing offer for all the Copeinca Shares ("**Competing Offer**") provided that such Competing Offer has certain funds financing and is at least 5% higher than (i) the original New Offer Price; (ii) the New Offer Price as amended if the amendment has been announced by the Offeror prior to the Offeror being notified of the Competing Offer; or (iii) the New Offer Price as amended so as to match an earlier competing offer; provided that DCH and Weilheim shall only be entitled to withdraw the Dyer Pre-Acceptances prior to the expiry of the New Offer only if the Offeror has not amended the New Offer Price so as to at least match such Competing Offer within five (5) business days (in Norway, the United States and Peru) of the earlier to occur of the Offeror being notified of the launch of the Competing Offer and such Competing Offer being launched to the market on Copeinca's ticker on Oslo Børs and Lima Stock Exchange.

(c) If the Offeror or persons connected with the Offeror as defined in the STA section 2-5 acquires Copeinca Shares or rights to acquire Copeinca Shares (in the open market or in privately negotiated transactions or otherwise) at a consideration higher than the New Offer Price ("**Higher Consideration**") in the period from the date of the Dyer

Pre-Acceptances until the later of (i) expiry of the Voluntary Offer Period and (ii) the expiry of the Mandatory Offer Period (if a mandatory offer is required following completion of the New Offer), then the Offeror shall increase the New Offer Price to be at least equal to such Higher Consideration. Any non-cash element in such Higher Consideration shall be valued and converted into cash for the purpose of determining the increase of the New Offer Price.

(d) The Copeinca Shares owned by DCH shall be transferred by DCH by means of accepting the Lima VGO in accordance with the terms and conditions set forth in the applicable offer document related to the Lima VGO. The Copeinca Shares owned by Weilheim shall be transferred by Weilheim by means of accepting the Norway VGO in Norway in accordance with the terms and conditions set forth in the applicable offer document related to the Norway VGO.

(e) DCH and Weilheim reserve the right to withdraw the Dyer Pre-Acceptances if (i) the New Offer has not been launched by 16:30 hours (CET) on 5 August 2013; (ii) the Voluntary Offer Period is greater than 20 business days (in Peru, the United States and Norway); or (iii) the New Offer has not been completed and settled on or prior to 3 October 2013. If a Competing Offer is launched, the dates and times periods referred to in items (a), (b) and (c) above shall be extended by five (5) business days (in Peru, the United States and Norway) in each case.

(f) The Offeror and the Company have executed the Penalty Fee Undertaking which provides, *inter alia*, (subject to certain other undertakings by DCH) the following:

(i) If the Offeror shall fail to launch the New Offer by 5 August 2013, then an aggregate amount of US$3 million ("**Penalty Fee**") shall immediately be paid out to Copeinca (or such bank account as notified by Copeinca to the Offeror).

(ii) If the Offeror, after timely launching the New Offer, shall not settle the New Offer by 3 September 2013 (regardless of whether the New Offer continues), then the Penalty Fee shall be immediately paid out to Copeinca (or such bank account as notified by Copeinca to the Offeror), but the Dyer Pre-Acceptances shall continue to be in full effect and binding.

(iii) If the Offeror, after timely launching the New Offer, shall fail to complete and settle the New Offer, then an aggregate amount of US$5 million ("**Cancellation Fee**") shall be immediately paid out to the pre-accepting and Copeinca shareholders who have accepted the New Offer (or such bank account as notified by such Copeinca shareholders to the Offeror); provided, however, that the aggregate Penalty Fee and Cancellation Fee shall not exceed US$5 million.

(iv) Notwithstanding the foregoing, if the Competing Offer is launched or the price of such competing offer is increased, the dates referred to in items (i), (ii) and (iii) above shall for each respective competing offer be extended by five (5) business days (in Peru, the United States and Norway) in each case. In addition, the dates referred to in items (i), (ii) and (iii) above shall be extended one business day for each business day delays occurs related to the release of the existing pledge over the Copeinca Shares held by DCH.

(v) If, in any event prior to settlement of the New Offer, the amount of the existing debt of DCH with UBS AG, Stamford Branch exceeds the aggregate purchase price of the Copeinca Shares to be paid at settlement to DCH, then the Penalty Fee shall immediately after be refunded to the Offeror and the Penalty Fee Undertaking shall cease to have effect.

(vi) The Penalty Fee Undertaking shall not apply if, and only if, any of the Copeinca shareholders who have granted pre-acceptance undertakings with respect to the New Offer withdraw their pre-acceptances in connection with any Competing Offer as set out in the Dyer Pre-Acceptances.

2.3 New Offer in Norway and Peru

2.3.1 Terms of the New Offer

The principal terms of the New Offer are summarised below:

Offeror

Grand Success Investment (Singapore) Private Limited

Offer and Offer Price

The Offeror is offering to acquire all outstanding Copeinca Shares (including the Peruvian Securities) on the terms and subject to the conditions and limitations set out in the New Offer Document. The Offeror is offering to pay NOK68.17 in cash for each Copeinca Shares (or the equivalent amount in US$ for each unit of Peruvian Securities, based on the applicable exchange rate published by Norges Bank on the date the Offeror issues a confirmation through the online system of the Oslo Børs (www.newsweb.no) that all the conditions of the New Offer have been met or waived), which is equivalent to approximately US$11.36.

If the Offeror acquires Copeinca Shares, Peruvian Securities or rights to acquire such Copeinca Shares or Peruvian Securities (in the open market or in privately negotiated transactions or otherwise) at a consideration higher than the New Offer Price before the later of (i) the expiry of the acceptance period for the New Offer and (ii) the expiry of the acceptance period in the Second General Offer, or if the offer price in a Second General Offer is increased above the New Offer Price by the Offeror, then all shareholders of Copeinca who have accepted the New Offer for either Copeinca Shares or Peruvian Securities shall be compensated accordingly through payment in cash of the surplus amount. Any non-cash element in such higher consideration shall be valued and converted into cash for the purpose of determining the increase of the New Offer Price. For the avoidance of doubt, the foregoing will not apply to any increase in price in a compulsory acquisition.

Conditions

The New Offer will be conditional upon the following conditions having been fulfilled or, as the case may be, waived by the Offeror:

(a) Valid acceptances having been rendered and remaining valid and binding, and not being subject to any third party consents in respect of pledges or other rights, in respect of a number of Copeinca Shares which (together with any shares held by the Offeror) is not less than 50.01% of the Copeinca Shares and votes in Copeinca on a Fully Diluted basis. For this purpose, "Fully Diluted" shall mean all issued Copeinca Shares together with all shares which Copeinca would be required to issue if all rights to subscribe for or otherwise required Copeinca to issue additional shares, under any agreement or instrument, existing at or prior to completion of the New Offer, were exercised.

This condition (a) cannot be waived absent an approval from the shareholders of the Company and the Company's ultimate parent company, PAIH and approvals from the relevant regulatory authorities.

(b) The receipt of all applicable competition and antitrust approvals, if required, and no antitrust regulator or body shall have instituted any action or proceeding that would or might: (i) make the New Offer void or illegal; (ii) require, prevent or delay the divestiture by any of the Enlarged Group or their respective subsidiaries of all or part of their business or impose any limitation on their ability to conduct its business; or (iii) impose any limitation on the ability of any of the Enlarged Group, Copeinca Group or their respective subsidiaries to conduct, integrate or coordinate its business.

(c) That all authorisations, consents, clearances and approvals (other than those mentioned in item (b) above) necessary for completion of the New Offer from relevant governmental authorities have been obtained and such authorisations, consents, clearances and approvals being unconditional and remaining in full force and effect as at the date of satisfaction of the last of the New Offer conditions.

(d) That no event has occurred, or could occur as a result of the Offeror obtaining a controlling interest in Copeinca, which has or can reasonably be expected to have a Material Adverse Effect on the business, operations, property, prospects or condition (financial or otherwise) of Copeinca and its subsidiaries, taken as a whole. An event shall be considered as having a "**Material Adverse Effect**" if it materially and adversely affects the assets, earnings or solvency of the Copeinca Group taken as a whole, provided however that the effects of the following events shall not be deemed to have a Material Adverse Effect: (i) any event which has not affected the Copeinca Group taken as a whole disproportionately relative to other similar businesses in the industry in which the Copeinca Group operates; (ii) any event or fact which is known or should reasonably have been known to the Offeror; and (iii) any event or fact which should be reasonably foreseen by the Offeror to have a Material Adverse Effect at the commencement of the New Offer.

(e) That the business of the Copeinca Group, in the period until settlement of the New Offer, has in all material respects been conducted in the ordinary course and in accordance with applicable laws, regulations and decisions of any governmental body.

(f) That neither Copeinca nor any of its subsidiaries shall, until the settlement of the New Offer, have decided or made public its intention to: (i) undertake any material acquisitions or material disposals (including by way of sale of shares in a subsidiary) or enter into binding agreements for such acquisitions or disposals; (ii) enter into any contracts or agree to amend any existing contracts which will materially change the business of Copeinca and its subsidiaries taken as a whole; (iii) make or agree to any material change of the terms of employment of any member of senior management which would cause the terms of employment of such employee to deviate materially from customary terms of employment of management of comparable companies; (iv) make any proposal or pass any resolution to (a) change its share capital or number of Copeinca Shares, (b) distribute any dividend or make any other distribution to its shareholders, or (c) issue any financial instrument giving a right to subscribe for Copeinca Shares; (v) enter into any contracts which are outside normal commercial terms at the time when they are entered into.

(g) That the Shareholders of CFGL duly approve, in a general meeting of Shareholders the Acquisition and that the shareholders of CFGL's ultimate parent company, PAIH, duly approve, in a general meeting of shareholders, the Acquisition. Shareholders holding over 50% of the voting rights in PAIH and Shareholders holding over 50% of the voting rights in the Company, respectively, have provided irrevocable undertakings that they will vote for approval of the aforesaid matters in the respective general meetings.

(h) That the Offeror has entered into a loan facility agreement for financing of the New Offer and all conditions to drawdown on the financing agreement having been met or waived.

Note:

Please refer to Section 10.2 for more details concerning the Facility Agreement.

Financing of the New Offer

The Acquisition will be financed by external bank financing from Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (trading as Rabobank International), Hong Kong Branch and DBS Bank (Hong Kong) Limited, proceeds from the Rights Issue and other internal resources of CFGL.

Note:

Please refer to Section 10.2 for more details concerning the Facility Agreement.

Acceptance Period

The New Offer can be accepted from and including 17 July 2013 to and including 31 July 2013 at 9:00 p.m. CET/3:00 p.m. PET. Subject to approval by Oslo Børs, the Offeror may in its sole discretion extend the Acceptance Period (one or more times) so that the aggregate Acceptance Period amounts up to a total of ten weeks (in which case the Acceptance Period would end at the latest on 25 September 2013 at 9:00 p.m. CET/3:00 p.m. PET). Any extension of the Acceptance Period will be announced by a notification to that effect through the online information system of Oslo Børs before the expiry of the prevailing Acceptance Period.

Any acceptance received may be revoked in whole or in part within the Acceptance Period by submitting a written withdrawal to the relevant receiving agent in Norway or Peru.

Drop-dead Date

The Offeror expects that the conditions for completion of the New Offer will be met no later than 23 August 2013; however, there is no assurance of this or that the conditions will be met or waived, as applicable. In the event that the conditions for closing of the New Offer have not been met or waived by 9:00 p.m. CET/3:00 p.m. PET on 14 October 2013, the New Offer will not be completed and shareholders who have tendered their Copeinca Shares will be released from their acceptances of the New Offer. If the Acceptance Period is extended, the Drop-dead Date shall be deemed to be extended accordingly and the latest possible Drop-dead Date will be on 9:00 p.m. CET/3:00 p.m. PET on 9 December 2013.

Settlement

Settlement of the Norway VGO will be made in Norwegian krone (NOK) for Copeinca Shares, and due to the Peruvian settlement standards, in US$ for Peruvian Securities. As the New Offer Price is calculated in NOK, any payment in US$ will be based on the applicable exchange rate published by Norges Bank on the date the Offeror issues a confirmation through the online information system of Oslo Børs (www.newsweb.no) that all the conditions for completion of the New Offer have been met or waived.

Settlement will be made as soon as reasonably possible, and not later than three weeks after the date the Offeror makes an announcement that all conditions for completion of the New Offer have been met or waived. Settlement is expected to take place in middle to late of August 2013; however no assurance regarding the actual settlement date can be given. However, the last possible settlement date will be 4 November 2013, equalling three weeks calculated from the Drop-dead Date. If the Acceptance Period, and thus the Drop-dead Date, is extended, the latest possible settlement date will be on 30 December 2013.

Peruvian Securities

To the extent that the Peruvian Securities are depositary receipts and are linked to a beneficial ownership of the underlying Copeinca Shares they represent, any acceptance of the New Offer in respect of the Peruvian Securities will also be regarded as an acceptance of the transfer of such beneficial ownership from the accepting holder of Peruvian Securities to the Offeror. Accordingly, in such cases, once a holder of Peruvian Securities has submitted a Peruvian acceptance form as set out in the New Offer Document, he may not, unless and until the acceptance is revoked or the New Offer otherwise falls away, transfer, pledge, encumber, dispose of or take any other action with respect to the beneficial ownership in the corresponding Copeinca Shares. The tender of a Peruvian Security (to the extent such Peruvian Security is a depositary receipt) in the New Offer makes the corresponding Copeinca Share ineligible for tender. In such cases, the Offeror will disregard any Norwegian acceptance form received for Copeinca Shares which are held in the Norwegian central securities depository and which relate to Peruvian Securities for which tenders have been received.

Revision of terms of the New Offer

If, after the date of the New Offer Document, Copeinca should decide to (i) change Copeinca's share capital, the number of Copeinca Shares issued (including, without limitation, as a result of existing or new share options or similar rights to acquire Copeinca Shares being exercised) or the par value of the Copeinca Shares, (ii) resolve to distribute dividend or other distributions to Copeinca's shareholders, (iii) issue instruments which give the right to require Copeinca Shares to be issued, or (iv) announce that Copeinca has decided on any such measures, the Offeror may adjust the New Offer Price and/or other terms and conditions of the New Offer to compensate for the economic effects of such decisions. If such adjustments are made, acceptances of the New Offer received prior to the adjustments shall be deemed an acceptance of the New Offer as revised.

Subject to approval by Oslo Børs, the Offeror reserves the right to amend the terms of the New Offer in its sole discretion at any time during the Acceptance Period, provided however that the Offeror may not amend the New Offer in a manner which is disadvantageous to the shareholders of Copeinca. Any amendments made are binding on the Offeror once a notice is published by the Offeror (i) as to the Norway VGO, through the online information system of Oslo Børs, and (ii) as to the Lima VGO, once a notice is filed with the SMV. Subject to the terms of the Dyer Pre-Acceptances, any acceptance (unless withdrawn within the Acceptance Period) will be binding even if the Acceptance Period and the Drop-dead Date are extended and/or the New Offer is otherwise amended in accordance with the terms of the New Offer Document. Copeinca shareholders who have already accepted the New Offer in its original form or with previous amendments will be entitled to any benefits arising from such amendments.

Pre-Acceptances

As at 26 July 2013, shareholders of Copeinca representing in aggregate approximately 57.04% of the outstanding shares and votes in Copeinca, have irrevocably undertaken to accept the New Offer in respect to their Copeinca shares. The pre-accepting shareholders include DCH, Weilheim and Cermaq. The pre-accepting shareholders have the right to withdraw their pre-acceptances if before the expiry of the Acceptance Period a third party launches or announces that it will make a competing offer for all Copeinca Shares (a "**Competing Offer**"), provided that such Competing Offer has certain funds financing and is at least 5% higher than (a) the original New Offer Price; (b) the New Offer Price as amended if the amendment has been announced by the Offeror prior to the Offeror being notified of the Competing Offer, or (c) the New Offer Price as amended so as to match an earlier competing offer. However, such pre-accepting shareholders are only entitled to withdraw their pre-acceptance prior to the expiry of the Acceptance Period, and only if the Offeror has not announced that it will improve the New Offer so as to at least match such Competing Offer within five trading days of the Offeror being notified of the Competing Offer.

Note:

As at the Latest Practicable Date, the exact number of acceptances for the New Offer is still being verified. The Company will, when the level of acceptance is confirmed, release the necessary announcement. As at 26 July 2013, the Offeror in aggregate holds shares and rights to shares in Copeinca amounting to 74.34% of the total Copeinca Shares. This means that the condition on minimum acceptance level for completion of the New Offer has been met.

The New Offer Document and the New Offer have been reviewed and approved by the Oslo Børs in its capacity as the take-over authority of Norway pursuant to the Norwegian Takeover Code and a Spanish version of the New Offer Document has been filed with the SMV in its capacity as the take-over authority of Peru pursuant to the Peruvian Tender Regulations. In case of any discrepancies between the English and Spanish versions of the New Offer Document, the English version shall prevail.

Further, as at the date of this Circular, the Company does not have access to Copeinca, its management and the board of directors and therefore the Company cannot ascertain if the Peruvian Securities listed on the Lima Stock Exchange are Copeinca Shares or depositary receipts representing the Copeinca Shares. Please refer to section 2.8.1 of this Circular for more discussion of the matter. Accordingly, disclosures in Section 2.3 of this Circular as to the procedures relating to the tendering of Peruvian Securities for acceptance in the New Offer may differ from the description of such procedures eventually stated in the New Offer Document. The Company will announce any material changes to the terms of the New Offer as and when appropriate. Further the Company has on 17 July 2013 announced the despatch and/or publication of the New Offer Document.

Rothschild Nordic AB and Skandinaviska Enskilda Banken AB (publ) Oslo Branch are acting as financial advisers to the Offeror in respect of the New Offer.

Skandinaviska Enskilda Banken AB (publ) Oslo Branch is also acting as the receiving agent in Norway. Larrain Vial Sociedad Agente de Bolsa S.A. is acting as the receiving agent to the Offeror in Peru.

2.3.2 New Offer Price

The Old Offer, made at the Old Offer Price of NOK59.70 per Copeinca Share, did not fulfill the 50.01% minimum acceptance level condition. Hence, the Old Offer could not be completed. Following the lapse of the Old Offer, CFGL had discussions with DCH and Weilheim for the purpose of agreeing an offer price which would secure an acceptance level above the 50.01% minimum acceptance condition. DCH and Weilheim had requested for the New Offer Price. The Company, taking into account the rationale of the Acquisition as well as prospects of the Enlarged Group, considered that the New Offer at the New Offer Price to be of the best interest of the Company and its Shareholders as a whole.

The New Offer Price is NOK68.17 for each Copeinca Share (or the equivalent amount in US$ for a Peruvian Security, based on the applicable exchange rate published by Norges Bank on the date the Offeror issues a confirmation through the online system of the Oslo Børs that all the conditions for completion of the New Offer have been met or waived). The New Offer Price of NOK68.17, equivalent to approximately US$11.36 was arrived at after consideration of Copeinca's prevailing traded price, the premium to the traded price for precedent general offers for companies listed on the Oslo Børs and Copeinca-specific factors, including but not limited to its market positioning and financial performance. The New Offer Price represents (i) a premium of 17.5% over the closing price of the Copeinca Shares on 21 June 2013; (ii) a premium of 14.2% over the offer price in the voluntary cash offer made by Cermaq for Copeinca; and (iii) a premium of 74.1% over the dividend adjusted volume weighted average price of the Copeinca Shares for the one week period which ended on 25 February 2013, on the last day of trading before Old Offer Announcement.

The New Offer Price represents a premium of 26.2% over the closing price on 8 February 2011, the last date on which the Peruvian Securities were traded on the Lima Stock Exchange.

The aggregate New Offer Price to be paid by the Company will depend on the number of Copeinca Shares and Peruvian Securities that the Offeror acquires in the New Offer. As the New Offer will only become unconditional if the Offeror receives acceptances such that it shall own to at least 50.01% of the issued share capital of Copeinca (i.e. an additional 29,334,020 Copeinca Shares as at the date of this Circular excluding the 5,773,000 Copeinca Shares currently owned by the Offeror) among other conditions, the Offeror will have to pay at least NOK2,000 million, equivalent to approximately US$333 million. Funding for the New Offer shall be from a combination of bank borrowings, proceeds from the Rights Issue and other internal resources of the Group. Please refer to Section 10.2 for more details concerning the Facility Agreement.

2.3.3 Norwegian Takeover Code and Peruvian Tender Regulations

Norway

Mandatory General Offer, Compulsory Acquisition and Listing Status

Under the Norwegian Takeover Code, the Offeror will have to launch an unconditional mandatory cash offer within four weeks of the settlement of the New Offer if the Offeror becomes the owner of shares representing more than one-third of the voting rights in Copeinca.

In a mandatory cash offer, the price per Copeinca Share offered must be at least equal to the highest price paid or agreed to be paid by the Offeror (or any related party of the Offeror) in the six month period prior to the date the mandatory offer obligation was triggered. The Offeror (or any related party of the Offeror) has not paid or agreed to pay a price per Copeinca Share higher than the New Offer Price prior to the date hereof. Under the relevant Norwegian laws, when shares representing 90% or more of the total voting rights of Copeinca are acquired by the Offeror, the Offeror has the right to effect a compulsory acquisition for cash of the remaining Copeinca Shares not owned by the Offeror.

The price offered by the Offeror in a compulsory acquisition is at the Offeror's discretion. However, if the compulsory acquisition takes place in lieu of a mandatory offer (i.e. the Offeror has reached 90% or greater ownership as a result of the New Offer and the compulsory acquisition is effected within four weeks of the GO Settlement Date) the offered redemption price is subject to the same minimum pricing rule as applies to mandatory offers. Further, if the compulsory acquisition takes place within three months after the expiry of the offer period of a mandatory offer (i.e. the Second General Offer), the redemption price in the compulsory acquisition shall be fixed on the basis of the offer price in the preceding mandatory offer, "absent specific reasons" indicating another price. The term "absent specific reasons" as used in the relevant legislation provides a narrow exception for situations when the preceding mandatory offer price is not considered to reflect the presumed share value, such as if irregular events have occurred in the target company since the preceding mandatory general offer so that the preceding offer price is lower than the market price or if the preceding mandatory general offer does not represent a "true takeover" (for instance if the offeror was a major shareholder at the time of the mandatory general offer) etc.

As long as the Offeror holds 90% or more of the issued shares of Copeinca, any of the remaining minority shareholders has the right to require the Offeror to purchase the shares held by such minority shareholder.

As the Company currently intends to maintain the listing status of Copeinca on the Oslo Børs and the Lima Stock Exchange, it is currently not the intention of the Offeror to avail itself of the right of compulsory acquisition. There are currently no clear rules or guidelines by the Oslo Børs to determine the minimum free float of Copeinca before the Oslo Børs decides that Copeinca must be delisted. In the event that the Offeror acquires 90% or more of the issued shares of Copeinca in the New Offer and the Second General Offer, subject to the business and market circumstances at that time, the Offeror may take such necessary action in consultation with the Oslo Børs to reduce its holding of Copeinca Shares to below 90% so as to remove the obligation of compulsory acquisition from the remaining minority shareholders as well as to maintain the listing status of Copeinca on Oslo Børs.

Please refer to Appendix D of this Circular for a discussion of the relevant Norwegian rules referred to above.

Peru

Peruvian Tender Regulations

Under the Peruvian Tender Regulations, a person who directly or indirectly acquires in one or a series of transactions a "substantial interest" in a company that has at least a class of shares with voting rights registered with the SMV and listed on the Lima Stock Exchange, has to launch a tender offer for a number of shares that depends on the actual number of shares acquired during a certain period. A "substantial interest" in a company is acquired when a person acquired a number of common shares that (i) will result in such person beneficially (directly or indirectly) owning a 25%, 50% or 60% of the outstanding shares with voting rights of a company in one or a series of transactions or (ii) allow such person to (a) appoint a majority of the directors of a company or (b) amend the by-laws of a company.

The Offeror has launched a voluntary tender offer in Peru (the Lima VGO) for the Copeinca Shares or the Peruvian Securities in Copeinca listed in Peru at the same time as the Norway VGO. The Lima VGO complies with Peruvian laws in certain respects (including the necessary disclosure and preparation of an offer document in Spanish). The Offeror has clarified with SMV that it is acceptable to make the Lima VGO subject to conditions so long as these conditions are included in the Norway VGO and are approved by the Oslo Børs. The offer period for the Lima VGO is the same as the Norway VGO and any extension of the offer period for the Norway VGO will entail a similar extension of the offer period for the Lima VGO. Any acceptance by the holders of the Peruvian Securities of the Lima VGO during the offer period is revocable. Settlement of the Lima VGO will be on the same terms as the Norway VGO (except that the New Offer Price will be settled in US dollars for the Lima VGO). The Offeror is not required to furnish any guarantee to confirm availability of financial resources.

In the event the Offeror is required to launch a mandatory general offer in Norway after the GO Settlement Date, the Offeror will similarly launch the subsequent Second Lima VGO in Peru on the same terms and conditions as the mandatory general offer in Norway (even though the Offeror may not have acquired a "substantial interest" in Peru as a result of the New Offer) except that any acceptance by Copeinca shareholders of the Second Lima VGO during the offer period will be revocable and settlement of the Second Lima VGO will be in US$. Peruvian Tender Regulations do not provide for compulsory acquisitions unless a person has acquired a "substantial interest" other than in connection with a public tender offer.

Please see Appendix E of this Circular for a discussion of the Peruvian Tender Regulations.

2.3.4 Revision of Terms of the Acquisition

Given the nature of the Acquisition, the Company may encounter situations which require the Directors to revise the terms of the Acquisition as disclosed in Section 2.3.1 above.

For example, in the New Offer and as disclosed under Section 2.3.1 under the heading "Revision of terms of the New Offer", the Offeror may amend the terms of the New Offer in certain events. In the case of a Second General Offer under the Norwegian Takeover Code, the price per Copeinca Share offered must be at least equal to the New Offer Price, being the highest price paid or agreed to be paid by the Offeror (or any related party of the Offeror) in the six months prior to the date the mandatory offer obligation was triggered. The mandatory offer is triggered in Norway on the GO Settlement Date when the Offeror becomes owner of at least one – third of the voting rights in Copeinca. The Offeror will similarly launch the Second General Offer in Peru on the same terms and conditions as in Norway.

Accordingly, the Company is also seeking authority from its Shareholders to revise the terms as disclosed in Section 2.3.1 to address the circumstances as and when they arise so as to achieve the Company's objectives of acquiring a significant entity interest in Copeinca which interest shall not be less than 50.01% of the issued share capital of Copeinca. The revision of terms can occur during the New Offer or the Second General Offer which the Offeror is required under the Norwegian Takeover Code to launch in Norway and the Peruvian Tender Regulations in Peru.

The Directors, in deciding on whether to vary the terms as disclosed in Section 2.3.1 and the extent of such variations, will have regard to all relevant circumstances and will act in the best interest of the Shareholders and the Company taken as a whole. **Accordingly, the Board is seeking Shareholders' approval at the EGM for the Acquisition by the Offeror of an equity interest of between 50.01% to 100% (both numbers inclusive) (including the Copeinca Shares already owned by the Offeror) in Copeinca, at the New Offer Price or such price as the Directors acting in the interest of the Shareholders and the Company as a whole may deem fit, that is, pursuant to the Ordinary Resolution of the Notice of EGM.**

Shareholders please take note that if the approval of the Shareholders is obtained for the Acquisition, it will authorize the Group (including the Offeror) to (i) acquire an equity interest of between 50.01% to 100% of the issued shares of Copeinca through the New Offer, Second General Offer and/or Compulsory Acquisition (as applicable) and through other acquisitions including but not limited to acquisition of Copeinca Shares in the open market or in privately negotiated transactions or otherwise; (ii) if

the circumstances require, amend the terms of the Acquisition including but not limited to during the New Offer or for the purpose of undertaking the Second General Offer without the need for the Company to convene another EGM to seek any further approval from the Shareholders.

2.4 Listing Manual

2.4.1 Rule 1006

As at the Latest Practicable Date, the Offeror owns 5,773,000 Copeinca Shares which it had acquired through the Ocean Harvest Transaction, With regard to the Call Option transaction, the Company will release the necessary announcement on completion of the Call Option Shares.

When considered on their own, the Ocean Harvest Transaction and Call Option Transaction will constitute only a discloseable transaction under Chapter 10 of the Listing Manual and will not require approval from Shareholders. However, pursuant to Rule 1005 of the Listing Manual, transactions undertaken by the Group in a 12-month period may be aggregated for the purpose of determining if the thresholds of Rule 1006 of the Listing Manual have been triggered. As such, the consideration paid for the Ocean Harvest Transaction and Call Option Transaction are included for the purpose of aggregation with the New Offer in compliance with Rule 1005 of the Listing Manual and to demonstrate the financial effects of the Acquisition.

For the avoidance of doubt, the outcome of the approval by the Shareholders at the EGM will not affect the Copeinca Shares already acquired by the Offeror pursuant to the Ocean Harvest Transaction and the Call Option Transaction.

The Ocean Harvest Transaction, Call Option Transaction and New Offer, when aggregated, will constitute a major transaction under Rule 1014(1) of the Listing Manual (read with Rule 1005 of the Listing Manual) as based on the condition of the New Offer, of a minimum acceptance level of 50.01%, the computations under Rule 1006 (as outlined below) of the Listing Manual exceed 20%. Further, depending on the number of Copeinca Shares acquired pursuant to the Acquisition, the Acquisition may also constitute a very substantial acquisition under Rule 1015(1) of the Listing Manual that is, where any of the relative figures as computed under Rule 1006 of the Listing Manual is 100% or more.

If the only limit reached is under Rule 1006(b) (profit test), then both Rule 1014 and Rule 1015 provide that the requirements under Rule 1014 and Rule 1015 will not apply. However, in the case of the Acquisition, the other limit reached includes the limit in Rule 1006(c) (market capitalization test).

(a) Minimum GO Scenario(1)

Rule	**Relative Value**
1006(a) The net asset value of the asset to be disposed of, compared to the Group's net asset value. This basis is not applicable to an acquisition of assets.	N.A.
1006(b) The net profits attributable to the assets acquired or disposed of, compared to the Group's net profits.	43.94%(2)
1006(c) The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	61.62%(3)
1006(d) The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	N.A.

Note:

(1) The "**Minimum GO Scenario**" takes into account (i) Ocean Harvest Transaction; (ii) Call Option Transaction; (iii) an acceptance level of 50.01% for the New Offer; and (iv) on the basis of the New Offer Price of NOK68.17 (equivalent to approximately US$11.36) per Copeinca Share or unit of Peruvian Security.

(2) The ratio is calculated on the net profit of US$35.7 million attributable to the Copeinca Group for the financial year ended 31 December 2012 and the Group's net profit of US$81.2 million for the financial year ended 28 September 2012.

(3) Based on the consideration of NOK2,257.3 million and the market capitalisation of the Company being S$777.6 million (determined by multiplying the number of Shares in the capital of the Company by the weighted average price of Shares transacted on 21 June 2013, being the market day of the SGX-ST preceding the date of the New Offer Announcement).

(b) Pre-acceptance GO Scenario[1]

Rule	Relative Value
1006(a) The net asset value of the asset to be disposed of, compared to the Group's net asset value. This basis is not applicable to an acquisition of assets.	N.A.
1006(b) The net profits attributable to the assets acquired or disposed of, compared to the Group's net profits.	65.21%[2]
1006(c) The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	93.26%[3]
1006(d) The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	N.A.

Note:

(1) The "**Pre-acceptance GO Scenario**" takes into account (i) Ocean Harvest Transaction; (ii) an acceptance level of 74.23% for the New Offer (based on the pre-acceptance undertakings received by the Offeror as at the New Offer Announcement and Copeinca Shares owned by the Offeror including the Call Option Shares); and (iii) on the basis of the New Offer Price of NOK68.17 (equivalent to approximately US$11.36) per Copeinca Share or unit of Peruvian Security.

(2) The ratio is calculated on the net profit of US$53.0 million attributable to the Copeinca Group for the financial year ended 31 December 2012 and the Group's net profit of US$81.2 million for the financial year ended 28 September 2012.

(3) Based on the consideration of NOK3,416.1 million and the market capitalisation of the Company being S$777.6 million (determined by multiplying the number of Shares in the capital of the Company by the weighted average price of Shares transacted on 21 June 2013, being the market day of the SGX-ST preceding the date of the New Offer Announcement).

(c) Maximum GO Scenario[1]

Rule	**Relative Value**
1006(a) The net asset value of the asset to be disposed of, compared to the Group's net asset value. This basis is not applicable to an acquisition of assets.	N.A.
1006(b) The net profits attributable to the assets acquired or disposed of, compared to the Group's net profits.	87.86%[2]
1006(c) The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	126.93%[3]
1006(d) The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	N.A.

Note:

[1] The "**Maximum GO Scenario**" takes into account (i) Ocean Harvest Transaction; (ii) Call Option Transaction; (iii) an acceptance level of 100%; and (iv) on the basis of the New Offer Price of NOK68.17 (equivalent to approximately US$11.36) per Copeinca Share or unit of Peruvian Security.

[2] The ratio is calculated on the net profit of US$71.4 million attributable to the Copeinca Group for the financial year ended 31 December 2012 and the Group's net profit of US$81.2 million for the financial year ended 28 September 2012.

[3] Based on the consideration of NOK4,649.5 million and the market capitalisation of the Company being S$777.6 million (determined by multiplying the number of Shares in the capital of the Company by the weighted average price of Shares transacted on 21 June 2013, being the market day of the SGX-ST preceding the date the New Offer Announcement).

2.4.2 Rule 1015(2)

The published audited financial information of the Copeinca Group for the three years ended on 31 December 2010, 2011 and 2012 as well as the first quarter financial result for financial year 2013, are attached herein as Appendix I[(1)].

Note:

(1) Disclaimer: (a) The Company has not obtained consent from the Copeinca Group for the publication of any information relating to the Copeinca Group nor for the reproduction of their information extracted from the public filings by Copeinca on the Oslo Børs website: http://www.oslobors.no/ob_eng/. (b) The Company has not obtained the consent from PricewaterhouseCoopers AS for the publication of any information relating to the financial information of the Copeinca Group nor for the reproduction of their information extracted from website of the Oslo Børs.

(a) Statement of Financial Position of Copeinca Group

	As at 31 December 2010	**As at 31 December 2011**	**As at 31 December 2012**	**As at 31 March 2013**
	audited	audited	audited	unaudited
	USD'000	*USD'000*	*USD'000*	*USD'000*
ASSETS				
Non-current assets	592,230	627,077	666,530	658,569
Current assets	77,289	166,437	87,660	128,493
Total Assets	669,519	793,514	754,190	787,062
EQUITY AND LIABILITIES				
Equity	331,737	388,643	410,120	397,981
Liabilities				
Total Non-current liabilities	297,396	306,815	294,846	349,330
Total current liabilities	40,386	98,056	49,224	39,751
Total liabilities	337,782	404,871	344,070	389,081
Total liabilities and Equity	669,519	793,514	754,190	787,062

(b) Income Statement of Copeinca Group

	FY2010 audited *USD'000*	**FY2011** audited *USD'000*	**FY2012** audited *USD'000*	**1st Quarter FY2013** unaudited *USD'000*
Sales	233,042	254,478	314,219	36,063
Costs of goods sold	(151,037)	(143,085)	(196,862)	(27,843)
Gross profit	82,005	111,393	117,357	8,220
Net operating income and expenses	(76,175)	(26,759)	(27,491)	(8,308)
Net finance income and costs	(22,955)	(20,399)	(18,511)	(5,398)
Income tax (expenses) credit	10,632	(16,466)	(21,758)	1,729
Profit (loss) for the year/ period	(6,493)	47,769	49,597	(3,757)
Add: Non-recurring item – Impairment losses on vessels and plants	42,083	4,991	–	–
Net profit (loss) after adjustment	35,590	52,760	49,597	(3,757)

Note:

(1) The Copeinca's Income Statement above is not an exact reproduction from the annual report of Copeinca. Adjustment has been made to reflect (i) the net profit of Copeinca without taking into account non-recurring income and extraordinary items; and (ii) net profit of Copeinca taking into account non-recurring income and extraordinary items.

(c) Consolidated Cashflow Statement

	FY2010 audited *USD'000*	FY2011 audited *USD'000*	FY2012 audited *USD'000*	1st Quarter FY2013 unaudited *USD'000*
Net cash from (used in) operating activities	57,644	11,976	84,098	(20,900)
Net cash used in investing activities	(58,036)	(33,023)	(18,764)	(4,000)
Net cash from (used in) financing activities	22,115	47,336	(86,734)	61,700
Net increase/(decrease) in cash and cash equivalents	21,723	26,289	(21,400)	36,800
Cash and cash equivalent at beginning of year/period	12,478	34,201	60,490	39,100
Cash and cash equivalent at end of year/period	34,201	60,490	39,090	75,900

The Copeinca Group made a loss after tax of US$3.8 million in the first quarter of financial year 2013 and an operating cash outflow of US$20.9 million. However, taking into account the prospects of the Enlarged Group as provided in Appendix B, the Company is of the view that, on an annual basis and having regard to the historical trend of the Copeinca Group for FY2010, FY2011 and FY2012, the Copeinca Group will be profitable (not taking into account non-recurring income and extraordinary items). Further, the Company believes that the Copeinca Group is in a healthy financial position, taking into account the following:

(a) As of 31 March 2013, Copeinca has net assets of US$398.0 million.

(b) Copeinca's net working capital improved from US$38.4 million as at 31 December 2012 to US$88.7 million as at 31 March 2013.

(c) Copeinca's net debt to equity ratio as of 31 March 2013 stood at 52.8%.

(d) In April 2013, Copeinca Group further strengthened its equity base by a private placement of 11,700,000 Copeinca Shares to raise net proceeds of US$120.8 million. After taking into account the private placement, Copeinca's net assets will increased to US$518.8 million. Net debt to equity ratio will be lowered to 17.2%.

2.5 Waivers Sought from the SGX-ST

2.5.1 In-principle Approval for the Acquisition

The SGX-ST has granted its in-principle approval for the Acquisition, subject to, *inter alia*, the following conditions:

The SGX-ST granted its in-principle approval for the Acquisition, subject to, inter alia¸ the following conditions:

(a) Compliance with the SGX-ST's listing requirements;

(b) Shareholders' approval being obtained for the Acquisition and fulfilment of all other conditions precedent;

(c) A written undertaking from the Company to promptly announce, following completion of due diligence on Copeinca Group, details of the trigger event for the early repayment of the Copeinca Bond Issue and all relevant material information;

(d) Inclusion in the Circular, Copeinca's audited financial statements (including notes to the accounts) and the management discussion and analysis for fiscal year 2010, fiscal year 2011 and fiscal year 2012 as well as the unaudited financial statements of the Copeinca Group for the three months ended 31 March 2013; and

(e) Submission of the following:

   (i) A written confirmation from the Financial Advisers that the signed moratorium agreements with the relevant parties pursuant to Rule 227 of the Listing Manual are in accordance with the requirements of Rules 228 and 229 of the Listing Manual; and

   (ii) A written confirmation from the Financial Advisers that the Acquisition has complied with Rule 210(4)(a) of the Listing Manual.

2.5.2 Waiver Granted by SGX-ST

Rule 1015(5)(b) of the Listing Manual provides that in relation to the Copeinca Group, the Circular must contain an accountants' report on the Copeinca Group and on the Enlarged Group and that Rule 609 of the Listing Manual applies to the accountants' report.

Please refer to Appendix I for the audited financial statements of the Copeinca Group for the three year ended 31 December 2010, 2011 and 2012, as well as the unaudited financial statements of the Copeinca Group for the three months ended 31 March 2013.

SGX-ST has pursuant to a waiver application by the Company on 25 February 2013 granted a waiver from compliance with Rule 1015(5)(b) in relation to the accountants' report on the Enlarged Group for the purpose of the Acquisition ("**Waiver**").

The Waiver is subject to the Company despatching a supplemental circular after the EGM which contains the information as described in Sections 2.7 of this Circular.

The reasons for seeking the Waiver are as follows:-

(a) the Company does not have any access to Copeinca, its board of directors and the management. All information on the Copeinca Group is based on public information. For the purpose of preparing the accountants' report, the Company and its auditors would have to have access to (i) the non-public books and records of the Copeinca Group including but not limited to the financial records; (ii) the relevant personnel in the Copeinca Group involved in the preparation and keeping such books and records and (iii) the auditors of Copeinca. Accordingly, the Company is unable to provide the accountants' report for the Enlarged Group as required under Rule 1015(5)(b);

(b) instead, the Company will prepare and thereafter despatch to Shareholders a supplemental circular, the details of which are specifically described in Section 2.7 of this Circular after the EGM and in the same time frame as when the PAIH Supplemental Circular is despatched.

2.6 Approvals from the Shareholders of PAIH

The Acquisition will constitute a very substantial acquisition under the Listing Rules for the Company's ultimate parent company, PAIH. As such, PAIH is also required to convene a special general meeting of its shareholders to approve the Acquisition which is scheduled to be held at 9:30 a.m. on 13 August 2013 at Dynasty I, 7/F, The Dynasty Club, South West Tower, Convention Plaza, 1 Harbour Road, Wan Chai, Hong Kong. As such, the Acquisition will not proceed if the shareholders of PAIH do not approve of the Acquisition resolution at their special general meeting.

As at the Latest Practicable Date, N.S. Hong owns an aggregate of approximately 54.9% of the issued share capital of PAIH. N.S. Hong therefore holds more than 50% of the entire issued shares in PAIH giving the right to attend and vote at the special general meeting of PAIH to approve the Acquisition and the New Offer. N.S. Hong has on 26 February 2013 entered into a deed of undertaking, pursuant to which it has unconditionally and irrevocably given, *inter alia*, an undertaking in favour of PAIH and the Offeror that N.S. Hong will exercise all of its voting rights and/or do any other acts to vote in favour of the Acquisition and the New Offer at the special general meeting of PAIH.

2.7 Supplemental Circular

In accordance with Rule 14.67A of the Listing Rules, PAIH will, after successful close of the New Offer, issue a supplemental circular to its shareholders in the manner described in Rule 14.67A(3) of the Listing Rules ("**PAIH Supplemental Circular**"). PAIH has applied for a waiver from strict compliance with Rule 14.69(4)(a)(i) of the Listing Rules in respect of the inclusion of an accountants' report on the Copeinca Group prepared in accordance with Chapter 4 of the Listing Rules in the PAIH Supplemental Circular due to:

(i) The considerable time, resources and costs that are expected to be incurred to prepare the accountants' report on the Copeinca Group in view of the geographical spread of the Copeinca's businesses;

(ii) PAIH prepares its financial statements using Hong Kong Financial Reporting Standards ("**HKFRS**"). The directors of PAIH believe that, based on the initial assessment by the finance team of PAIH, there are no principal differences between the HKFRS and the IFRS (being the Copeinca Group's accounting standards) that are applied to PAIH and the Copeinca Group, respectively. Hence, there may not be a material impact on the financial statements of the Copeinca Group if they were prepared under HKFRS; and

(iii) PAIH is of the view that the inclusion of an accountants' report based on HKFRS in the PAIH Supplemental Circular would create practical difficulties and is unduly burdensome for PAIH whilst such accountants' report would produce no additional valuable information to the shareholders of PAIH over and above the financial information of the Copeinca Group already published in PAIH's circular.

The HKSE has granted the waiver from strict compliance with Rule 14.69(4)(a)(i) of the Listing Rules in respect of the inclusion of an accountants' report on the Copeinca Group in the PAIH Supplemental Circular. However, PAIH will include in the PAIH Supplemental Circular such other information as required by the HKSE, which will include, among other things, the following:

(a) a reconciliation statement which reconciles the accounts of Copeinca from IFRS to PAIH's accounting policies under HKFRS in respect of Copeinca's audited financial information for the three financial years ended 31 December 2010, 2011 and 2012 and also in respect of a stub period for a period ended 6 months or less before the PAIH Supplemental Circular is issued; and

(b) any additional information (if applicable) which will set out the material differences between the requirements under Rules 4.06 and 4.07 of the Listing Rules for a very substantial acquisition and the information disclosed in PAIH's circular in respect of the financial information of Copeinca during its three financial years ended 31 December 2010, 2011 and 2012 also for a stub period ended 6 months or less before the PAIH Supplemental Circular is issued.

Pursuant to Rule 14.67A(3) of the Listing Rules, PAIH is required to despatch the PAIH Supplemental Circular to its shareholders within 45 days of the earlier of (1) PAIH being able to gain access to Copeinca's books and records for the purpose of complying with the disclosure requirements under the Listing Rules in respect of Copeinca and the Enlarged Group; and (2) PAIH being able to exercise control over Copeinca upon successful close of the New Offer.

Should PAIH require more time to prepare the PAIH Supplemental Circular, PAIH will apply to the HKSE for an extension for the despatch of the PAIH Supplemental Circular and make an announcement in this regard.

The Company will also prepare a supplemental circular which will contain similar information contained in the PAIH Supplemental Circular within the same time frame as PAIH except for statements of indebtedness and sufficiency of working capital.

2.8 Information on the Copeinca Group[1,2,3]

2.8.1 Information on the Copeinca Group

Copeinca is a public limited liability company incorporated on 24 November 2006, domiciled in and operating under the laws of Norway, with organization number 990 565 791 and registered address at Haakon VIIs gate 10, 0106 Oslo, Norway. Copeinca Shares have been listed on the Oslo Børs, with DNB Bank ASA (Dronning Eufemias gt 30, 0191 Oslo, Norway) acting as share registrar since January 2007.

Currently, Copeinca has a share capital of NOK351,000,000, divided into 70,200,000 shares, each with a nominal value of NOK5. All 70,200,000 shares are of the same class of registered shares and are listed on Oslo Børs under ISIN NO0010352412.

Copeinca also has a secondary listing on the Lima Stock Exchange. The Copeinca Shares are primary listed on Oslo Børs, and the Peruvian Securities are secondary listed on the Lima Stock Exchange. According to information publicly available in Peru, the Peruvian Securities are Copeinca Shares that have been registered with the SMV, have the same ISIN as the Copeinca Shares, are admitted for trading on the Lima Stock Exchange and may be held through CAVALI. However, according to information published by Copeinca on Oslo Børs, the secondary listing of the Peruvian Securities has been facilitated by entering into a depositary arrangement with JP Morgan Chase & Co as the registrar for the issuance of depositary receipts which represent Copeinca Shares. To the extent that the Peruvian Securities are depositary receipts, they are independent securities and evidence beneficial ownership to the underlying Copeinca Shares they represent.

Copeinca is the ultimate parent company of the Copeinca Group. The Copeinca Group focuses on the production of fishmeal and fish oil, and the operations cover the entire fishmeal and fish oil value chain from harvesting to distribution. The Copeinca Group operates fishing vessels which catch anchovy off the coast of Peru. The anchovy catch, along with the volume acquired from third parties' administered fleet is then processed into fishmeal and fish oil in the plants owned by the Copeinca Group. Over 99% of the Copeinca Group's finished products are exported throughout the world.

Further information on the Copeinca Group may be found in Appendix A of this Circular.

Shareholders are to note that as at the date of this Circular, the Company does not have any access to Copeinca, its board of directors and its management. Accordingly all information of Copeinca disclosed in this Circular is based on public information[1,2,3]. Shareholders' attention is also directed to the discussion of the risks relating to such non-access in Section 2.12.4(b) of this Circular.

Note:

1. Disclaimer: (a) The Company has not obtained consent from the Copeinca Group for the publication of any information relating to the Copeinca Group nor for the reproduction of their information extracted from the public filings by Copeinca on the Oslo Børs website: http://www.oslobors.no/ob_eng/. (b) The Company has not obtained the consent from Bloomberg L.P. for the publication of any information relating to the Copeinca Bond Issue or the Copeinca Group nor for the reproduction of their information extracted from Bloomberg L.P.: http://www.bloomberg.com/ (c) The Company has not obtained the consent from the Norwegian Register of Business Enterprises for the publication of any information relating to the Copeinca Group nor for the reproduction of their information extracted from their website. (d) Copeinca is listed on the Oslo Børs and on the Lima Stock Exchange. However, the information on the official website of the Lima Stock Exchange is in Spanish. Accordingly, the Company believes that the Oslo Børs website: http://www.oslobors.no/ob_eng/ is the appropriate source for information on the Copeinca Group. The Company has taken reasonable care in compiling, extracting and reproducing such information. However, the Company has not verified the information extracted from the source and accordingly, the Company cannot warrant that such information is true, accurate and complete or if any fact has been omitted that would render such information false or misleading.

2. All information found in Appendix A that has been obtained from the public filings made by Copeinca on the Oslo Børs website: http://www.oslobors.no/ob_eng/ would be specified to be either (i) reproduced exactly as found in the source document; (ii) reproduced without substantial modification from the source document; or (iii) extracted and paraphrased from the source document.

3. Information on the Copeinca Bond Issue has been extracted from the offering memorandum of the bond obtained from Bloomberg L.P. Additional information on Copeinca has also been obtained from the website of the Norwegian Register of Business Enterprises, which provides updated information on all registered companies in Norway.

Shareholders are to note that Copeinca, being a company listed on the Oslo Børs and Lima Stock Exchange, has released and will release information through the official websites of the respective stock exchanges. Accordingly, Shareholders who wish to obtain fuller details of the Copeinca Group or be kept updated on developments of Copeinca should access the information of Copeinca on the Oslo Børs website (which has an English version) and on the Lima Stock Exchange website (which is in Spanish). Shareholders' attention is drawn to the risk factor entitled "Risk of acquiring Copeinca without due diligence" in Section 2.12.4(b) of this Circular.

2.8.2 Copeinca Bond Issue and Other Borrowings

On 10 February 2010, Copeinca S.A.C. first issued US$175 million of senior notes due 2017 with a 9.00% coupon. On 11 January 2013, Copeinca S.A.C. issued an additional US$75 million senior notes which formed a single issue with the US$175 million senior notes, collectively referred to as the "Copeinca Bond Issue" in this Circular. For more details on the Copeinca Bond Issue, please refer to Section 8 of Appendix A.

Shareholders are to note that on the GO Settlement Date, and provided that there is a "Rating Decline" (as briefly described in Section 8 of Appendix A), based on the definition of the "Change of Control Triggering Event" (as briefly described in Section 8 of Appendix A), Copeinca S.A.C., the issuer of the Copeinca Bond Issue shall offer to repurchase the notes under the Copeinca Bond Issue at a purchase price equal to 101% of the principal amount of US$250 million plus accrued and unpaid interests, if any. Shareholders are to note that the Company has no access to the indenture relating to the Copeinca Bond Issue. Whilst the offering memorandum for the Copeinca Bond Issue describes a change of control leading to a rating decline as a trigger for the early repayment of the Copeinca Bond Issue, subsequent public disclosure by Copeinca does not disclose the rating decline as the early trigger. Unless the Company has access to the indenture, the Company will not know for certain what conditions will trigger the early repayment of the Copeinca Bond Issue.

As at 31 March 2013, the Copeinca Group has in aggregate, borrowings of US$286 million[(1)] which is inclusive of senior notes having a principal value of US$250 million under the Copeinca Bond Issue.

Note:

(1) Source: Information reproduced without substantial modification from page 18 of Copeinca's 1st quarter report 2013

The Directors take the view that having regard to the good relationship enjoyed by the Group with its principal bankers and having regard to the financial position of the Group, that the Group would be able to secure the necessary financing or enable the Copeinca Group to secure the necessary refinancing to meet any early repayment of the Copeinca Bond Issue and any other borrowings of the Copeinca Group.

Shareholders' attention is drawn to the risk factor entitled "The Copeinca Group may not be able to meet its obligations to repurchase the Copeinca Bond Issue or refinance other debt obligations, as the case may be, should there be certain change of control events" in Section 2.12.4(b) of this Circular.

Note:

(1) Aggregate borrowings include, in addition to the carrying value of the senior notes issues under the Copeinca Bond issue and accrued interest of the said senior notes, other borrowings as well as interest accrued on such borrowings.

2.9 Risks to the Acquisition

The Company's discussion on the risks to the Acquisition may be found in Section 2.12.4(b) of this Circular.

2.10 Rationale for the Acquisition

The Directors believe that the acquisition of a controlling interest in Copeinca is a strategic opportunity that would be in the best interests of the Group for the following reasons:

(a) The Acquisition is consistent with the Company's business strategy of increasing access to fishing resources

The Company's ongoing strategy is to increase its fishing resources and strengthen its global competitiveness. Since 2006, the Company has established and expanded its Peruvian fishmeal operations through a series of acquisitions, and continues to explore opportunities as and when they arise to acquire additional fishing vessels in Peru to increase the Company's fishing quotas and additional fishmeal processing plants in strategic locations in Peru.

The Acquisition will allow the Company to gain access to an additional 10.70%[(1)] of catch quota for harvesting Peruvian anchovy in the northern and central zone in Peru, as well as 3.00%[2] of catch quota for the southern zone. On the successful completion of the Acquisition, the Company will hold a total of 16.90%[1] of catch quota for harvesting Peruvian anchovy in the northern and central zone in Peru, and 14.72%[2] of catch quota for the southern zone. The Company will become one of the world's leading players in fish meal and fish oil products[3].

(b) The Acquisition will enhance the market position and profile of the Company and Copeinca

Peru is the largest producer and exporter of fishmeal and fish oil by volume in the world as at 2010[4]. The Acquisition will further consolidate the Company's position in Peru in becoming one of the largest owners of catch quota in Peru, and establish the Company as the largest fishmeal producer in the world. Due to booming aquaculture and livestock production, global demand for fishmeal and fish oil has been increasing and through the Acquisition, the Company will be well-positioned to further increase its overall market share in the growing world fishmeal market.

(c) Diversification of the Company's existing revenue base

The Company's sale of fish products under the Contract Supply Vessels business constitutes the largest percentage of the Company's total revenue. The Acquisition is in line with the Company's strategy to continue to strengthen, expand and diversify its core competencies. After the Acquisition, the revenue and profit derived from the Company's Peruvian fishmeal operations would significantly increase and hence reduce dependence on revenue and profit generated from the Contract Supply Vessels business.

(d) High-level synergies between the principal business activities of the Company and Copeinca

The Company and Copeinca share some common geographical markets in the fishmeal business including but not limited to China, the largest geographic market of the Company. After the Acquisition, the two companies may conduct joint marketing efforts in common geographical markets and achieve savings on marketing and distribution expenses.

(e) Establishing a listed platform for the Company's growing Peruvian fishmeal operations

It is currently the intention of the Group to preserve the listing status of Copeinca on the Oslo Børs and on the Lima Stock Exchange following completion of the general offer. The Acquisition will provide the Company with a listed platform for its growing fishmeal operations in Peru, allowing the Company to tap into an additional source of capital should it plan to raise funds for the expansion of its Peruvian operations in the future.

A listing on the Oslo Børs and on the Lima Stock Exchange through Copeinca would also enhance the Company's position as Peru's foremost producer of fishmeal and fish oil and as one of the world's largest fishmeal producers.

Widely recognised as the world's leading exchange for the fishery and aquaculture sector with a large number of listed seafood-related companies, Oslo Børs could provide the Company with increased access to new groups of capital providers and further sector focused research coverage.

Note:

(1) Source: Information taken from page 17 of Copeinca's Conference Call Presentation on its fourth quarter and preliminary full year results for 2012 dated 13 February 2013, obtained from the website of the Oslo Børs.

(2) Source: Information extracted from the offering memorandum of the Copeinca Bond Issue

(3) Source: Information reproduced from page 26 of the New Offer Document

(4) Source: Information taken from the IFFO statistical yearbook 2011

2.11 Financial Effects

2.11.1 Introduction

The financial effects of the Ocean Harvest Transaction, Call Option Transaction and the New Offer as set out below are for illustrative purposes only and are, therefore, not indicative of the actual financial performance or position of the Enlarged Group after the completion of the Ocean Harvest Transaction, Call Option Transaction and the New Offer. The financial effects of the Ocean Harvest Transaction, Call Option Transaction and the New Offer on the share capital, earnings, consolidated NTA and gearing of the Enlarged Group have been prepared based on the unaudited proforma consolidated financial information of the Enlarged Group.

For purposes of illustration, the financial effects of the Ocean Harvest Transaction, Call Option Transaction and the New Offer are based on, *inter alia*, the following assumptions:

(a) On 26 February 2013, the Company announced the Rights Issue of up to 1,049,843,939 new shares at an issue price of S$0.34 per share by way of rights on 1 new share for each 1 existing shares. As the Rights Issue has been completed and 1,023,177,273 new shares issued on 19 April 2013, in computing the financial effects of the Ocean Harvest Transaction, Call Option Transaction and the New Offer on the earnings of the Enlarged Group, the Rights Issue are assumed to have been completed on 29 September 2011; and in computing the financial effects of the Ocean Harvest Transaction, Call Option Transaction and the New Offer on the NTA and gearing of the Enlarged Group, the Rights Issue are assumed to have been completed on 28 September 2012;

(b) for the purpose of computing the financial effects of the Ocean Harvest Transaction, Call Option Transaction and the New Offer on the earnings of the Enlarged Group, the Ocean Harvest Transaction, Call Option Transaction and the New Offer are assumed to have been completed on 29 September 2011;

(c) for the purpose of computing the financial effects of the Ocean Harvest Transaction, Call Option Transaction and the New Offer on the NTA and gearing of the Enlarged Group, the Ocean Harvest Transaction, Call Option Transaction and the New Offer are assumed to have been completed on 28 September 2012;

(d) additional borrowings of US$401.4 million, US$265.0 million and US$125.0 million taken to finance the New Offer in the Maximum GO Scenario, Pre-Acceptance GO Scenario and Minimum GO Scenario respectively;

(e) the total estimated cost of the New Offer (taking into account estimated expenses) of US$15.0 million in the Minimum GO Scenario, Pre-Acceptance GO Scenario and the Maximum GO Scenario;

(f) that as the Company prepares its financial statements using the SFRS and Copeinca prepares its financial statements using the IFRS, that there are no principal differences between the SFRS and the IFRS and there may not be a material impact on the financial statements of Copeinca if they were prepared under SFRS;

(g) the settlement of the purchase consideration of US$378.6 million for the Minimum GO Scenario in respect of the acquisition of 50.01% interest in Copeinca, the settlement of the purchase consideration of US$571.7 million for the Pre-Acceptance GO Scenario and the settlement of the purchase consideration of US$777.2 million for the Maximum GO Scenario in respect of the acquisition of 100% interest in Copeinca;

(h) CFGL Group has a financial year end of 28 September while Copeinca Group has a financial year end of 31 December. Certain financial information has been used to derive the unaudited consolidated financial information of the Copeinca Group for the financial period of 29 September 2011 to 28 September 2012 in order to be co-terminus with the financial year end of CFGL Group of 28 September, and we assume no significant transactions happened for the period of 29-30 September 2011 and 29-30 September 2012 for Copeinca Group, or even if otherwise, the financial effects of such transactions during these two-day periods were immaterial;

(i) Copeinca Group announced on 5 April 2013 the private placement of 11,700,000 new Copeinca Shares with a par value of NOK5 each, in computing the financial effects of the Ocean Harvest Transaction, Call Option Transaction and the New Offer on the NTA and gearing of the Enlarged Group, the private placement is assumed to have been completed on 28 September 2012;

(j) The fair values of the available-for-sale investment used in computing the financial effects of the Ocean Harvest Transaction and Call Option Transaction on the earnings and the NTA of the Enlarged Group may differ from the fair values as at the actual date of completion of the Acquisition; and

(k) The fair values of the net assets acquired are assumed to be equivalent to the carrying amounts of the net assets of Copeinca as at the relevant acquisition date for the purposes of the preparation of the unaudited pro forma consolidated financial information of the Enlarged Group. This may differ from the fair values of the net assets as at the actual date of completion of the Acquisition upon the full completion of a purchase price allocation exercise.

The financial effects presented below are pro forma in nature and are for illustrative purposes only. It does not represent the actual financial position and/or results of the Enlarged Group immediately after completion of the Acquisition.

2.11.2 NTA

	Before completion of the Ocean Harvest Transaction, Call Option Transaction and the New Offer	After completion the Ocean Harvest Transaction, Call Option Transaction and the New Offer (where applicable)		
		Minimum GO Scenario	Pre-Acceptance GO Scenario	Maximum GO Scenario
Consolidated NTA (US$’000) as at 28 September 2012	764,326	251,391	185,733	115,824
Number of Shares (’000)	2,046,355	2,046,355	2,046,355	2,046,355
NTA per Share (US$)	0.37	0.12	0.09	0.06

2.11.3 EPS

	Before completion of the Ocean Harvest Transaction, Call Option Transaction and the New Offer	After completion of the Ocean Harvest Transaction, Call Option Transaction and the New Offer (where applicable)		
		Minimum GO Scenario	Pre-Acceptance GO Scenario	Maximum GO Scenario
Profit attributable to Shareholders for FY2012 (US$’000)	78,116	107,352	121,612	136,784
Number of Shares (’000)	2,046,002	2,046,002	2,046,002	2,046,002
Earnings per Share (US cents)	3.82	5.25	5.94	6.69

2.11.4 Gearing

	Before completion of the Ocean Harvest Transaction, Call Option Transaction and the New Offer	After completion of the Ocean Harvest Transaction, Call Option Transaction and the New Offer (where applicable)		
		Minimum GO Scenario	Pre-Acceptance GO Scenario	Maximum GO Scenario
Total Net borrowings as at 28 September 2012 (US$’000)	249,183	706,005	899,129	1,039,040
Shareholders’ equity (US$’000)	1,093,881	1,341,763	1,214,297	1,078,674
Net Gearing (times)	0.23	0.53	0.74	0.96

The expression "Net borrowings" means the aggregate liabilities arising from interest bearing borrowings less cash at bank, on hand and short term bank deposits. The expression "Shareholders' equity" refers to the aggregate of issued and paid-up share capital and reserves. "Gearing" is computed based on the ratio of "Net borrowings" to "Shareholders' equity".

Note:

The Acquisition will be financed by a combination of bank borrowings (that is the Facility Agreement), proceeds from the Rights Issue and other internal resources of the Group.

Please refer to Section 10.2 for more details concerning the Facility Agreement.

2.11.5 Financial Highlights of the Enlarged Group

The following summary of the unaudited pro forma consolidated financial information should be read in conjunction with the unaudited pro forma consolidated financial statements for the Enlarged Group set out in Appendixes J, K and L.

The Company announced its second quarter results on 8 May 2013 and Copeinca released its first quarter results (for the period covering 1 January 2013 to 31 March 2013) on 16 May 2013.

(a) Minimum GO Scenario

Pro forma Consolidated Income Statement Summary

	FY2010	**FY2011**	**FY2012**	**Six-month period ended 28 March 2013**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Sales	794,181	914,422	910,040	356,182
Profit before income tax	120,933	128,506	161,097	36,571
Profit for the year/period attributable to the Owners of the Enlarged Group	108,549	112,241	107,352	53,622

Pro forma Consolidated Statement of Financial Position

	As at 28 September 2012 *US$'000*	As at 28 March 2013 *US$'000*
ASSETS		
Total non-current assets	1,797,277	1,901,165
Total current assets	697,235	656,474
Total Assets	2,494,512	2,557,639
EQUITY AND LIABILITIES		
Equity	1,341,763	1,377,076
Total non-current liabilities	909,611	920,131
Total current liabilities	243,138	260,432
Total Liabilities	1,152,749	1,180,563
Total Liabilities and Equity	2,494,512	2,557,639

Pro Forma Consolidated Cash Flow Statement Summary

	FY2012 *US$'000*	As at 28 March 2013 *US$'000*
Net cash from operating activities	149,964	129,470
Net cash used in investing activities	(529,035)	(561,677)
Net cash generated from financing activities	507,039	570,857
Net increase in cash and cash equivalents	127,968	138,650
Cash and cash equivalents at beginning of the year/period	95,400	92,763
Cash and cash equivalents at end of the year/period	223,368	231,413

(b) **Pre-Acceptance GO Scenario**

Pro forma Consolidated Income Statement Summary

	FY2010 *US$'000*	**FY2011** *US$'000*	**FY2012** *US$'000*	**Six-month period ended 28 March 2013** *US$'000*
Sales	794,181	914,422	910,040	356,182
Profit before income tax	120,933	128,506	161,097	36,571
Profit for the year/period attributable to the Owners of the Enlarged Group	111,945	116,398	121,612	52,804

Pro forma Consolidated Statement of Financial Position

	As at 28 September 2012 *US$'000*	**As at 28 March 2013** *US$'000*
ASSETS		
Total non-current assets	1,862,935	1,968,640
Total current assets	644,111	623,350
Total Assets	2,507,046	2,591,990
EQUITY AND LIABILITIES		
Equity	1,214,297	1,251,427
Total non-current liabilities	1,049,611	1,080,131
Total current liabilities	243,138	260,432
Total Liabilities	1,292,749	1,340,563
Total Liabilities and Equity	2,507,046	2,591,990

Pro Forma Consolidated Cash Flow Statement Summary

	FY2012 *US$'000*	**As at 28 March 2013** *US$'000*
Net cash from operating activities	149,964	129,470
Net cash used in investing activities	(722,159)	(754,801)
Net cash from financing activities	647,039	730,857
Net increase (decrease) in cash and cash equivalents	74,844	105,526
Cash and cash equivalents at beginning of the year/period	95,400	92,763
Cash and cash equivalents at end of the year/period	170,244	198,289

(c) Maximum GO Scenario

Pro forma Consolidated Income Statement Summary

	FY2010 *US$'000*	**FY2011** *US$'000*	**FY2012** *US$'000*	**Six-month period ended 28 March 2013** *US$'000*
Sales	794,181	914,422	910,040	356,182
Profit before income tax	120,933	128,506	161,097	36,571
Profit for the year/period attributable to the Owners of the Enlarged Group	115,557	120,821	136,784	51,142

Pro forma Consolidated Statement of Financial Position

	As at 28 September 2012	**As at 28 March 2013**
	US$'000	*US$'000*
ASSETS		
Total non-current assets	1,932,844	2,040,482
Total current assets	574,979	589,218
Total Assets	2,507,823	2,629,700
EQUITY AND LIABILITIES		
Equity	1,078,674	1,117,737
Total non-current liabilities	1,186,011	1,251,531
Total current liabilities	243,138	260,432
Total Liabilities	1,429,149	1,511,963
Total Liabilities and Equity	2,507,823	2,629,700

Pro Forma Consolidated Cash Flow Statement Summary

	FY2012	**As at 28 March 2013**
	US$'000	*US$'000*
Net cash from operating activities	215,585	166,076
Net cash used in investing activities	(927,691)	(960,333)
Net cash from financing activities	783,439	902,257
Net increase in cash and cash equivalents	71,333	108,000
Cash and cash equivalents at beginning of the year/period	95,400	92,763
Cash and cash equivalents at end of the year/period	166,733	200,763

(d) The Group has no access to information on the Copeinca Group's liquidity and capital resources and as such we are unable to provide a statement on whether the working capital available to the Enlarged Group is sufficient for its present requirements and for at least the next 12 months.

(e) The Directors are of the opinion that, after having made all due and careful enquiry, the working capital available to the Group as at the date of this Circular is sufficient for its present requirements and for at least the next 12 months. For further details, please refer to section 2.12.5.

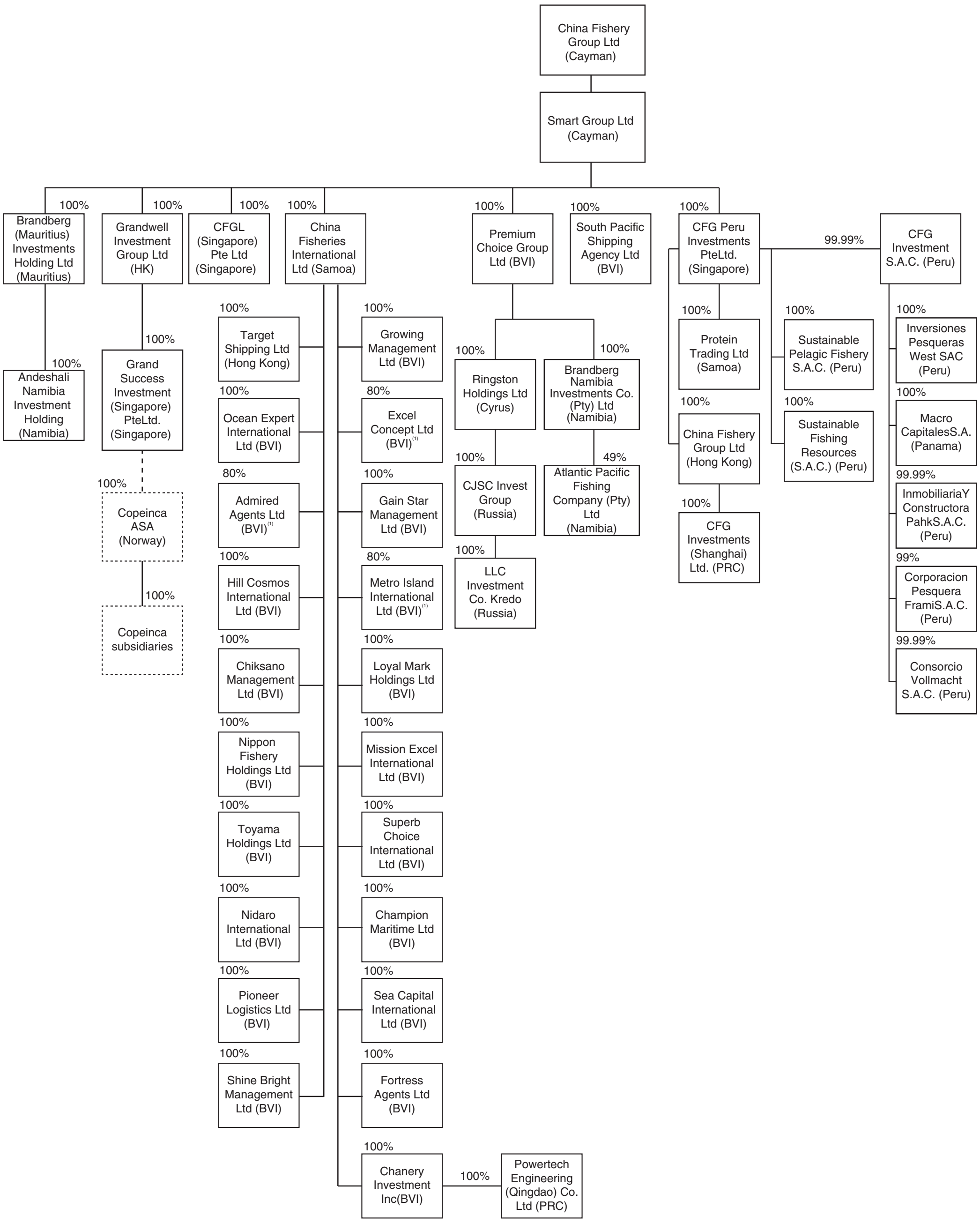
2.11.6 Other Salient Financial Information of the Acquisition

As at 31 December 2011, the net tangible assets, net asset value and net profit after tax of Copeinca is US$20.1 million, US$388.6 million and US$47.8 million respectively.

2.12 The Enlarged Group

2.12.1 Enlarged Group Structure

The following chart shows the simplified corporate structure as at the Latest Practicable Date, including the jurisdiction of incorporation of the Company's subsidiaries:



China Fishery Group Ltd (Cayman)
Smart Group Ltd (Cayman)
100%
Brandberg (Mauritius) Investments Holding Ltd (Mauritius)
100%
Andeshali Namibia Investment Holding (Namibia)
100%
Grandwell Investment Group Ltd (HK)
100%
Grand Success Investment (Singapore) PteLtd. (Singapore)
100%
Copeinca ASA (Norway)
100%
Copeinca subsidiaries
100%
CFGL (Singapore) Pte Ltd (Singapore)
100%
China Fisheries International Ltd (Samoa)
100%
Target Shipping Ltd (Hong Kong)
100%
Ocean Expert International Ltd (BVI)
80%
Admired Agents Ltd (BVI)(1)
100%
Hill Cosmos International Ltd (BVI)
100%
Chiksano Management Ltd (BVI)
100%
Nippon Fishery Holdings Ltd (BVI)
100%
Toyama Holdings Ltd (BVI)
100%
Nidaro International Ltd (BVI)
100%
Pioneer Logistics Ltd (BVI)
100%
Shine Bright Management Ltd (BVI)
100%
Growing Management Ltd (BVI)
80%
Excel Concept Ltd (BVI)(1)
100%
Gain Star Management Ltd (BVI)
80%
Metro Island International Ltd (BVI)(1)
100%
Loyal Mark Holdings Ltd (BVI)
100%
Mission Excel International Ltd (BVI)
100%
Superb Choice International Ltd (BVI)
100%
Champion Maritime Ltd (BVI)
100%
Sea Capital International Ltd (BVI)
100%
Fortress Agents Ltd (BVI)
100%
Chanery Investment Inc(BVI)
100%
Powertech Engineering (Qingdao) Co. Ltd (PRC)
100%
Premium Choice Group Ltd (BVI)
100%
Ringston Holdings Ltd (Cyrus)
100%
CJSC Invest Group (Russia)
100%
LLC Investment Co. Kredo (Russia)
100%
Brandberg Namibia Investments Co. (Pty) Ltd (Namibia)
49%
Atlantic Pacific Fishing Company (Pty) Ltd (Namibia)
100%
South Pacific Shipping Agency Ltd (BVI)
100%
CFG Peru Investments PteLtd. (Singapore)
100%
Protein Trading Ltd (Samoa)
100%
China Fishery Group Ltd (Hong Kong)
100%
CFG Investments (Shanghai) Ltd. (PRC)
100%
Sustainable Pelagic Fishery S.A.C. (Peru)
100%
Sustainable Fishing Resources (S.A.C.) (Peru)
99.99%
CFG Investment S.A.C. (Peru)
100%
Inversiones Pesqueras West SAC (Peru)
100%
Macro CapitalesS.A. (Panama)
99.99%
InmobiliariaY Constructora PahkS.A.C. (Peru)
99%
Corporacion Pesquera FramiS.A.C. (Peru)
99.99%
Consorcio Vollmacht S.A.C. (Peru)

Notes:

1. The remaining 20% equity interest of Admired Agents Limited, Excel Concept Limited and Metro Island International Limited are held by Standguard Nominee (H.K.) Limited and Guardstand Nominee (H.K.) Limited, which are independent of and not related to the Company or any other connected persons of the Company. They are companies incorporated in Hong Kong and are nominees of the Suppliers.

As at the Latest Practicable Date, the subsidiaries of the Company and their principal activities are as follows:

Name	Place/Country of incorporation or registration/operation	Percentage of equity interest as at the Latest Practicable Date	Principal activities
		(%)	
Smart Group Limited	Cayman Islands	100	Investment holding
Subsidiaries of Smart Group Limited			
Grandwell Investment Group Ltd	Hong Kong	100	Investment holding
China Fisheries International Limited	Samoa/Worldwide	100	Management and operation of fishing vessels and sale of fish and other marine catches
CFG Peru Investments Pte Ltd	Singapore	100	Investment holding
CFGL (Singapore) Private Limited	Singapore	100	Property holding
Premium Choice Group Limited	British Virgin Islands/Worldwide	100	Management of fishing vessels
South Pacific Shipping Agency Limited	British Virgin Islands/Worldwide	100	Agent for procurement of provisions and supplies for the Group
Brandberg (Mauritius) Investments Holding Limited	Mauritius	100	Investment holding

Name	Place/Country of incorporation or registration/operation	Percentage of equity interest as at the Latest Practicable Date *(%)*	Principal activities
Subsidiary of Grandwell Investment Group Ltd			
Grand Success Investment (Singapore) Pte Ltd	Singapore	100	Investment holding
Subsidiaries of China Fisheries International Limited			
Admired Agents Ltd	British Virgin Islands/Worldwide	80	Agent for procurement of provisions and supplies for the Group
Champion Maritime Ltd	British Virgin Islands/Worldwide	100	Inactive
Chanery Investment Inc.	British Virgin Islands/Worldwide	100	Property holding
Chiksano management Limited	British Virgin Islands/Worldwide	100	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group
Excel Concept Ltd	British Virgin Islands/Worldwide	80	Agent for sales of fish and other marine catches of the Group
Fortress Agents Limited	British Virgin Islands/Worldwide	100	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group

Name	Place/Country of incorporation or registration/operation	Percentage of equity interest as at the Latest Practicable Date	Principal activities
		(%)	
Gain Star Management Limited	British Virgin Islands/Worldwide	100	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group
Growing Management Limited	British Virgin Islands/Worldwide	100	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group
Hill Cosmos International Limited	British Virgin Islands/Worldwide	100	Inactive
Loyal Mark Holdings Limited	British Virgin Islands/Worldwide	100	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group
Metro Island International Ltd	British Virgin Islands/Worldwide	80	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group
Mission Excel International Limited	British Virgin Islands/Worldwide	100	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group
Nidaro International Ltd	British Virgin Islands/Worldwide	100	Inactive
Nippon Fishery Holdings Limited	British Virgin Islands/Worldwide	100	Inactive since being acquired

Name	Place/Country of incorporation or registration/operation	Percentage of equity interest as at the Latest Practicable Date *(%)*	Principal activities
Ocean Expert International Limited	British Virgin Islands/Worldwide	100	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group
Pioneer Logistics Limited	British Virgin Islands/Worldwide	100	Inactive
Sea Capital International Limited	British Virgin Islands/Worldwide	100	Inactive
Shine Bright Management Limited	British Virgin Islands/Worldwide	100	Agent for sales of fish and other marine catches of the Group and procurement of provisions and supplies for the Group
Superb Choice International Limited	British Virgin Islands/Worldwide	100	Inactive
Target Shipping Limited	Hong Kong/Worldwide	100	Investment holding
Toyoma Holdings Limited	British Virgin Islands/Worldwide	100	Procurement of provisions and supplies for the Group
Subsidiary of Chanery Investment Inc.			
Powertech Engineering (Qingdao) Co. Ltd	People's Republic of China	100	Agent for vessel repairing service for the Group

Name	Place/Country of incorporation or registration/operation	Percentage of equity interest as at the Latest Practicable Date *(%)*	Principal activities
Subsidiaries of CFG Peru Investments Pte Limited			
CFG Investment S.A.C.	Peru	100	Investment holding, operation of fishing vessel, operation of fishmeal plants and sale of fish and marine catches, fishmeal and fishoil
China Fishery Group Limited	Hong Kong	100	Investment holding
Protein Trading Limited	Samoa	100	Procurement and marketing agent for fishmeal
Sustainable Pelagic Fishery S.A.C.	Peru	100	Operation of fishing vessels
Sustainable Fishing Resources S.A.C.	Peru	100	Operation of fishing vessel
Subsidiary of China Fishery Group Limited			
CFG Investments (Shanghai) Ltd	People's Republic of China	100	Inactive
Subsidiaries of CFG Investment S.A.C.			
Consorcio Vollmacht S.A.C.	Peru	100	Vessel and fishing quota holding
Corporacion Pesquera Frami S.A.C.	Peru	100	Vessel holding
Immobiliaria Y Constructora Pahk S.A.C.	Peru	100	Investment holding

Name	Place/Country of incorporation or registration/operation	Percentage of equity interest as at the Latest Practicable Date *(%)*	Principal activities
Inversiones Pesqueras West S.A.C.	Peru	100	Inactive
Macro Capitales S.A.	Panama	100	Investment holding
Subsidiary of Premium Choice Group Limited			
Ringston Holdings Limited	Cyprus	100	Investment holding
Brandberg Namibia Investments Company (Proprietary) Limited	Namibia	100	Fishing operation
Subsidiary of Ringston Holdings Limited			
CJSC Invest Group	Russia	100	Investment holding
Subsidiary of CJSC Invest Group			
LLC Investment Company Kredo	Russia	100	Operation of vessel and sale of fish
Subsidiary of Brandberg Namibia Investments Company (Proprietary) Limited			
Atlantic Pacific Fishing Company (Pty) Limited	Namibia	49	Operation of vessel and sale of fish
Subsidiary of Brandberg (Mauritius) Investments Holdings Limited			
Andeshali Namibia Investment Holdings	Namibia	100	Investment holding

For a description of subsidiaries of Copeinca, please see Section 5 of Appendix A.

2.12.2 Principal Business

The Group is in the business of industrial fishing, fish supply and on-board processing and fishmeal production in the North Pacific, South Pacific, Peru and West Africa. The Copeinca Group is in the business of the production of fishmeal and fish oil, and the operations cover the entire fishmeal and fish oil value chain from harvesting to distribution.

Following completion of the Acquisition, the principal businesses of the Enlarged Group will be expanded to include the existing business of the Copeinca Group.

The Company has no current intention to dispose any of Copeinca's existing businesses.

2.12.3 Prospects and Future Plans after the Completion of the Acquisition

(a) Prospects

The Directors believe the prospects of the Enlarged Group are positive, particularly in respect of the fishmeal and fish oil industry. The Acquisition represents an opportunity for the Company to become one of the world's leading players in fishmeal and fish oil products.

The prospects of the Enlarged Group is found in Appendix B of this Circular.

(b) Future Plans

The Enlarged Group is largely expected to continue with the Company's existing business strategy to solidify its leading position in fish supply and processing by increasing access to controlled sea resources globally and strengthen its position within Peru's fishmeal and fish oil processing industry.

Continue to increase access to sustainable fishery resources on a global basis

The Enlarged Group will continue to take advantage of growing fish consumption and rising demand for fishmeal and fish oil worldwide, especially in China. The Enlarged Group will continue to seek opportunities to establish fishing operations in new fishing and processing grounds with abundant marine resources. The Enlarged Group will actively seek to enhance its profitability by increasing catch which can be sold for human consumption.

Continue to explore, evaluate and pursue future acquisition opportunities

The Enlarged Group will continue to explore opportunities as and when they arise to increase fishing quotas by acquiring additional fishing vessels in places such as Peru and to seek additional fishmeal processing plants in attractive locations.

Continue to strengthen, expand and diversify operations

The Enlarged Group will continue to diversify its fish product offerings, fishing grounds and target markets. The Enlarged Group will continue to apply its harvesting and distribution experience to quickly establish a market presence for a growing range of fish products. The Enlarged Group will continue to explore fishing resources that complement the Enlarged Group's existing operations.

Continue to improve operational efficiency and vessel utilisation

The Enlarged Group will continue to focus on improving the operational efficiency of its China Fishery Fleet and the Peruvian fishmeal operations. In addition, the Enlarged Group will seek to realise high-level synergies between the Group and the Copeinca Group such as conducting joint marketing efforts in common geographical markets and cross-selling of the Company's fish products across the Copeinca Group's existing sales and distribution channels.

Maintain listing status of Copeinca on the Oslo Børs and the Lima Stock Exchange following completion of the Acquisition

The current intention of the Enlarged Group is to seek to maintain the listing status of Copeinca on the Oslo Børs and the Lima Stock Exchange following the completion of the Acquisition. This may involve a possible sale of shares in Copeinca in order to fulfill the public float requirements of the Oslo Børs. There are no public float requirements in respect of the secondary listing on the Lima Stock Exchange. Please refer to Appendix D for a discussion on the relevant Norwegian rules referred to above.

2.12.4 Risk Factors

(a) Risk Factors Disclosed by the board of Copeinca[1,2,3]

Please refer to Section 10 of Appendix A for a discussion of Copeinca's risk factors as disclosed by the board of Copeinca[1,2] which may correspondingly apply to the Enlarged Group.

Note:

1. Disclaimer: (a) The Company has not obtained consent from the Copeinca Group for the publication of any information relating to the Copeinca Group nor for the reproduction of their information extracted from the public filings by Copeinca on the Oslo Børs website: http://www.oslobors.no/ob_eng/. (b) The Company has not obtained the consent from Bloomberg L.P. for the publication of any information relating to the Copeinca Bond Issue or the Copeinca Group nor for the reproduction of their information extracted from Bloomberg L.P.: http://www.bloomberg.com/ (c) The Company has not obtained the consent from the Norwegian Register of Business Enterprises for the publication of any information relating to the Copeinca Group nor for the reproduction of their information extracted from their website. (d) Copeinca is listed on the Oslo Børs and on the Lima Stock Exchange. However, the information on the official website of the Lima Stock Exchange is in Spanish. Accordingly, The Company believes that the Oslo Børs website: http://www.oslobors.no/ob_eng/ is the appropriate source for information on the Copeinca Group. The Company has taken reasonable care in compiling, extracting and reproducing such information. However, the Company has not verified the information extracted from the source and accordingly, The Company cannot warrant that such information is true, accurate and complete or if any fact has been omitted that would render such information false or misleading.

2. All information found in Appendix A that has been obtained from the public filings made by Copeinca on the Oslo Børs website: http://www.oslobors.no/ob_eng/ would be specified to be either (i) reproduced exactly as found in the source document; (ii) reproduced without substantial modification from the source document; or (iii) extracted and paraphrased from the source document.

3. Information on the Copeinca Bond Issue has been extracted from the offering memorandum of the bond obtained from Bloomberg L.P. Additional information on Copeinca has also been obtained from the website of the Norwegian Register of Business Enterprises, which provides updated information on all registered companies in Norway.

(b) Risk Factors Associated with the Acquisition of the Copeinca Group

(i) Risks Associated with the Acquisition

Risk of Non-completion of the Acquisition.

The completion of the New Offer is subject to the fulfillment of the conditions as detailed in the New Offer Document. There is no certainty that clearance can be obtained from regulatory authorities, including antitrust authorities, should it be required in the various jurisdictions in which either Copeinca or the Company or both are present. In the event the conditions are not fulfilled or waived, the Acquisition will not be completed.

Risk of acquiring Copeinca without due diligence.

The Offeror does not have access to the Copeinca Group to undertake the necessary due diligence, hence there may be risks associated with the Copeinca Group which neither the Offeror nor the Group is aware of. Upon the successful completion of the New Offer, the Offeror will own at least 50.01% of the voting rights attributable to the issued shares of Copeinca. As such, the financials of the Copeinca Group will be consolidated into the consolidated financial statements of the Group. Any discovery of adverse information concerning the Copeinca Group after the completion of the New Offer could materially and adversely affect the Enlarged Group's business, financial condition and results of operations. Furthermore, the Copeinca Group may not perform up to the Company's expectations for various reasons, including loss of key customers and personnel.

Further, the information relating to the Copeinca Group in this Circular has been obtained only from publicly available sources. Accordingly, there are limitations as to whether this Circular contains all the information relating to the Copeinca Group that any individual investor or the Shareholder may deem appropriate prior to making an investment decision in relation to the Company or that such information is capable of independent verification.

In view of the lack of access to information relating to the Copeinca Group beyond public information, and the Acquisition is made without cooperation from the board of directors of Copeinca, neither the Company nor any of its Directors can ensure the accuracy, reliability or completeness of the information in this Circular relating to the Copeinca Group. Any inaccuracy in this information may adversely affect the anticipated prospects and benefits of the Acquisition and results of the Enlarged Group.

Risk of contingent liability discovered after Acquisition.

The Enlarged Group may be subject to litigation and other claims based on the conduct of the Copeinca Group that occurred prior to the successful completion of the Acquisition. Any discovery of such claims concerning the Copeinca Group after the completion of the Acquisition could materially and adversely affect the Enlarged Group's business, financial condition and results of operations.

Risk of breaching antitrust regulations.

Merger filing requirements and limited due diligence

Until the closing of the New Offer, the Company will not have access to sufficient information regarding the Copeinca Group to be able to complete a comprehensive multi-jurisdictional antitrust analysis and identify the countries in which the Acquisition may or should be notified to the antitrust authorities.

As a result, the Company may fail to file, or file only after the GO Settlement Date, which could result in penalties in certain jurisdictions, ranging from the imposition of a fine to the order to unwind the transaction in its entirety. In such situations, the Group would immediately engage with the relevant authorities to mitigate the risk of penalty by demonstrating the Company's best efforts to identify the filing requirements as soon as possible upon obtaining access to the necessary information, and to prepare and submit the notifications as early as practicable.

Merger control clearances

In most countries, a filing, if required, would take place any time from the launch of the New Offer and the approval (with or without conditions attached) would have to be obtained before the GO Settlement Date.

The Company cannot assure Shareholders that all approvals will be obtained, that they will be obtained on time (i.e. before the GO Settlement Date), on satisfactory terms (i.e. unconditionally or with acceptable conditions) and that no litigation will challenge such approvals.

Obtaining the approvals will depend on the substantive review by the antitrust authorities. If the Acquisition is deemed to raise significant competition concerns, the relevant authorities may decide either to prohibit the Acquisition, or to impose certain conditions that may or may not be acceptable to the Enlarged Group. If such conditions are acceptable, the Enlarged Group may have to divest one of more of its businesses, and/or may have to undertake certain long term commitments, which may ultimately have an impact on the shareholders of the Enlarged Group.

In jurisdictions where the merger control approval must be obtained before the GO Settlement Date, the Group intends to engage with the local authorities to seek permission to proceed with the GO Settlement Date and to become the owner of the securities. In such case, the authorities may require the Group not to exercise the voting rights attached to the said securities, or to do so only to maintain the full value of the investment, until the approval is granted. However the authorities may not accept the Group's position or request, in which case penalties would apply, ranging from the imposition of a fine to the order to unwind the transaction in its entirety.

Merger filing in the PRC

Based on public information reviewed to date, the Company cannot exclude that a merger filing in the PRC might be required. If the filing requirement is confirmed, the notification to the Antimonopoly Bureau of the Ministry of Commerce of the PRC ("**MOFCOM**") would have to take place as soon as possible after the launch of the New Offer and approval would in principle have to be secured before the GO Settlement Date.

In the notification, the Enlarged Group would be subject to disclosure requirements regarding, *inter alia*, the Enlarged Group's presence and activities in the PRC. MOFCOM may seek the views of other government agencies as well as competitors, trading partners and industry associations to assess the transaction and its competitive impact in the PRC.

A PRC clearance would be granted approximately four to five months from the date of the filing, in the absence of serious competition concerns in the PRC. In more complex cases, the review process could last eight to nine months. Given this timeline and the suspensory effect of the review process, the Group may approach MOFCOM to discuss ways for the Group to proceed with the GO Settlement Date, subject for instance to limitations on the Group's ability to exercise its voting rights until approval is granted. The Acquisition may be approved with or without conditions, or may be prohibited. If the Group fails to meet the conditions imposed in a conditional approval, MOFCOM could apply fines or deny (or withdraw) the approval, resulting in the unwinding of the transaction as a whole (and not exclusively in China).

Risk of dependence on Copeinca's existing key personnel.

As the Copeinca Group has extensive operations, the Company's existing management may not have the management resources to successfully manage, operate and develop the business of the Copeinca Group. As such, the Company is currently dependent on the continued efforts of the key personnel of the Copeinca Group. The Copeinca Group's future performance and operations are also largely dependent on the Company's ability to retain and motivate the key personnel of the Copeinca Group as well as expeditiously implementing a suitable succession plan. The untimely loss of these key personnel without suitable and timely replacement may have an unfavourable and material impact on the business and operating results of the Copeinca Group. This in turn will have an adverse impact on the Enlarged Group.

Risk of an inability to cooperate between the Company and Copeinca.

If the Acquisition is completed, the management of the Company may be unable to procure the cooperation of the board and management of Copeinca in seeking to realize high-level synergies and conduct joint marketing efforts in common geographical markets to achieve savings on marketing and distribution expenses. In addition, the Company may not be able to gain unfettered access to the operations of Copeinca.

Sustained hostility between the management of the Company and Copeinca would have an adverse impact on both Copeinca and the Company's operations in Peru or elsewhere because of the negative impression this could convey to their stakeholders such as their customers, suppliers, lenders and the relevant local authorities.

The Copeinca Group may not be able to meet its obligations to repurchase the Copeinca Bond Issue or refinance other debt obligations, as the case may be, should there be certain change of control events.

As at the Latest Practicable Date and based on publicly available information, Copeinca S.A.C. has issued US$250 million of senior notes due 2017 with a 9.00% coupon. On 10 February 2010, Copeinca S.A.C. first issued US$175 million of senior notes due 2017 with a 9.00% coupon. On 11 January 2013, Copeinca S.A.C. issued an additional US$75 million senior notes which formed a single issue with the US$175 million senior notes, collectively referred to as the "Copeinca Bond Issue" in this Circular. For more details on the Copeinca Bond Issue, please refer to section 8 of Appendix A of this Circular.

As at 31 March 2013, the Copeinca Group has in aggregate, borrowings of US$286 million(1) (2) (3) which is inclusive of senior notes having a principal value of US$250 million under the Copeinca Bond Issue.

If on GO Settlement Date, a Change of Control Triggering Event (as briefly described in section 8 of Appendix A of this Circular) occurs, Copeinca S.A.C. is required to make an offer to purchase from holders at a repurchase price of 101% of the principal amount of the notes plus any accrued and unpaid interest. In addition, there may be pre-emptive or similar change of control provisions within the facility agreements for Copeinca's borrowings apart from the Copeinca Bond Issue, which may require that such borrowings be refinanced or repaid upon a change of control. Please refer to section 8 of Appendix A for a brief description of the Change of Control Triggering Event.

The Copeinca Group may not have sufficient funds to repurchase any of the Copeinca Bond Issue or repay its other borrowings, as the case may be, and therefore may require additional financing from third parties to fund such repurchases or repayment. There is no assurance that it would be able to obtain such financing on satisfactory terms (if at all).

In addition, upon the occurrence of a Change of Control Triggering Event, while the Company believes the Group is able to obtain sufficient financing or secure refinancing for the Copeinca Group to meet any early repayment of the Copeinca Bond Issue and any other borrowings of the Copeinca Group, there can be no assurance that the Company will ultimately be able to obtain such financing on satisfactory terms (if at all).

Failure to repay holders who tender their notes pursuant to the offer to purchase or repay Copeinca's other lenders, as the case may be, could result in an event of default under the indenture governing the Copeinca Bond Issue and Copeinca's other facility agreements. This may have negative repercussions on the Group, including on its ability to maintain existing access to funding or obtain future funding, thereby having an adverse effect on the Group's operations.

Note:

(1) Aggregate borrowings include, in addition to the carrying value of the senior notes issues under the Copeinca Bond Issue and accrued interest of the said senior notes, other borrowings as well as interest accrued on such borrowings.

(2) The Company has not obtained consent from the Copeinca Group for the publication of any information relating to the Copeinca Group nor for the reproduction of their information extracted from the public filings by Copeinca on the Oslo Børs website: http://www.oslobors.no/ob_eng/. Copeinca is not liable for the information relating to the Copeinca Group set out in this Circular. The Company has taken reasonable care in compiling, extracting and reproducing such information. Neither the Company nor the Financial Advisers have verified the information extracted from the source and accordingly, the Company and the Financial Advisers cannot warrant that such information is true, accurate and complete or if any fact has been omitted that would render such information false or misleading.

(3) Information on the Copeinca Bond Issue has been extracted from the offering memorandum of the Copeinca Bond Issue obtained from Bloomberg L.P.. Copeinca and Bloomberg L.P. have not consented to the inclusion of such information in the Circular, and are thereby not liable for these statements. The Company has taken reasonable care in compiling, extracting and reproducing such information. Neither the Company nor the Financial Advisers have verified the information extracted from the source and accordingly, the Company and the Financial Advisers cannot warrant that such information is true, accurate and complete or if any fact has been omitted that would render such information false or misleading.

(ii) Risk Factors Relating to Ownership of Shares of Copeinca Following Completion of the Acquisition

If goodwill arises from the Acquisition, the impairment of goodwill in the current or subsequent financial periods may materially affect the income statement and financial position of the Enlarged Group.

If goodwill arises from the completion of the Acquisition, the impairment of goodwill in the current or subsequent financial periods may materially affect the financial results and financial position of the Enlarged Group. Upon completion of the Acquisition, the acquisition of the Copeinca Group may result in goodwill being recognised in the financial statements of the Enlarged Group. The goodwill represents an excess of the cost of the acquisition of the Copeinca Group over the fair values of the net identifiable assets of the Copeinca Group. The cost of the acquisition will depend on the share price of Copeinca at the date of the actual transfer of Copeinca Shares at completion of the Acquisition. As such, the actual goodwill will be determined at completion of the Acquisition, and will be accounted for in accordance with the accounting policies of the Enlarged Group. The accounting policies also require that goodwill be tested for impairment on an annual basis or more frequently if there is any indication of impairment. This assessment may lead to an impairment charge in the income statement of the Enlarged Group in the current or subsequent financial periods. Any impairment charge against goodwill could have a material negative impact on the profits of the Enlarged Group to be reported in respect of the current or subsequent financial periods.

The Group may not be able to fully realise the synergies that can arise from the acquisition of a controlling interest in Copeinca.

The Group has operations in Peru which are similar to the Copeinca Group's, owning purse seine fishing vessels and fishmeal processing plants deployed along Peru's coastal areas. The Copeinca Group is among the ten largest owners of allowable catch quota for Peruvian anchovy in Peru.

Due to the restrictions on related party transactions, the Group may not be able to effectively implement transactions which the Group views as necessary or desirable to benefit from the synergies that can arise from the acquisition of a controlling interest in Copeinca.

Therefore, until such time when effective integration occurs between the Group's and Copeinca Group's fishmeal operations in Peru, there may not be an efficient use of resources for the Enlarged Group.

The Enlarged Group may require additional funding for its future growth.

The business of the Copeinca Group requires continuous investments. The net funds of the Enlarged Group may not be sufficient for capital expenditure that may be required to maintain and upgrade the two separate fishmeal operations of the Group and the Copeinca Group or to expand their respective operations or for other capital expenditure or otherwise in the Enlarged Group's operations.

Further, in view of fast changing business requirements and market conditions, certain business opportunities that may increase the Enlarged Group's revenue may arise from time to time and the Enlarged Group may be required to expand its capabilities and business through acquisitions, investments, joint ventures and/or strategic partnerships with parties who are able to add value to its business. If such situation arises, the Enlarged Group may require additional funds to take advantage of these opportunities.

Such funding, if raised through the issuance of equity or securities convertible into equity, may be priced at a discount to the then prevailing market price of the Shares trading on the SGX-ST, resulting in a dilution of Shareholders' equity interest. If the Enlarged Group fails to utilise the new equity to generate a commensurate increase in earnings, the Company's EPS may be diluted, and this may lead to a decline in the price of the Shares.

Alternatively, if such funding requirements are met by way of additional debt financing, the Enlarged Group may have restrictions placed on it through such debt financing arrangements which may:

- limit its ability to pay dividends or require it to seek consent for the payment of dividends;

- increase its vulnerability to general adverse economic and industry conditions;

- limit its ability to pursue its growth plans;

- require it to dedicate a substantial portion of its cash flow from operations to payment for its debt, thereby reducing the availability of its cash flow to fund other capital expenditure;

- increase its working capital requirements and other general corporate purposes; and

- limit its flexibility in planning for, or reacting to, changes in its businesses and its industries.

There is also no assurance that the Enlarged Group will be able to obtain such additional debt or equity funding when required in the future, or that the terms associated with such funding will be acceptable to the Enlarged Group, particularly having regard to the current uncertain economic environment. This may have an adverse effect on the Enlarged Group's financial results.

Negative publicity may adversely affect the price of the Shares.

Any negative publicity or announcement, whether justifiable or not, relating to the Enlarged Group or any of the Enlarged Group's associates may adversely affect the price of the Shares. Such negative publicity or announcement may include allegations of eco-unfriendly or unsustainable fishing practices, actions taken by fishing regulators against the Enlarged Group's operations, litigation suits etc.

The Company may not be able to pay dividends in the future.

The ability of the Company to pay dividends to its Shareholders is directly affected by, *inter alia*, its financial condition, capital needs, investment plans and the ability of the companies within the Enlarged Group to pay the Company dividends. The ability of the various companies within the Enlarged Group to pay dividends to the Company would, in turn, depend on, amongst other things their respective earnings, cashflows and the applicable laws and regulations of the relevant jurisdictions in which these companies operate. There is no assurance that the Enlarged Group will declare and pay dividends nor is there any indication of the levels of dividends that Shareholders can expect.

(c) Risk Factors Relating to the Existing Group's Operations

The Company's discussion of the risk factors associated with the existing Group's operations is found in Appendix C of this Circular.

2.12.5 Liquidity and Capital Resources

This Section is a discussion on the liquidity and capital resources of the Group. The Group has no access to information on the Copeinca Group's liquidity and capital resources and as such the Company is unable to provide the information on an Enlarged Group basis.

The capital expenditure and operating requirements of the Group have been financed through a combination of shareholders' equity, cash generated from operations and external borrowings. The Group's source of funds may be categorised into internal and external funds. Internal sources of funds refer to cash generated from operating activities, while external sources of funds come mainly from cash injected by Shareholders as well as borrowings from financial institutions and investment funds. The principal uses of these funds have mainly been to fund capital expenditures, working capital requirements, operating expenses, repayment of bank borrowings and finance expenses. The Company has been able to service its debt repayments and interest on a timely basis.

The Acquisition will be financed by a combination of bank borrowings (that is the Facility Agreement), proceeds from the Rights Issue and other internal resources of the Group.

Please refer to Section 10.2 for more details concerning the Facility Agreement.

The Board, having considered, inter alia, (i) the historical financial trend of the Group; (ii) the business and prospects of the Group and the Enlarged Group; (iii) the amount of present and future receivables of the Group as compared with the present and future current liabilities of the Group (iv) the higher total allowable catch for Peru in 2013; (v) the Group is in negotiations with the relevant banks to extend the maturity date of the Facility Agreement (currently being 26 February 2014) so that the said borrowing will become a long term liability of the Group and having regard to the good relationship enjoyed by the Group with its principal bankers; and (vi) the healthy financial position of the Group, is of the view that the Group has sufficient working capital for the Group's working capital requirements for the next 12 months.

The Company wishes to disclose to Shareholders that the net proceeds of the Group's US$300 million senior notes due 2019 with a 9.75% coupon of approximately US$283 million has been fully utilised as follows: payment of the prepayment under the New Fourth Supply Agreement (US$150 million); purchase of the Group's US$300 million senior notes due 2019 (US$3 million); repayment of loans (approximately US$92.73 million) and working capital requirements (approximately US$37.23 million).

2.12.6 Directors and Key Executives

(a) Existing Board

The Company currently does not intend to make any changes to the Board of CFGL immediately after the completion of the Acquisition.

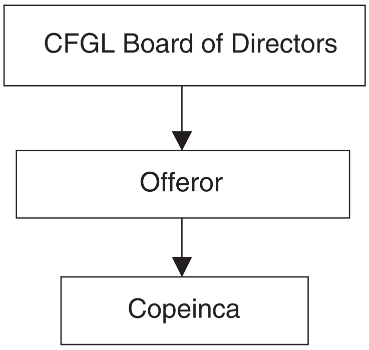
(b) Key Executives

The Company currently does not intend to make any changes to its key executives nor to the key executives of the Copeinca Group following completion of the Acquisition.

Please see Section 2 of Appendix A for the details of the key executives of the Copeinca Group.

(c) Management Reporting Structure

The following chart shows the Enlarged Group's proposed management reporting structure following the completion of the Acquisition:



As stated in this section above, the Company currently does not intend to make any changes to the key executives of the Copeinca Group and accordingly following completion of the New Offer, the management reporting structure of the Copeinca Group does not change. Further as stated by the Company in Section 2.12.3 (a), the Acquisition represents an opportunity for the Company to become one of the world's leading players in fish meal and fish oil products. Accordingly, CFGL intends to conduct a comprehensive review with the board and management of the Copeinca Group to determine the future plans of the business. If and when this occurs, the management reporting structure of the Copeinca Group may change.

(d) Service Agreements

There are no new service agreements to be entered into pursuant to the Acquisition.

(e) Corporate Governance/Board Practices

There will be no change to the corporate governance and board practices of either CFGL or Copeinca immediately after the Acquisition. For a description of the rules of Oslo Børs relating to corporate governance and board practices, please see Appendix D. For a description of the rules of the Lima Stock Exchange relating to corporate governance and board practices, please see Appendix E.

2.12.7 Government Regulations

(a) Norway

As Copeinca is incorporated in Norway and listed on the Oslo Børs, please see Appendix D for a discussion of the applicable relevant Norwegian laws and regulations.

(b) Spain

The shares of Copeinca's operating company in Peru are held by an intermediate Spanish company. As such, please see Appendix F for a discussion of the applicable relevant Spanish laws and regulations.

(c) Peru

The business and operations of the Copeinca Group is substantially in Peru. Further, Copeinca has a secondary listing on the Lima Stock Exchange. As such, please see Appendix E for a discussion of the applicable relevant laws and regulations.

2.12.8 Anti-trust Regulations

The business operations of the Enlarged Group and the Copeinca Group have a global reach. Accordingly, the businesses are subject to applicable competition and antitrust laws and regulations around the world.

The purpose of competition law is to promote the free market economy and to safeguard against anti-competitive activities. The fundamental principle is that competitive markets are the best means to achieve economic efficiency, as regards both allocation of resources and efficient production. In general, competition laws contain prohibitions on anti-competitive agreements and abuse of dominance, as well as provide a system for merger control. The role of a merger control regime is to ensure that concentrations between business operators will not result in a substantial lessening of competition in the relevant markets. There is usually an authority in charge of reviewing and approving merger cases.

More than 80 countries have a merger control regime. Most merger control regimes are mandatory although some are only voluntary. Also, in most cases, if a filing is required, the transaction cannot close until the merger control authority has approved (with or without conditions) the transaction. Whether a merger filing is required or not depends on various criteria, including, for each country, the revenues, market shares or assets of the parties, as well as the value of the transaction.

The New Offer is conditional on, among other things, the receipt of all applicable competition and antitrust approvals, if any, and no antitrust regulator or body shall have instituted any action or proceeding that would or might:

- make the New Offer void or illegal;

- require, prevent or delay the divesture by any of the Enlarged Group, Copeinca Group or their respective subsidiaries of all or part of their business or impose any limitation on their ability to conduct their business; or

- impose any limitation on the ability of any of the Enlarged Group, Copeinca Group or their respective subsidiaries to conduct, integrate or coordinate their business.

Based on a preliminary review of the publicly available information on the Copeinca Group, the Enlarged Group has not been at this point able to exclude that antitrust filings might be required or advisable in a number of jurisdictions. In particular, it is possible that a merger notification would be required in the People's Republic of China. The Enlarged Group will only be able to complete its analysis of the countries in which a merger filing will be required or advisable for this Acquisition once it has gained full access to information on the Copeinca Group, after the closing of the New Offer.

In a merger control process, competent competition authorities review the proposed transaction with a view to ascertain whether it is likely or not to result in a reduction of competition in the relevant markets. As a result of their analysis, the authorities may decide to approve the transaction, approve it but with conditions, or prohibit it.

For a discussion on the risk factor arising from anti-trust issues, please see Section 2.12.4(b).

2.12.9 Taxation

Please refer to Appendix G for a discussion on the applicable relevant taxation laws and regulations in Norway, Spain and Peru.

2.12.10 Exchange Controls

Please refer to Appendix H for a discussion on the applicable relevant exchange control laws and regulations in Norway, Spain and Peru.

2.12.11 Undertakings by Controlling Shareholders

To demonstrate their commitment to the Group, each of Golden Target and Super Investment who in aggregate hold 1,442,970,924 Shares, representing 70.51% of the Company's issued share capital as at the Latest Practicable Date ("**Relevant Shares**"), has undertaken not to offer, sell, contract to sell, pledge, transfer any part of their respective shareholdings in the Company or otherwise enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of any part of their respective shareholdings in the Company for a period of six months commencing from the GO Settlement Date.

In addition, each of PARD, Richtown, Golden Target and Zhonggang Fisheries has also each undertaken not to offer, sell, contract to sell, pledge, transfer any of their respective shareholdings ("**Relevant Shareholdings**") in the Undertaking Shareholders that own directly or indirectly Shares in the Company or otherwise enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of any Relevant Shareholdings for a period of six months commencing from the GO Settlement Date.

3 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

3.1 The interests of the Directors in the Shares based on information recorded in the Register of Directors' Shareholdings of the Company as at the Latest Practicable Date, were as follows:

Directors	**As at the Latest Practicable Date**					
	Direct Interest		**Deemed Interest**		**Total Interest**	
	No. of Shares	%	*No. of Shares*	%	*No. of Shares*	%
Ng Joo Kwee[1]	–	–	–	–	–	–
Sung Yu Ching	–	–	–	–	–	–
Ng Joo Siang[2]	–	–	–	–	–	–
Chan Tak Hei[3]	–	–	–	–	–	–
Lim Soon Hock	–	–	–	–	–	–
Tse Man Bun	–	–	–	–	–	–
Tan Ngiap Joo	42,510	n.m	–	–	42,510	n.m.
Patrick Thomas Siewert	–	–	–	–	–	–
Janine Feng Junyuan	–	–	–	–	–	–

Note:

(1) Mr Ng Joo Kwee is a director of the Company, PARD and PAIH.

(2) Mr Ng Joo Siang is a director of the Company, PARD and PAIH.

(3) Mr Chan Tak Hei is a director of the Company, and an alternate director to Ng Joo Kwee for PARD.

The interests of the Substantial Shareholders based on information recorded in the Register of Substantial Shareholders of the Company as at the Latest Practicable Date, were as follows:

Substantial Shareholder	**Direct Interest**		**Deemed Interest**	
	Number of Shares	%	*Number of Shares*	%
Super Investment	1,426,432,850	69.71	–	–
Zhonggang Fisheries[1]	–	–	1,426,432,850	69.71
Golden Target [1]	16,538,074	0.81	1,426,432,850	69.71
Richtown[1]	–	–	1,442,970,924	70.51
PARD[1]	–	–	1,442,970,924	70.51
CAP III-A Limited	227,027,028	11.09	–	–
CAP III Fund Limited[2]	–	–	227,027,028	11.09
Carlyle Asia Partners III, L.P.[2]	–	–	227,027,028	11.09
CAP III General Partners, L.P.[2]	–	–	227,027,028	11.09
CAP III Ltd[2]	–	–	227,027,028	11.09
TC Group Cayman Investment Holdings Sub, L.P.[2]	–	–	227,027,028	11.09
TC Group Cayman Investment Holdings, L.P.[2]	–	–	227,027,028	11.09
Carlyle Holdings II, L.P.[2]	–	–	227,027,028	11.09
Carlyle Holdings II GP L.L.C.[2]	–	–	227,027,028	11.09
The Carlyle Group L.p.[2]	–	–	227,027,028	11.09
Carlyle Group Management L.L.C.[2]	–	–	227,027,028	11.09

Notes:

(1) PARD is the registered/legal holder and beneficial owner of all the shares in Richtown. Richtown is the registered/legal holder and beneficial owner of all the shares in Golden Target. Golden Target is the registered/legal holder and beneficial owner of 70 shares in Zhonggang Fisheries (representing 70% of the total issued share capital of Zhonggang Fisheries), 470 shares in Super Investment (representing 47% of the total issued share capital of Super Investment) and 16,538,074 Shares in the Company (representing 0.81% of the total issued share capital of the Company). Zhonggang Fisheries is the registered/legal holder and beneficial owner of 499 shares in Super Investment (representing 49.9% of the total issued shares capital of Super Investment).

By virtue of Section 4 of the Securities and Futures Act (Chapter 289 of Singapore), each of PARD, Richtown, Golden Target and Zhonggang Fisheries is deemed to be interested in the 1,426,432,850 Shares held by Super Investment in the Company. PARD and Richtown are also deemed to be interested in the 16,538,074 Shares held by Golden Target in the Company.

(2) Carlyle Group Management L.L.C. ("**Carlyle Group Management**") is the general partner of The Carlyle Group L.P. ("**Carlyle LP**"), a publicly traded entity listed on the NASDAQ Stock Exchange. Carlyle Holdings II GP L.L.C. ("**Carlyle Holdings GP**") acts in accordance with the instructions of its managing member, Carlyle LP. Carlyle Holdings GP is in turn the general partner of Carlyle Holdings II L.P. ("**Carlyle Holdings**"). Carlyle Holdings is the general partner of TC Group Cayman Investment Holdings, L.P. ("**TC Group**") which in turn acts as the general partner for TC Group Cayman Investment Holdings Sub, L.P. ("**TC Group Sub**").

By virtue of the 100% shareholding held by TC Group Sub in CAP III Ltd. ("**CAP III**"), the general partner for CAP III General Partners, L.P. ("**CAP III GP**") which is in turn the general partner of Carlyle Asia Partners III, L.P. ("**Carlyle Asia**"), the foregoing entities are deemed to be interested in the 227,027,028 Shares held by CAP III-A Limited ("**CAP III-A**") in the Company through Carlyle Asia, the immediate holding of CAP III Fund Limited ("**CAP III Fund**") which owns 95.30% shareholding in CAP III-A.

By virtue of Section 4 of the Securities and Futures Act (Chapter 289 of Singapore), each of Carlyle Group Management, Carlyle LP, Carlyle Holdings GP, Carlyle Holdings, TC Group, TC Group Sub, CAP III, CAP III GP, Carlyle Asia and CAP III Fund is deemed to be interested in the 227,027,028 Shares held by CAP III-A Limited in the Company.

3.2 Save as disclosed in Section 3.1 above and in this Circular, none of the Directors and as far as the Directors are aware, none of the Controlling Shareholders have any interest in the Acquisition.

3.3 Save for the Moratorium Undertakings as disclosed in Section 2.12.11 above, there is no other moratorium undertakings for the Shares by the Controlling Shareholders of the Company or their associates in relation to the Acquisition.

4 EXTRAORDINARY GENERAL MEETING

The EGM, notice of which have been set out on pages EGM-1 to EGM-2 of this Circular, will be held at Millenia 3, Level 2, The Ritz-Carlton Millenia Singapore, 7 Raffles Avenue, Singapore 039799 on 22 August 2013 at 9.30 a.m. for the purpose of considering and, if thought fit, passing the resolutions (with or without modifications) set out in the notice of the EGM.

5 ACTIONS TO BE TAKEN BY SHAREHOLDERS

Scrip Shares

If a Shareholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the office of the Share Transfer Agent, B.A.C.S. Private Limited at 63 Cantonment Road, Singapore 089758, not later than 9:30 a.m. on 20 August 2013. The completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting at the EGM in person if he so wishes. Please note that this paragraph is only applicable to Shareholders who do not hold Shares through an account with CDP (i.e. those who hold Shares in scrip).

Scripless Shares

Under the Cayman Companies Law, only a person whose name is entered in the register of members of a Cayman company may have rights to attend and vote at general meetings of such company. Accordingly, under Cayman Islands laws, a Depositor holding Shares through the CDP would not be recognised as a shareholder of the Company, and would not have the right to attend and vote at general meetings convened by the Company. In the event that a Depositor wishes to attend and vote at the EGM, the Depositor would have to do so through CDP appointing him as a proxy, pursuant to the Articles and the Cayman Companies Law. Such CDP Proxy Form would need to be completed and deposited not less than 48 hours before the time of the EGM to enable such Depositor as proxy of CDP to attend and vote at the EGM. A proxy need not be a Shareholder.

Arrangements have been made with CDP, being a member of the Company, to issue the CDP Proxy Form and appoint each of the Depositors (other than Depositors which are corporations) whose name is listed in the Depository Register as at 48 hours before the time of the EGM and, in relation to each such Depositor, in respect of such number of Shares set out against his name in the Depository Register as at 48 hours before the time of the EGM, as its proxy to attend and vote on behalf of CDP at the EGM, and at any adjournment thereof.

Accordingly, Depositors (other than Depositors which are corporations) whose names are listed in the Depository Register as at 48 hours before the time of the EGM may attend and vote at the EGM without having to complete or return any form of proxy.

A Depositor which is a corporation and which wishes to attend and vote at the EGM must complete and return the enclosed Depositor Proxy Form, for the nomination of person(s) to attend and vote at the EGM on behalf of CDP. Depositors who wish to nominate an alternative person(s) to attend and vote at the EGM on behalf of CDP must also complete and return the enclosed Depositor Proxy Form.

To be valid, the enclosed Depositor Proxy Form must be signed and returned, together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach one of the places specified in the Depositor Proxy Form not less than 48 hours before the time for holding the EGM. The completion and return of the Depositor Proxy Form by a Depositor (other than a Depositor which is a corporation) will not prevent him from attending and voting in person at the EGM as a proxy of CDP if he subsequently wishes to do so.

6 DIRECTORS' RECOMMENDATIONS

Acquisition

The Directors, having considered the terms and rationale for the Acquisition as set out in Section 2.3.2 and 2.10 respectively of this Circular, are of the opinion that the Acquisition is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the Ordinary Resolution relating to the Acquisition to be proposed at the EGM.

Shareholders are to note that in approving the Ordinary Resolution, Shareholders are giving authority to the Directors to adjust the terms and conditions of the New Offer. Please refer to Section 2.3.4 of this Circular for more details.

Shareholders are advised to read this Circular in its entirety, including the rationale for the Acquisition set out in Section 2.10 of this Circular, the financial effects set out in Section 2.11 and Appendixes J, K and L of this Circular. The Directors would like to highlight in particular the following risk (set out in Section 2.12.4 (b)) to be considered in connection with the Acquisition: "Risk of Non-Completion of the Acquisition" and for those who may require advice in the context of their specific investment, to consult their respective stockbroker, bank manager, solicitor, accountant or other professional adviser.

7 RESPONSIBILITY STATEMENT OF THE DIRECTORS

The Directors collectively and individually accept full responsibility for the accuracy of the information (other than information relating to the Copeinca Group) given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular (other than information relating to the Copeinca Group) constitutes full and true disclosures of all material facts about the Acquisition, the Company and its subsidiaries and the Directors are not aware of any facts the omission of which would make any statement in this Circular (other than information relating to the Copeinca Group) misleading.

Where information relating to the Copeinca Group or the Enlarged Group has been extracted from published or otherwise available sources or is otherwise based on information obtained from the website of Oslo Børs or Bloomberg L.P., the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from the sources, or as the case may be, reflected or reproduced in this Circular in its proper form and context.

Where information in this Circular has been extracted from published or other publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

8 FINANCIAL ADVISERS' RESPONSIBILITY STATEMENT

To the best of the Financial Advisers' knowledge and belief, this Circular (other than information relating to the Copeinca Group) constitutes full and true disclosure of all material facts about the Acquisition, the Company and its subsidiaries, and the Financial Advisers are not aware of any facts the omission of which would make any statement in the Circular misleading.

Where information relating to the Copeinca Group or the Enlarged Group has been extracted from published or otherwise available sources or is otherwise based on information obtained from the website of Oslo Børs or Bloomberg L.P., the sole responsibility of the Financial Advisers has been to ensure that such information has been accurately and correctly extracted from the sources, or as the case may be, reflected or reproduced in this Circular in its proper form and context.

Where information in this Circular has been extracted from published or other publicly available sources or obtained from a named source, the sole responsibility of the Financial Advisers has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

9 INTEREST OF FINANCIAL ADVISERS

The Financial Advisers and certain of their affiliates may have performed commercial banking, investment banking and other advisory services for the Company and its affiliates from time to time for which they received customary fees and expenses. The Financial Advisers may, from time to time, trade in the securities of the Company, engage in transactions with, and perform services for the Company and its affiliates in the ordinary course of their business. Save as disclosed above and in this Circular, and save that the Financial Advisers are advising the Company on the Acquisition, in the reasonable opinion of the Directors, the Financial Advisers do not have any material relationship with the Company.

10 MISCELLANEOUS

10.1 Consents

Each of the Financial Advisers to the Company and the legal advisers to the Company has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references thereto in the form and context in which they appear in this Circular to act in such capacity in relation to the Circular.

10.2 Material Contracts of the Group

Save as disclosed below, the Group did not enter into any material contracts outside the ordinary course of business for the period of two years immediately preceding the Latest Practicable Date:

(a) The Company had, via its indirect wholly-owned subsidiary, CFG Investment S.A.C. entered into two stock purchase agreements dated 7 November 2011 with the shareholder of the two Peruvian companies, Consorcio Vollmacht S.A.C. and Negocios Rafmar S.A.C. for the purchase of their entire issued share capital.

(b) CFIL, a wholly owned subsidiary of the Company, had entered into four (4) Supply Agreements dated 16 July 2012 with Perun and Alatir to replace the various amended and restated Vessel Operating Agreements.

(c) CFG Investments S.A.C., the Company as parent guarantor and certain of the Company's subsidiaries as subsidiary guarantors have on 24 July 2012 entered into a purchase agreement with The Hongkong and Shanghai Banking Corporation Limited, Merrill Lynch International, Standard Chartered Bank, Australia and New Zealand Banking Group Limited, Jefferies & Company, Inc, Rabo Securities USA, Inc. and Deutsche Bank AC, Singapore Branch and on 30 July 2012 an Indenture with Citicorp International Limited as the Trustee in relation to the issuance of US$300 million 9.75% coupon fixed rate senior notes due 2019 by CFG Investments S.A.C..

(d) CFIL entered into the New Fourth Supply Agreement with Perun on 14 November 2012 to replace the Fourth Supply Agreement dated 16 July 2012.

(e) The Management and Underwriting Agreement dated 26 February 2013 made between the Company and the Joint Lead Managers and Joint Underwriters in relation to the Rights Issue.

(f) Irrevocable Undertakings dated 26 February 2013 entered into by PARD, Richtown, Golden Target, Zhonggang Fisheries and Super Investment in favour of, *inter alia*, the Company in relation to the Rights Issue.

(g) Lock-up Undertakings dated 26 February 2013 entered into by PARD, Richtown, Golden Target, Zhonggang Fisheries and Super Investment and the Company in relation to the Rights Issue.

(h) Moratorium Undertakings dated 26 February 2013 and 1 August 2013 given by PARD, Richtown, Golden Target, Zhonggang Fisheries and Super Investment in favour of the Company.

(i) The Call Option Agreement.

(j) The Facility Agreement entered into by Grandwell Investment Group Limited, the Company, the Offeror and certain subsidiaries of the Company with Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A. (trading as Rabobank International), Hong Kong Branch and DBS Bank (Hong Kong) Limited on 26 February 2013 (as amended by supplemental agreement dated 12 July 2013) for a committed term loan of US$401,400,000 which will mature on 26 February 2014. The Group is working with the relevant banks to extend the maturity date of the committed term loan facility so that it will be a long term liability of the Group.

(k) The Agreement between the Offeror and Ocean Harvest dated 12 March 2013 for the purchase of 5,773,000 Offeree Shares at the consideration of NOK310.9 million.

(l) Pre-acceptance undertakings from certain shareholders of Copeinca.

(m) Dyer Pre-Acceptances from DCH and Weilheim.

(n) Penalty Fee Undertaking executed by the Company and the Offeror.

(o) Escrow Agreement dated 21 June 2012 between the Offeror, DCH, Weilheim, Scotiabank Peru S.A.A and Scotia Sociedad Agente de Bolsa S.A., later amended to have Larrain Vial Sociedad Agente de Bolsa S.A. as the exchange agent.

10.3 Material Litigation

The Offeror has on 27 June 2013 commenced arbitration proceedings in Peru against Veramar for breach of the Call Option Agreement.

The Offeror had on 25 July 2013 reached agreement with Veramar to complete the acquisition of the Call Option Shares at the Call Option Price. The Company will release the necessary announcement on completion of the acquisition of the call option shares.

Save as otherwise disclosed in this Circular, the Directors are not aware of any legal or arbitration proceedings pending or threatened or known to be contemplated, by or against the Company or any of its subsidiaries which might have or which have had in the 12 months immediately preceding the Latest Practicable Date, a material effect on the financial position or profitability of the Company or the Group taken as a whole or of any facts likely to give rise to any such litigation or arbitration claim.

10.4 Documents Available for Inspection

The following documents are available for inspection at the office of the Company's Share Registrar in Singapore, B.A.C.S Private Limited at 63 Cantonment Road Singapore 089758 during normal business hours for a period of 6 months from the date of this Circular:

(a) The Articles of Association of the Company;

(b) The annual report of the Company for FY2010, FY2011 and FY2012;

(c) 1st quarter financial result of the Company as announced on 6 February 2013;

(d) 2nd quarter financial result of the Company as announced on 8 May 2013;

(e) The New Offer Announcement;

(f) The material contracts referred to in Section 10.2.

Yours faithfully

For and on behalf of the Board of Directors
Ng Joo Kwee
Executive Chairman

APPENDIX A

INFORMATION ON COPEINCA GROUP

Information found in this Appendix that has been obtained from the public filings made by Copeinca on the Oslo Børs website: http://www.oslobors.no/ob_eng/ would be specified to be either (i) reproduced exactly as found in the source document; (ii) reproduced without substantial modification from the source document; or (iii) extracted and paraphrased from the source document.

Information pertaining to the Copeinca Bond Issue and historical share price of Copeinca have been obtained from Bloomberg L.P..

Additional information on Copeinca has also been obtained from the website of the Norwegian Register of Business Enterprises, which provides updated information on all registered companies in Norway.

The Company has not obtained consent from the Copeinca Group for the publication of any information relating to the Copeinca Group nor for the reproduction of their information extracted from the public filings by Copeinca on the Oslo Børs website: http://www.oslobors.no/ob_eng/. Copeinca is not liable for the information relating to the Copeinca Group set out in this Circular. The Company has taken reasonable care in compiling, extracting and reproducing such information. Neither the Company nor the Financial Advisors have verified the information extracted from the source and accordingly, the Company and the Financial Advisors cannot warrant that such information is true, accurate and complete, or if any fact has been omitted that would render such information false or misleading.

Information on the Copeinca Bond Issue has been extracted from the offering memorandum of the Copeinca Bond Issue obtained from Bloomberg L.P.. Copeinca and Bloomberg L.P. have not consented to the inclusion of such information in this Circular, and are thereby not liable for these statements. The Company has taken reasonable care in compiling, extracting and reproducing such information. Neither the Company nor the Financial Advisers have verified the information extracted from the source and accordingly, the Company and the Financial Advisers cannot warrant that such information is true, accurate and complete or if any fact has been omitted that would render such information false or misleading.

1. BUSINESS OVERVIEW

As at 31 December 2012, Copeinca was the second largest fishing company in Peru, holding 10.7% of the total allowable catch quota and having 16.1% of market share (34% of total processed fish comes from third parties)[1].

[1] Source: Information reproduced without substantial modification from page 3 of Copeinca's Director's Report 2012.

Production Facilities, Equipment and Capacity

As at 31 December 2012, the Copeinca Group owned five processing plants in Peru (five in 2011) located in the cities of Bayovar, Chicama, Chimbote, Chancay and Ilo, located in the areas of Piura, La Libertad, Ancash, Lima and Moquegua. The Flame Dried ("**FD**") processing plant located in Chimbote was deactivated during 2009 and the FD processing plant located in Huarmey plant was deactivated in 2011 as a consequence of Copeinca management's decision of replacing flame dried technology with Steam Dried technology[2]. The 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", "Thailand" and "Standard"[3].

The capacity of the production lines of each fish processing plant is as follows[4]:

Fish Processing Plants

Line of production	**Capacity (metric tonnes ("MT")/hour)**
1.– Bayovar (SD)	170
2.– Chicama ACP (SD)	160
3.– Chimbote ACP (SD)	250
4.– Chancay (SD)	168
5.– Ilo (SD)	90

As at 31 December 2012 the Copeinca Group owned 36 vessels with a storage capacity of 14,690 m^3, comprising 35 purse seiner[5] vessels with a capacity of 14,557 m^3 and one trawling[6] vessel with a storage capacity of 133 m^3, holding a quota of 10.7% (as of 31 December 2011 the Copeinca Group had 36 vessels with a storage capacity of 14,754 m^3, corresponding to 36 purse seiner vessels with a capacity of 14,621 m^3 and one trawling vessels with a storage capacity of 133 m^3 holding a quota of 10.7%).

As at 31 December 2012, the Copeinca Group was operating on average with 28 vessels (30 in 2011), while its management was evaluating the most efficient use of Copeinca's fleet. During 2011, three new vessels were built, Incamar I, II and III with a capacity of 800 m^3 each[3].

In 2012, the Copeinca Group processed 509,453 MT of raw materials (876,408 MT in 2011) of which 371,950 MT (660,001 MT in 2011) were extracted by its own fleet and 137,504 MT (216,406 MT in 2011) were acquired from third parties.

[2] Source: Information reproduced without substantial modification from page 11 under 'Overview of Notes to the Consolidated Financial Statements' in Copeinca's Directors' Report 2011.

[3] Source: Information reproduced without substantial modification from page 12 under 'Overview of Notes to the Consolidated Financial Statements' in Copeinca's Director's Report 2012.

[4] Source: Information reproduced without substantial modification from page 13 under "Overview of Notes to the Consolidated Financial Statements' in Copeinca's Directors' Report 2012.

[5] A purse seine is a large wall of netting that encircles a school of fish. Fishermen pull the bottom of the netting closed, herding the fish into the centre.

[6] Trawls are nets towed at various depths to catch fish or shellfish.

In 2012, the Copeinca Group produced 121,037 MT of SD fishmeal and 30,927 MT of fish oil (205,983 MT of SD fishmeal and 47,173 MT of fish oil in 2011). During 2010 and 2011, Copeinca converted all its plants into new SD technology[7].

Seasonability of Business

Fishing in Peru is regulated by (amongst others) the government agency Instituto del Mar del Peru ("**IMARPE**") whose purpose is to ensure the long-term sustainability of Peru's marine biomass resources. IMARPE conducts an anchovy survey on an annual basis to calculate the quantity of existing biomass and thus makes a conservative determination of the quantity available for the annual fishing season. This prevents depletion of the resource and ensures an annual quota that is sustainable over time[8]. There are usually 2 fishing seasons a year in Peru[9]. The maximum allowable catch limit for the first fishing season in 2012 was 2,700,000 MT[10]. The maximum allowable catch limit for the first fishing season in 2013 is 2,050,000 MT[11].

Principal Markets

As at 13 February 2012, the Copeinca Group sold its products to countries in Asia, Europe and elsewhere[12]. A breakdown of Copeinca's export markets in 2012 is as follows[13]:

Country	**% of export**
China	54
Denmark	9.2
Germany	7.9
Japan	7.5
Belgium	6.9
Vietnam	3.9
Taiwan	3.2
Others	7.4
Total	100

Employees

For the year 2010, Copeinca Group employed around 1,606 employees. For the year 2011, Copeinca Group employed around 1,484 employees. For the year 2012, Copeinca Group employed 1,466 employees[14].

[7] Source: Information reproduced without substantial modification from page 13 under "Overview of Notes to the Consolidated Financial Statements' in Copeinca's Directors' Report 2012.

[8] Source: Information reproduced without substantial modification from page 7 of Copeinca's Directors' Report 2012.

[9] Source: Information reproduced without substantial modification from page 19 under "Overview of Notes to the Consolidated Financial Statements' in Copeinca's Directors' Report 2011.

[10] Source: Information reproduced without substantial modification from page 11 of Copeinca's Director's Report 2012.

[11] Source: Information reproduced without substantial modification from Copeinca's announcement dated 29 April 2013.

[12] Source: Information reproduced without substantial modification from page 4 of Copeinca's Board of Directors Report 2012.

[13] Source: Information reproduced without substantial medication from page 35 of Copeinca's private placement prospectus dated 10 May 2013.

[14] Source: Information reproduced without substantial modification from page 53 of Copeinca's Board of Directors Report 2012.

2. CURRENT DIRECTORS AND KEY EXECUTIVES

Current Directors

As at 12 April 2013, the directors on the board of Copeinca were as follows:

Name[15]	**Position**	**Experience/education**[16]
Mr. Samuel Dyer Coriat	Chairman	Holds a degree in business administration from the University of Miami. Broad experience from the Peruvian fishing industry, in particular from Copeinca.
Mr. Kristjan Th. Davidsson	Deputy Chairman	Holds a Fishing Captains degree from the Naval College of Iceland and a master's degree in Fisheries Science from The University of Tromsoe, Norway. Experience from various positions within various sectors of the seafood industry.
Mr. Samuel Dyer Ampudia	Board Member	Holds degrees in business administration from the Universidad Nacional Federico Villarreal in Peru, the Top Management Program – International Business of the Universidad de Piura, Peru. Founder of several companies, including Copeinca. Various board experiences.
Mrs. Mimi Kristine Berdal	Board Member	Holds a Law degree from the University of Oslo. Partner of Arntzen de Besche Law Firm in Oslo until 2005. Various board experiences.
Ms. Marianne Elisabeth Johnsen	Board Member	Holds a law degree from the University of Oslo and a holds a masters degree in business administration from Solvay Business School in Brussels. Was a member of the senior management team at Ullevål University Hospital and a director of strategy and business development at the industrial company Elkem ASA. Extensive board experience.

[15] Source: Information reproduced without substantial modification from the minutes of Copeinca's Annual General Meeting held on the 12 April 2013.

[16] Source: Information reproduced without substantial modification from page 16 and 17 of Copeinca's Annual Report 2011 and public information from the Norwegian Register of Business Enterprises.

Name[15]	Position	Experience/education[16]
Ms. Sheyla Dyer Coriat	Board Member	Holds a BBA in Business Administration from University of Miami. Director of Operations in Semarang Europe Limited Liability Company and Fitness TRoom SL. Commercial director in Corporatión Pesquera Inca S.A.C.
Mr. William Dyer Osorio	Board Member	Holds degree in business administration from the Florida International University and a master degree in business administration from Thunderbird University, Arizona, and Tecnologico de Monterrey, Mexico. Having held different positions in Copeinca, including Plant Assistant, Warehouse Assistant, Procurement Assistant, Finance Assistant, Logistics Manager and Raw Material Procurement Superintendent[17].
Mr. Jon Hindar	Board Member	Holds a Master of Science in Chemical Engineering from the Norwegian University of Science and Technology, and has supplementary management education at IMD from Lausanne, Switzerland. Extensive board experience.[18]

Current Key Executives

As at 10 May 2013 the key executives of Copeinca were as follows[19]:

Chief Executive Officer – Pablo Trapunsky[20]

Pablo Trapunsky has been Deputy Chief Executive Officer since November 2007, and was appointed as Chief Executive Officer of Copeinca in June 2011. As Deputy Chief Executive Officer, Mr. Trapunsky was a key leader in the maximisation of synergies out of Copeinca's acquisitions carried out in 2007, the implementation of the new ITQ system and all day to day operations.

Mr. Trapunsky holds a B.Sc. degree in Mechanical Engineering with a focus on Systems of Production, Materials and Robotics from the Technion, Israel Institute of Technology, and has completed an Executive Development Program at the Universidad de Piura. He joined Copeinca in 2004 as Chief Operating Officer.

[17] Source: Information reproduced without substantial modification from page 90 of Copeinca's private placement prospectus dated 10 May 2013.

[18] Source: Information reproduced without substantial modification from page 89 of Copeinca's private placement prospectus dated 10 May 2013.

[19] Source: Information reproduced without substantial modification from page 9 of Copeinca's private placement prospectus dated 10 May 2013.

[20] Source: Information reproduced without substantial modification from Copeinca's announcement dated 6 June 2011 and public information from the Norwegian Register of Business Enterprises.

He has over 20 years of experience with multinational companies both in Peru and abroad within the fishmeal sector, in which he has specialised since 2003 when he was chosen to build one of the first modern SD fishmeal plant in Peru.

Chief Financial Officer – Angel Chiri[21]

On 9 October 2012, Mr. Angel Chiri was appointed Chief Financial Officer of Copeinca ASA. Mr. Chiri holds a Bachelor's Degree in Economics from Universidad Catolica del Peru, with an Master of Business Administration from ESADE Business School (Barcelona, Spain) and a Master of Science in Finance from Boston College, USA. He has vast experience in corporate finance, banking and financial advisory services in various industries such as energy, infrastructure, agro-export, fishery and real estate among others.

Current Nomination Committee[22]

As at 12 April 2013, the members of the nomination committee of Copeinca were as follows:

1. Luis Felipe Arizmendi (Chairman);
2. Samuel Dyer Ampudia; and
3. Helge Midtun

All members of the nomination committee were elected for a period of two years on the annual general meeting in 2013, and thus, the term of office of all members expire at the annual general meeting to be held in 2015.

Board and Management Remuneration[23]

The proposed remuneration of the board of directors of Copeinca for the period until the annual general meeting in 2014 (the remuneration shall be reduced pro rata based on time served in the event of retirement prior to annual general meeting 2014) is:

Director	**Proposed Fees** *NOK*
Samuel Dyer Coriat	665,000
Kristjan Th. Davidsson	545,000
Samuel Dyer Ampudia	350,000
Osterlin L. Dyer[Note 1]	300,000
Mimi K. Berdal	315,000
Marianne Johnsen	325,000
Sheyla Dyer Coriat	300,000
Jon Hindar	300,000
Total	3,100,000

Note 1: Osterlin L. Dyer has ceased to be a director of Copeinca.

[21] Source: Information reproduced without substantial modification from Copeinca's announcement dated 10 Oct 2012.

[22] Source: Information reproduced without substantial modification from the minutes of Copeinca's Annual General Meeting held on 12 April 2013.

[23] Source: Information reproduced without substantial modification from Copeinca's minutes of the annual general meeting dated 12 April 2013.

3. SHARES AND SHAREHOLDERS

Shares[24]

Copeinca Shares have been listed on the Oslo Børs, under ISIN NO0010352412 since January 2007, with DNB Bank ASA (Dronning Eufemias gt 30, 0191 Oslo, Norway) acting as the share registrar. Copeinca has a secondary listing of Peruvian Securities on the Lima Stock Exchange.

Currently, Copeinca has a share capital of NOK351,000,000, divided into 70,200,000 fully paid common shares, each with a par value of NOK5. All 70,200,000 are of the same class of registered shares.

As of 5 April 2013, Copeinca had undertaken the following changes to the share capital:

Date	Share capital	Number of shares	Event	Class	Price
24.11.06	NOK1,000,000	40,300,000	Incorporation	One class	Not available
21.06.07	NOK292,500,000	58,500,000	Two private placements	One class	6,200,000 shares: NOK43.29 (US$7.1) 12,000,000 shares: NOK65
05.04.2013	NOK351,000,000	70,200,000	One private placement	One class	11,700,000 shares: NOK59.70

In 2011, the annual general meeting authorized the board of directors to buy back Copeinca Shares with an aggregate nominal value of up to 10% of the share capital. In accordance with the authorization, the board of directors approved a buy-back program for a total value of up to US$5,000,000. As of 18 January 2012 the buy-back program was completed, and Copeinca S.A.C., a subsidiary of Copeinca, owned 852,993 Copeinca Shares. The board of directors were authorized to purchase additional Copeinca Shares with an aggregate value of up to NOK29,250,000 at the annual general meeting held on 25 April 2012.

At the annual general meeting held on 25 April 2012, the board of directors of Copeinca received an authorization to increase the share capital of Copeinca by up to NOK58,500,000. The board of directors was authorised to set aside the shareholders' preferential right to subscribe for new shares in such event.

Based on the authorisation, the board of directors of Copeinca resolved to issue a total of 11,700,000 new shares with a par value of NOK5 each on 5 April 2013, by way of a private placement. As of 5 April 2013, the 11,700,000 new shares were fully subscribed by Cermaq at a price per share of NOK59.70 and the total share capital was increased from NOK292,500,000 to NOK351,000,000.

[24] Source: Information extracted and paraphrased from page 10-11 of Copeinca's Director's Report 2012, Copeinca's announcements dated 5 April 2013, 25 April 2012 and 4 January 2008, and information publicly available at the website of Oslo Børs and the Norwegian Register of Business Enterprises.

Shareholders (as at 15 May 2013)[25]

Investor	**Shares**	**%**
Dyer Coriat Holding(1)(2)	19,098,000	27.21%
Cermaq ASA(3)	13,482,495	19.21%
Euroclear Bank S.A.	6,393,936	9.11%
Grand Success Investment	5,773,000	8.22%
Weilheim Investments S.L.	3,485,930	4.97%
Ocean Harvest S.L.	2,345,075	3.34%
South Winds AS	1,489,750	2.12%
Skandinaviska Enskilda	1,377,671	1.96%
Stenshagen Invest AS	1,082,793	1.54%
State Street Bank & Trust	1,058,771	1.51%
State Street Bank & Trust	666,172	0.95%
JP Morgan Chase Bank	615,453	0.88%
Verdipapirfondet ALF	608,198	0.87%
UBS AG	601,378	0.86%
Verdipapirfondet Han Norge	550,000	0.78%
Morgan Stanley & CO	545,523	0.78%
Storebrand Optima	428,130	0.61%
JP Morgan Chase Bank	403,000	0.57%
Arctic Funds Plc	401,581	0.57%
JP Morgan Chase Bank	396,237	0.56%
Top 20	**60,803,093**	**86.61%**
Others	9,396,907	13.39%
Total	**70,200,000**	**100.00%**

All the Copeinca Shares are of the same share class.

Note:

(1) Dyer Coriat Holding, which as of 15 May 2013 owned approximately 27.21% of Copeinca, is a holding company for certain members of the Dyer Coriat family including Mr. Samuel Dyer Ampudia, his wife Mrs. Rosa Coriat and their children. Mr. Samuel Dyer Ampudia is a member of the board of directors of Copeinca ASA and his son, Mr. Samuel Dyer Coriat is Copeinca's Chairman[26].

(2) Dyer Coriat Holding S.L. has on 28 December 2012 entered into a warrant agreement as part of a refinancing, and has granted to the financing bank the right to purchase 141,667 shares in Copeinca at a purchase price of USD0.01 per share. The warrant agreement has been entered into as part of the fee structure of Dyer Coriat Holding S.L.'s refinanced loan, and the number of warrants will increase on a quarterly basis as long as the loan remains outstanding so that the aggregate number of warrants may increase to 212,500 shares as at 31 December 2013, 578,071 shares as at 31 December 2014 and 1,117,538 shares as at 31 December 2015. The warrants may be exercised during a period of 2 years following the repayment of the loan[27].

(3) Copeinca announced on 7 May 2013 that Cermaq owns 13,620,492 Copeinca Shares.

[25] Source: Information reproduced exactly from page 16 of Copeinca's first quarter 2013 results dated 16 May 2013.

[26] Source: Information taken from Page 86 of the offering memorandum for the Copeinca Bond Issue available on Bloomberg L.P., page 16 of Copeinca's first quarter 2013 results dated 16 May 2013 and the minutes of Copeinca's Annual General Meeting held on 12 April 2013.

[27] Source: Information reproduced without substantial modification from Copeinca's announcement dated 28 December 2012.

4. HISTORY OF THE COPEINCA GROUP[28]

No.	Year	Milestone
1.	1994	Corporacion Pesquera Inca S.A. incorporated in July 1994. Its main founding partners were Luis Dyer Ampudia, Rosa Coriat Valera, Edward Dyer Ampudia and Samuel Dyer Ampudia. That same year, the first plant for the production of fishmeal and fish oil, located in Bayovar bay, department of Piura was acquired, with a capacity of 68MT/h
2.	1995	Commenced its production operations
3.	1996	First three vessels acquired with total capacity of 600MT
4.	2000	Acquired a plant in Supe, Peru and acquired land for Chicama plant. Vessel fleet capacity increased to 1,700m^3
5.	2001	Chicama plant became operational. Vessel fleet capacity increased to 2,600m^3
6.	2002	Construction of fishmeal plant in Chicama and SD fish meal plant in Bayovar
7.	2003	Vessel fleet capacity increased to 4,300m^3
8.	2004	Vessel fleet capacity increased to 5,000m^3. Towards the end of the year, Copeinca decided to acquire and implement the SAP system and designated IBM to implement it. The investment reached US$2.5 million
9.	2005	Acquisition of Pesquera Del Mar S.A.(US$22 million), including plants at Paita and Huarmey and of the Casma plant, and the assets of Grupo Tauro. Vessel fleet capacity increased to 8,800m^3
10.	2006	Private placement, raising US$100 million. Acquisition of Pesquera Jadran
11.	2007	Listing of Copeinca on Oslo Børs and US$130 million private placement. Copeinca acquired Corporation Fish Protein and Corporation Pesquera Ribar, Pesquera Newton S.A., Pesquera San Fermin, Pesquera Industrial El Angel S.A. (Piangesa) and Pacific Fishing Business
12.	2008	Merger of all acquired companies, optimizing of operations and improvement of company efficiency. Secondary listing of shares on the Lima Stock Exchange

[28] Source: Information extracted and paraphrased from page 1-13 of Copeinca's Annual Report 2011, its announcements dated 9 February 2011 and 11 January 2013.

No.	Year	Milestone
13.	2009	Implementation of new law and regulations on maximum catch limits per vessel (ITQ) in Peru, with a promising outlook for future profitability
14.	2010	US$175 million international bond issue. Completion of restructuring of assets. US$55 million investment was executed in Copeinca's plants and vessels in order to improve production yields and comply with new environmental regulations
15.	2013	Reopened Copeinca Bond Issue and raised gross proceeds of US$75 million
16.	2013	Private Placement of 11,700,000 new shares with a par value of NOK5 each. As a consequence, the new registered share capital is NOK351,000,000 divided into 70,200,000 shares, each with a par value of NOK5

5. STRUCTURE OF COPEINCA GROUP

Copeinca was incorporated on 24 November 2006, and domiciled in and operating under the laws of Norway, with registered address at Haakon VIIs gate 10, 0106 Oslo, Norway. Copeinca is the ultimate parent company of the Copeinca Group. Copeinca directly and indirectly owns 100% of Copeinca S.A.C., a Peruvian limited company incorporated in July 1994 under the laws of Peru. Copeinca S.A.C. is the main operating company in the Copeinca Group. The main founding partners of Copeinca S.A.C. were Luis Dyer Ampudia, Rosa Coriat Valera, Edward Dyer Ampudia and Samuel Dyer Ampudia, and the company was owned by D&C Group S.A.C. and Acero Holding S.A.C. from its incorporation in 1994 until the establishment of Copeinca and Copeinca Internacional S.L.U. in November/December 2006.

As at 31 December 2012, Copeinca S.A.C. was a wholly-owned subsidiary of Copeinca which had a direct ownership of 45.36% (43.38% in 2011) and indirect ownership through Copeinca Internacional S.L.U (located in Spain) with 54.64% (52.26% in 2011). Until 2011, PFB Fisheries B.V. owned 4.36% interest in Copeinca S.A.C[29].

Copeinca directly and indirectly owns the following entities[30]:

Subsidiaries	Location	%
Copeinca Internacional S.L.U.	Spain	100
PFB Fisheries B.V.	Netherlands	100
Corporación Pesquera Inca S.A.C.	Peru	100

[29] Source: Information reproduced without substantial modification from page 9 of Copeinca's Annual Report 2011 and page 12 of the notes to the Consolidated Financial Statements of Copeinca's Directors' Report 2012.

[30] Source: Information reproduced without substantial modification from page 13 of Copeinca's Directors' Report 2012.

As described above, six of the Company's subsidiaries as at 31 December 2010 were merged with Copeinca S.A.C. in 2011:

- Pesquera San Ambrosio S.A.C., Pesquera San Vicente S.A.C. and Pesquera Esciron S.A.C. were merged with Copeinca S.A.C. on 1 September 2011
- Rab Overseas Perú S.A.C. and Weimar Trading Perú Limited S.A.C. were merged with Gerzat S.A.C. on 30 November 2011
- Gerzat S.A.C. was merged with Copeinca S.A.C. on 1 December 2011

6. DIVIDEND POLICY AND DIVIDEND HISTORY OF COPEINCA GROUP

The dividend policy of Copeinca Group is as follows[31]:

"The proposal on dividend payments will be prepared by the board every year after taking into account the revenues, net income, cash flow, financial position and strategic investment opportunities of the Company. As the financial conditions and investment opportunities for the company will vary from year to year, the future dividend proposals will have to be adjusted accordingly. The future dividend proposals will also have to take into consideration the legal requirements necessary for a dividend payment in Copeinca ASA and its subsidiaries. The company expects future dividend proposals to have a base amount of around 50% of consolidated net income, subject to the adjustments explained above."

For the 3 most recent completed financial years, Copeinca has paid the following amounts of dividends[32]:

Financial year	**Dividends**
2012	NOK3.56 per share to the shareholders as of the date of the annual general meeting on 12 April 2013
2011	NOK3.90 per share to the shareholders as of the date of the annual general meeting on 25 April 2012
2010	No dividends

7. SHARE OPTIONS

Copeinca has two share option programs with the following main features[33]:

1. Employee share option program from 30 January 2008:
   - 690,000 share options issued to 12 key employees.

[31] Source: Information reproduced exactly from page 24 of COpeinca's Fourth Quarter and Preliminary Year 2012 Results Presentation.

[32] Source: Information reproduced without substantial modification from Copeinca's announcement dated 25 April 2012 and the minutes from Copeinca's annual general meeting held on 12 April 2013.

[33] Source: Information reproduced without substantial modification from pages 41-42 of Copeinca's Directors' Report 2012.

- Strike price of NOK40 adjusted by dividends. However, this will be further adjusted if the price of the shares exceeds NOK120 so that the difference between the market price and the value of each option is not greater than NOK80.

- The options will vest to each employee over four years (subject to termination of employment) at a rate of 25% per year.

- Copeinca may opt to settle the options in cash.

2. Distribution of the remaining share options under the employee share option program from 11 January 2010:

   - 370,000 share options issued to 9 key employees.

   - Strike price of NOK45. However, this will be adjusted if the price of the shares exceeds NOK120 so that the difference between the market price and the value of each option is not greater than NOK80.

   - The options will vest over three years (subject to termination of employment) at a rate of 33.33% per year to each employee.

3. Management share option program

   - Members of management may be granted 820,000 share options.

   - No share option pursuant to the management share option program has been granted.

   - Strike price and exercise date limit to be defined as set on 30 June 2013.

   - The option will vest with 33.33% each year for a 3 year period.

   - May be settled by cash at the option of the group.

Based on Copeinca's private placement prospectus dated 10 May 2013, Copeinca had 264,200 outstanding options as of 10 May 2013[34], of which 239,400 options expired on 15 July 2013 and 35,000 of these options will expire on 15 July 2014, at a weighted average price of NOK37.11. As of 31 December 2012, the Company had 274,400 outstanding options (794,400 options in 2011) from which 239,400 options (486,700 options in 2011) are exercisable. In 2012, 478,100 options (135,600 options in 2011) were exercised with a weighted average exercise price of NOK31.51 (NOK37.19 in 2011). This resulted in NOK3,994,000, equivalent to US$690,000 (NOK2,357,000 equivalent to US$432,000 in 2011) paid to option holders.

[34] Source: Information reproduced without substantial modification from page 95 of COpeinca's private placement prospectus dated 10 May 2013.

8. COPEINCA BOND ISSUE

8.1 Copeinca Bond Issue[35]

On 2 February 2010, Copeinca announced that Copeinca S.A.C., Copeinca's Peruvian subsidiary, had priced a proposed issue of US$175 million 9.00% senior notes due 2017, which will be guaranteed by Copeinca. The net proceeds from the US$175 million 9.00% senior notes was used to refinance an existing US$120 million medium term financing facility of Copeinca's Peruvian subsidiary, to finance its capital expenditures and for general corporate use.

On 11 January 2013, Copeinca further announced that it had successfully reopened the Copeinca Bond Issue and raised gross proceeds of a further US$75 million, which was guaranteed by Copeinca. The notes were issued as additional notes of, and form a single issue with, the US$175 million 9.00% notes due 2017 issued on 10 February 2010. The total aggregate principal amount of the 9.00% notes due 2017 that is outstanding following the reopening of the Copeinca Bond Issue is therefore US$250 million. The net proceeds from this bond issue will be used to repay leases that are part of Copeinca's financial debt, capital expenditures and the remainder for general corporate purposes.

8.2 Salient Terms of the Copeinca Bond Issue

The salient terms of the Copeinca Bond Issue have been reproduced below[36]. Please see the offering memorandum for the Copeinca Bond Issue available on Bloomberg L.P. for a fuller description of the terms of the Copeinca Bond Issue. For the avoidance of doubt, the offering memorandum for the Copeinca Bond Issue does not form part of this Circular and the Company and the Financial Advisers do not assume any responsibility as to any statement or omission made in the offering memorandum for the Copeinca Bond Issue:

Issuer	Corporación Pesquera Inca S.A.C.
Parent Guarantor	The notes will be irrevocably and unconditionally guaranteed on a senior basis by Copeinca ASA, our parent company. Existing and future subsidiaries of the Issuer may, at our option, become guarantors of the notes. See "Description of the Notes – the Subsidiary Guarantees."
Notes Offered	US$175,000,000 aggregate principal amount of 9.000% notes due 10 February 2017.
Offering Price	99.364% of the principal amounts of the notes.
Maturity Date	10 February 2017.

[35] Source: Information reproduced without substantial modification from Copeinca's announcement dated 2 February 2010 and 11 January 2013 respectively.

[36] Source: Information reproduced exactly from the offering memorandum of the Copeinca Bond Issue taken from Bloomberg L.P.

Interest

The notes will bear interest from and including 10 February 2010 at the rate of 9.00% per annum, payable semi-annually in arrears.

Interest Payment Dates

10 February and 10 August of each year, commencing on 10 August 2010.

Change of Control

If we experience a Change of Control Triggering Event (as defined in the indenture governing the notes), we must offer to repurchase the notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any.

Optional Redemption

We may redeem the notes at any time, in whole or in part, at the redemption prices set forth in "Description of the Notes – Optional Redemption."

We may also redeem, at any time prior to 10 February 2013, up to 35.0% of the aggregate principal amount of the notes at any time with the net cash proceeds of one or more sales of stock of Copeinca ASA or us at a redemption price of 109% of the principal amount of the notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65.0% of the aggregate principal amount of the notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

Events of Default

Events of default with respect to the notes include failure to pay principal, interest or additional amounts.

See "Description of the Notes – Events of Default."

Governing Law

The notes and the guarantee will be governed by, and construed in accordance with, the laws of the State of New York.

Change of Control Triggering Event[37] means the occurrence of both a Change of Control and a Rating Decline.

Change of Control[33] means the occurrence of one or more of the following events(a) disposal of all or substantially all of the assets of the Copeinca Group (including Copeinca S.A.C.) taken as a whole to any "person" or "group" (as defined in the U.S. Securities Exchange Act of 1934 ("**Exchange Act**"), other than to one or more of Copeinca S.A.C., its subsidiaries or Permitted Holders or a "group" controlled by one or more Permitted Holders; or (b) the consummation of any transaction the result of which is that (A) any "person" or

[37] Source: Information extracted and paraphrased from the offering memorandum of the Copeinca Bond Issue taken from Bloomberg L.P.

"group" (as defined in the Exchange Act) (other than any Permitted Holder or "group" controlled by one or more Permitted Holders) becomes the "beneficial owner" (as defined in the Exchange Act), directly or indirectly, of more than 33% of the outstanding voting stock of Copeinca, measured by voting power rather than number of shares, and (B) the Permitted Holders (including any "group" controlled by one or more Permitted Holders) "beneficially own" (as defined in the Exchange Act), directly or indirectly, in the aggregate a lesser percentage of the outstanding voting stock of Copeinca, measured by voting power rather than number of shares, than such other "person" or "group" and do not have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the board of directors of Copeinca. "Permitted Holders" means (1) any "person" or "group" (as defined in the Exchange Act) holding beneficially and/or of record, as of the date on which the US$175 million Copeinca Bond Issue was issued ("**Original Issue Date**"), at least 20% of the voting stock of Copeinca (measured by voting power rather than number of shares), as of the Original Issue Date, (2) family members, descendants, heirs, legatees and successors of such "persons", and the spouses, descendants, heirs, legatees and successors of the foregoing (and any trust or other entity organised for the benefit of any of the foregoing), (3) the executor, administrator or other personal representative of any "person" described in (1) or (2) above and (4) any affiliate of any one or more of the "persons" described in (1), (2) or (3).

Rating Decline[38] means the occurrence, on or within 90 days after the earlier to occur of public notice of (i) the occurrence of a Change of Control or (ii) the intention by Copeinca or any other person to effect a Change of Control (which period will be extended for an additional 90 days so long as the rating of the Copeinca Bond Issue is under publicly announced consideration for possible downgrade by any of Standard & Poor's, Moody's Investors Service or Fitch Group (collectively, "**Rating Agencies**") expressly as a result of the Change of Control Triggering Event), of a decrease in the rating of the Copeinca Bond Issue by a Rating Agency expressly as a result of such Change of Control.

Shareholders are to note that the Company has no access to the indenture relating to the Copeinca Bond Issue. Whilst the offering memorandum for the Copeinca Bond Issue describes a change of control leading to a rating decline as a trigger for the early repayment of the Copeinca Bond Issue, subsequent public disclosure by Copeinca does not disclose the rating decline as the early trigger. Unless the Company has access to the indenture, the Company will not know for certain what conditions will trigger the early repayment of the Copeinca Bond Issue.

9. COPEINCA DISCUSSION ON PROSPECTS AND TRENDS

For a discussion of the prospects and trends of the Copeinca Group, Shareholders should refer to the financial results announcement for the quarter ended 31 March 2013 which was announced on 16 May 2013 on the Oslo Børs website.

10. RISK FACTORS DISCUSSION BY COPEINCA[39]

"There are risk factors for COPEINCA's normal business development as well as financial risks. Monitoring and mitigation actions have been implemented for each of them.

[38] Source: Information reproduced exactly from the offering memorandum of the Copeinca Bond Issue taken from Bloomberg L.P.

[39] Source: Information reproduced exactly from pages 6-8 of Copeinca's Directors' Report 2012.

(I) Normal business development factors

a) *We are dependent on continuing global demand for fishmeal and fish oils*[40]

Our business depends on continued global demand for fishmeal and fish oil. Consumption of our products has increased in recent years, but this trend may not continue and consumption levels worldwide could decline.

Demand for fishmeal and fish oil is affected by diverse factors such as adverse changes in general economic conditions, evolving customer preferences and nutritional and health-related concerns. Our business is highly dependent on the aquaculture industry; therefore future downturns in that industry may reduce demand for our products and affect our operating results and cash flows.

b) *Reduction of biomass and total quota assigned by the Ministry of Production – PRODUCE* [41]

Instituto del Mar del Peru (IMARPE) is a government agency; its purpose is to ensure the long-term sustainability of Peru's marine biomass resources. IMARPE conducts an anchovy survey on an annual basis to calculate the quantity of existing biomass and thus make a conservative determination of the quantity available for the annual fishing season. This prevents depletion of the resource and ensures an annual quota that is sustainable over time.

c) *Annual Quota*[42]

With the implementation of the ITQ law in Peru we have an annual quota assigned to our vessels. If a quota holder fails to catch at least 80% of its quota for four consecutive fishing seasons, its quota is reduced by an amount equal to an average of the non-fished quota during each of those four consecutive fishing seasons. The reduced portion is allocated among all other quota holders on a pro rata basis by the Ministry of Production.

COPEINCA has already successfully operated under ITQ during eight fishing seasons without failing to catch its assigned quota.

d) *Fishmeal and fish oil price variations*[43]

The prices of fishmeal and fish oil are directly related to the world market, and fish oil prices are subject to potentially significant fluctuation. To reduce the impact of price variations, the Company secures the sale of part of its production through medium-term contracts. These medium-term contracts secure volumes sold, but generally do not fix the price at which our products will be sold. The company is therefore fully exposed to the effects of changes in prevailing market prices of fishmeal and fish oil. A decline in market prices would adversely affect our revenues, net income and cash flows.

[40] Source: Information reproduced exactly from page 6 of Copeinca's Directors' Report 2012.
[41] Source: Information reproduced exactly from page 7 of Copeinca's Directors' Report 2012.
[42] Source: Information reproduced exactly from page 7 of Copeinca's Directors' Report 2012.
[43] Source: Information reproduced exactly from page 7 of Copeinca's Directors' Report 2012.

e) *"El Niño" and "La Niña" natural phenomenons*[44]

According to the Climate Prediction Center of the U.S. National Oceanic and Atmospheric Administration, or the CPC, "El Niño" and "La Niña" episodes typically occur every two to seven years, frequently lasting approximately six to ten months. In addition to these phenomenon's, from time to time the Peruvian anchovy biomass migrates from one location to another, resulting in a mismatch between the locations of the biomass and our processing plants.

In order to mitigate this risk, COPEINCA keeps a cash reserve that covers 6 months of fixed expenses, helping to be able to address reduced revenues should an "El Niño" natural phenomenon occur.

f) *Reputational Risk*[45]

Currently there is growing demand for transparent companies, good corporate governance and social responsibility. In this context reputational risk become more importance.

Therefore, COPEINCA has implemented a Crisis Management Committee which aims to guide the company when facing emergency situations and/or crisis (including reputational risk), and the protocols associated with communications during such situations. Also the company developed a Crisis Management Manual which is part of the integrated risk management and should be executed when a high impact risk has materialized.

g) *The Group's results of operations and cash flows could be adversely affected by changes in laws and regulations in Peru or any of the Group's principal export markets*[46]

The Group's industry is subject to complex statutes, rules, and regulations, both within Peru and internationally. In order to operate the Group's fleet and production plants, for example, the Group must comply with certain operational obligations of an administrative nature, such as permits, licenses, concessions, authorisations, certifications, registrations, and payments, some of which are granted for fixed terms and therefore require periodical renewal. Changes to any of the laws, regulations, rules, or policies regarding the licensing, fleet, harvesting, production, processing, preparation, distribution, packaging, or labelling of the Group's products, or environmental matters, could have a significant impact on the Group's business.

In Peru, Decree Law No. 25977, or the General Fishing Law, regulates the fishery industry through concessions, authorisations and licenses to operate fishing vessels and through licenses to operate processing plants. The Peruvian fishery industry is regulated by the Ministry of Production which determines the start and duration of the fishing season as well as the total allowable catch per fishing season. The Ministry of Production may continue to decrease the total allowable

[44] Source: Information reproduced exactly from page 7 of Copeinca's Directors' Report 2012.

[45] Source: Information reproduced exactly from page 7 of Copeinca's Directors' Report 2012.

[46] Source: Information reproduced exactly from page 11 of Copeinca's Prospectus dated 10 May 2013.

catch of anchovy in the northern and central regions of Peru or restrict or prohibit the fishing or processing of anchovy for fishmeal. For example, on 29 October 2012, the Government announced that the total quota for the second fishing season of 2012 would be 810,000 Metric tons, which was substantially lower than the Group had anticipated. See Section 10.3 "Recent developments". Furthermore, the Ministry of Production recently implemented Supreme Decree 005-2012, which establishes the first ten miles offshore as exclusive fishing zone for direct human consumption. Fishing within the first ten miles from shore has historically represented approximately 8% of the Group's catch. Changes in Peruvian fishery regulations, including any change to the recently adopted individual transferable quota system, or any ban or further reduction in the harvesting of anchovy for fishmeal production, would have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

In addition to having to comply with Peruvian regulations, the governments of countries in which the Group sells its products, including China, Japan, the EU and Canada from time to time, consider regulatory proposals relating to raw materials, food safety and environmental regulations. If adopted, such regulations could lead to disruptions in the distribution of the Group's products and increase the Group's operational costs, which, in turn, could affect the Group's results of operations and cash flows. To the extent that the Group increases its product prices as a result of such changes, its sales volume and revenues may be adversely affected. Furthermore, these governments may change regulations or impose taxes or duties on certain imports which may have an adverse effect on the Group's financial condition and results of operation.

Although the Group believes that it is currently in compliance in all material respects with existing laws, regulations, rules and policies, it may not be able to comply with any future laws, regulations, rules, and policies. If the Group or members of the Group's crew violate any administrative regulations or maritime laws, the Group could become subject to penalties and sanctions, such as fines, specific performance, suspension or termination of activities, revocation of fishing rights and permits, and a reduction of it fishing quota. For example, if the Group exceeded its quota limit in any given season, the Group's quota for the next fishing season will be reduced by three times the amount that the Group caught in excess of the Group's limit. Failure by the Group to comply with applicable laws, regulations, rules, or policies may subject the Group's revocation of licenses or to civil or regulatory proceedings, including fines, injunctions, recalls, or seizures, which may have a material adverse effect on the Group's financial condition and results of operations.

h) *The Group is dependent on exports to China and other main export markets*[47]

Ending 31 December 2012 the principal markets for the Group's products were China, Denmark, Japan, Belgium, Germany, Vietnam and Taiwan. In particular, the Group's business is highly dependent on China, as it is the largest world importer of fishmeal. According to IFFO, in 2012 China imported approximately 1.2 million Metric tons of fishmeal, representing approximately 40% of the total world imports during such year, see Section 7.8 "Customers and export markets". Imposition of

[47] Source: Information reproduced exactly from page 12 of Copeinca's Prospectus dated 10 May 2013.

tariffs, quotas, trade barriers, import bans or any other restrictions in China or any of the Group's export countries would affect the pricing of the Group's end products and its competitiveness. In addition, the Group's ability to sell into these countries may be limited, and the Group may not be able to sell its products in other countries.

The Group's ability to compete effectively in its export markets could be materially and adversely affected by a number of factors beyond its control, including deterioration in macroeconomic conditions, exchange rate volatility or government subsidies. Moreover, the demand for the Group's products may decrease materially if there are any unforeseen events such as the outbreak of wars, terrorist attacks or other political, economic or social events in the Group's principal markets that lead to a protracted economic downturn. If the Group's ability to sell its products competitively in one or more of its significant export markets were impaired by any such development, the Group may not be able to sell its products in other markets on equally favourable terms or at all, and its business, financial condition and results of operations may be adversely affected.

i) *Failure to comply with applicable environmental regulations could adversely affect the Group's business and reputation*[48]

The Group's operations are covered by environmental regulations at the local and national levels. These regulations apply to the Group's fleet and plants and cover, among other things, emissions into the atmosphere, disposal of solid waste and aqueous effluents, management and disposal of hazardous wastes, and other activities inherent to the Group's business. Future operations and financial results may vary as a result of such regulations. Compliance with these regulations and new or existing regulations that may be applicable to the Group in the future could increase its operating costs and adversely affect the Group's results of operations and cash flows. In addition, failure to comply with these regulations could subject the Group to warnings from relevant authorities, impositions of fines, specific performance, criminal liability, closure of processing facilities or suspension of harvesting or other activities, suspension of permits, among other things, including adverse effects on the Group's reputation. Remediation obligations can result in significant costs associated with the investigation and clean-up of contaminated properties, as well as damage claims arising out of the contamination of properties or any impact on natural resources.

j) *The Group's results are seasonal, and any circumstance that adversely affects the Group's business during its fishing seasons would have a disproportionately significant effect on its annual results of operations and cash flows*[49]

The Group's business is seasonal and depends on two annual fishing seasons which are usually authorised to occur in the second and fourth quarters of each year. As a result, the Group have experienced, and expect to experience in the future, significant quarterly variations in its revenues and cash flows. The Group seeks to manage its processing activities and inventories to adapt to the seasonal variations in its sales and it generally has increased sales activity during the first and third quarters of the year. Conversely, the Group usually experience a

[48] Source: Information reproduced exactly from page 11 of Copeinca's Prospectus dated 10 May 2013.

[49] Source: Information reproduced exactly from page 13 of Copeinca's Prospectus dated 10 May 2013.

decrease in sales during the second and fourth quarter of the year due to its focus on harvesting and processing activities during the fishing season in such quarters. For example, in 2012, quarterly sales were distributed as follows, 11% of the Group's consolidated sales were generated in the first quarter, 31% in the second quarter, 42% in the third quarter and 16% in the fourth quarter. As a result of the foregoing, the Group does not have an evenly distributed quarterly cash flow and are vulnerable to any adverse events at sea or in its plants, business interruptions or other unforeseen circumstances which impact its harvesting activities during the fishing seasons. If any such events were to occur, they would likely have a disproportionately material and adverse effect on the Group's financial condition, results of operations and ability to meet its payment obligations under the bonds.

k) *The Group may undertake acquisitions that may be significant in size and that may change the scale of its business*[50]

Although the Group believes that future acquisition opportunities to acquire fishing vessels and fishmeal processing plants in Peru are likely to be limited the Group expect to evaluate opportunities to acquire additional vessels, processing assets and/or businesses from time to time. If those future acquisitions were significant in size, they could change the scale of the Group's business and may expose it to new geographic, political, operating, financial risks. The Group's ability to make any such acquisitions would depend on its ability to identify suitable acquisition candidates, acquire them on acceptable terms and integrate their operations successfully. Any acquisitions would be accompanied by risks, including risks related to the quality of the facilities acquired; the difficulty of assimilating the operations and personnel of any acquired companies; the potential disruption of the Group's ongoing business; the inability of management to maximise its financial and strategic position through the successful integration of acquired assets and businesses; the inability of management to maintain uniform standards, controls, procedures and policies; the impairment of relationships with employees, customers and contractors as a result of any integration of new management personnel; and the potential unknown liabilities associated with acquired assets and businesses. In addition, the Group would need additional capital to finance an acquisition. Debt financing related to any acquisition will expose us to the risks associated with borrowing money, while equity financing may cause existing shareholders to suffer dilution. We may not be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

l) *The Group's seasonal business requires working capital and capital expenditures, and if the Group is unable to access short-term and long-term financing it would adversely affect the results of operations*[51]

The Group has ongoing working capital needs to operate the Group's seasonal business, and it could need additional financing in the future, which may be substantial, to support the Group's working capital and capital expenditures. In addition, the fishing operations, maintenance of ships, machinery and equipment and compliance with applicable laws and regulations require ongoing capital expenditures. Currently, the Group obtains its working capital financing pursuant

[50] Source: Information reproduced exactly from page 13 of Copeinca's Prospectus dated 10 May 2013.

[51] Source: Information reproduced exactly from page 13 of Copeinca's Prospectus dated 10 May 2013.

to non-committed lines of credit which may no longer be available to the Group if there is an adverse change in its business, results of operations or prospects. The availability of future debt and equity financing is subject to many uncertainties beyond the Group's control, including, among others, international and regional macroeconomic, political and capital market conditions. The cost and availability of financing for Peruvian companies such as the Group is influenced by economic and market conditions in other emerging market countries, especially those in Latin America. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the cost and availability of financing to the Group in other countries, including Peru. As a result, additional capital or other types of financing may not be available when needed or, if available, the terms of such financing may not be favourable to the Group. Failure to obtain sufficient financing on attractive terms may result in postponing needed improvements or expansions of the Group's production facilities and/or increase in the Group's financial expense which would adversely affect the Group's results of operations.

m) *The loss of significant customers would adversely affect the Group's operating revenues*[52]

In recent years the Group has shifted the Group's sales strategy to focus on a smaller group of more profitable long-term customers. As a result, the Group's most important customers now represent a greater percentage of its sales, and the Group is more dependent on such customers, than in the past. During the year ended 31 December 2012, the Group's top ten customers accounted for 61%, of the its consolidated sales volume for that period. If one or more of the Group's customers were to decide to acquire its fishmeal or fish oil from another producer, to acquire substitute products in lieu of the Group's fishmeal or fish oil or to discontinue purchases from the Group for any other reason, the Group may not be able to sell its production to other customers on comparable terms, and the Group's financial condition and results of operations may be materially and adversely affected.

n) *An increase in the quantity of fish the Group purchases from third parties could adversely affect its operating margins*[53]

In addition to the fish the Group harvests with its vessels, which is limited to its quota of 10.7% of the total allowable catch for each fishing season in the centre-north of Peru, the Group purchases fish at market prices from third parties. In 2010, 2011, 2012, the Group supplemented its own catch by purchasing anchovy from third parties that represented approximately 31%, 25%, and 25%, respectively, of the total volume of anchovy processed by the Group during such periods. As a result, the Group's sales volume depends to a certain degree on the Group's continuing ability to purchase quantities of raw material at attractive prices. If the Group is unable to acquire sufficient quantities of fish from third parties in the future, it would have less fish to process which in turn would decrease the volume production and its sales. If the price of the raw materials the Group acquires from third parties were to increase any further, it would increase the Group's cost of goods sold and adversely affect the Group's cash flows and operating margins.

[52] Source: Information reproduced exactly from page 14 of Copeinca's Prospectus dated 10 May 2013.

[53] Source: Information reproduced exactly from page 14 of Copeinca's Prospectus dated 10 May 2013.

o) *Increases in the Group's fuel costs or disruptions in its supply would adversely affect the Group's operating results*[54]

Fuel costs represent a significant portion of the Group's operating expenses. Fuel as a percentage of its cost of goods sold decreased by 17% in 2012 compared to 21% in 2011. Increases in fuel costs can adversely affect the Group's operating results. Fuel costs have been subject to wide fluctuations as a result of increases in demand and sudden disruptions in, and other concerns about, global supply, as well as market speculation. Both the cost and availability of fuel are subject to many economic and political factors and events occurring throughout the world that the Group can neither control nor accurately predict, such as political instability in major oil-exporting countries in the Middle East, Latin America and Africa. As a result of factors such as this, fuel costs continue to exhibit substantial volatility, and the Group is vulnerable to any future increases in the cost of fuel. Fuel costs may increase significantly above their current levels. In any event, the Group may not be able to offset any future increases in the cost of fuel by passing through to its costumers all or a substantial portion of the increasing fuel costs and as a result increases in fuel costs may have a material adverse effect on the Group's future financial condition and results of operations.

In addition, should Petro Peru (the Group's sole fuel supplier) experience any disruption or slow-down in its fuel importing and/or refining services, the Group may be unable to obtain fuel or may be forced to pay significantly higher prices to do so.

p) *The fishing vessels and processing plants the Group operate or manage may suffer loss or damage which may not be covered by the Group's insurance policies*[55]

The Group may experience property and casualty loss, or the operation of its vessels or processing plants may be temporarily interrupted, arising from a number of causes, including adverse weather, collision, stranding, fire, mechanical failure and human error. Any such event could result in direct losses and liabilities, loss of income or increased costs. With respect to the Group's vessels, its insurances typically covers damage to the hull and machinery on the vessel, loss or damage to property, illness, death or injury to crew members, pollution and collision liability. Nevertheless, the Group's insurance policies are subject to certain deductible and certain potentially significant exclusions from coverage such as negligence. In addition, the Group intends to replace its customary third-party insurance policies for its vessels by establishing a cash reserve contingency fund and maintaining at least two fully operational vessels on standby in case one of the Group's active vessels fails during any fishing season. Therefore, if any of the above-mentioned events occurs, the Group's insurance may not compensate the Group for all of its losses and its contingency plan may be inadequate, and if so, such events could have a material adverse effect on its business, results of operations and financial condition.

[54] Source: Information reproduced exactly from page 14 of Copeinca's Prospectus dated 10 May 2013.

[55] Source: Information reproduced exactly from page 14 of Copeinca's Prospectus dated 10 May 2013.

q) *The Group may incur additional indebtedness in the future which could adversely affect its financial health and the ability to generate sufficient cash to satisfy its outstanding debt obligations*[56]

The Group may incur additional indebtedness which may have the following direct or indirect effects on the investment in the shares:

- limit the Group's ability to satisfy its obligations under the bonds and other debt;

- increase the Group's vulnerability to adverse general economic and industry conditions;

- require the Group to dedicate a portion of its cash flow from operations to servicing and repaying the Group's indebtedness which may place the Group at a competitive disadvantage to its competitors with less debt;

- limit the Group's flexibility in planning for or reacting to changes in the Group's business and the industry in which it operates;

- limit, along with the financial and other restrictive covenants of the Group's indebtedness, among other things, the Group's ability to borrow additional funds; and

- increase the cost of additional financing.

The Group's ability to generate sufficient cash to satisfy its outstanding and future debt obligations will depend upon the Group's future operating performance, which will be affected by prevailing economic conditions and financial, business and other factors, many of which are beyond the Group's control. If the Group is unable to service its indebtedness, it will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditure, selling assets, restructuring or refinancing the Group's indebtedness, or seeking equity capital. These strategies may not be instituted on satisfactory terms, if at all.

In addition, certain of the Group's financing arrangements impose operating and financial restrictions on the Group's business. Moreover, the indenture governing the bonds prohibits the Group from incurring additional indebtedness, subject to certain exceptions, unless the Group is able to satisfy certain financial ratios and certain other restrictions. The Group's ability to meet its financial ratios may be affected by events beyond its control. The Group cannot assure the investors that it will be able to meet these ratios. These provisions may negatively affect the Group's ability to react to changes in market conditions, take advantage of business opportunities the Group believes to be desirable, obtain future financing, fund needed capital expenditures, or withstand a continuing or future downturn in the Group's business. Any of these could materially and adversely affect the Group's ability to satisfy its obligations under the bonds and the ability of the parent company to satisfy its obligations under its guarantee of the bonds.

[56] Source: Information reproduced exactly from page 15 of Copeinca's Prospectus dated 10 May 2013.

The indenture governing the bonds contains covenants which impose substantial limitations on, among other things, the Group's ability and the ability of the Group's subsidiaries to:

- incur additional debt;
- make investments or other restricted payments;
- pay dividends or distributions on the Group's capital stock or repurchase its capital stock;
- enter into transactions with its affiliates;
- create liens on the Group's assets to secure debt;
- enter into sale and leaseback transactions;
- sell assets;
- enter into agreements that restrict the ability of the Group's subsidiaries to pay dividends or make intercompany loans; and
- merge or consolidate with another company.

Further, Copeinca ASA is a guarantor for the bonds issued by Copeinca SAC in February 2010 and January 2013 but it is a holding company that does not have significant operations or assets other than its indirect shareholding in Copeinca SAC As a result, the Group cannot assure investors that Copeinca ASA will have the funds necessary to satisfy the financial obligations under the bonds if Copeinca SAC is unable to do so. If Copeinca ASA is made responsible for the financial obligations under the bonds it may have substantial effect on the Company's financial situation and its ability to raise capital. This may in turn affect the price of the Shares, see section 10.10.3 "Bonds".

In the future, the Group may from time to time incur substantial additional indebtedness. Although the indenture governing the bonds restricts the Group from incurring additional debt, these restrictions are subject to important exceptions and qualifications. If the Group incurs additional debt, the risks that it faces as a result of the Group's existing indebtedness could further intensify.

In addition, the Group's agreements with respect to future indebtedness may contain additional affirmative and negative covenants which could be more restrictive than those contained in the indenture governing the bonds.

Additionally, in the instance of a change of control event, the Group is required by the indenture governing the bonds to offer to repurchase all outstanding bonds at a repurchase price equal to 101% of the principal amount of the bonds repurchased, plus accrued and unpaid interest and special interest, if any, to the applicable repurchase date. If such an event were to occur, the Group may not have sufficient funds to repay any bonds and it may require additional financing from third parties to fund any such repurchases, and the Group cannot assure investors that it would be able to obtain additional financing on satisfactory terms or at all.

r) *The Group's products may be subject to contamination for which the Group may be subject to product recalls or other liabilities which could cause it to incur significant additional costs*[57]

The Group is subject to food and feed industry risks which include, but are not limited to, spoilage, contamination, tampering or other adulteration of products, product recalls, government regulation, shifting customer and consumer spending preferences and concerns, including concerns regarding trans-fatty acids and potential product liability claims, especially mercury and other contaminants in the Group's fish oil which may be used for human consumption. In addition, any contamination, recall or other such event affecting any of the Group's products could lead to significant harm to the Group's corporate image, business interruption or unforeseen liabilities, each of which could have a material adverse effect on its financial condition and results of operations.

s) *The Group may be exposed to disruption in the delivery of its products to the markets*[58]

The Group's products are delivered by trucks to the ports and shipped in chartered and containers vessels to markets in Asia and Europe among other destinations. If there is any disruption in the shipping delivery due to weather conditions, port or union strikes, social unrest or any other factors, the Group's sales may be adversely affected. Any disruptions in the supply chain may potentially increase its operating costs and impact its business, results of operations and financial condition.

In addition, if the Group loses certifications that confirms that the Group meets health, safety and international regulations required for exports to the Group's main markets, such as BASC, GMP+, ISO 14001, OHSAS 18001, IFFO and Friend of the Sea, certain customers may be reluctant to purchase the Group's products, which again will affect the Group's business, results and financial condition.

t) *A dispute with one or more of the Group's labour unions could have an adverse effect on the Group's results of operations*[59]

Approximately 41% of the Group's employees are covered by collective bargaining agreements with labour unions. Two of the companies the Group acquired in 2007 had labour union agreements with the Sindicato de Trabajadores de la Empresa Pesquera San Fermin S.A. in Chancay and the Sindicato de Trabajadores Corporación Pesquera Inca S.A. (formerly Sindicato de Trabajadores de Pesquera Industrial el Angel S.A.) in Chimbote. The Group's agreement with the Chancay labor union ended on 30 August 2012 and negotiations are expected to take place on 13 November 2012. The Group's agreement with the Chimbote labour union ends on 20 March 2013 and negotiations are expected to take place on 30 November 2012. The Group also entered into labour union agreements with the Sindicato de Trabajadores de Corporación Pesquera Inca S.A. in Chicama, which terminates on 17 September 2012, and the Sindicato de Trabajadores de la

[57]Source: Information reproduced exactly from page 16 of Copeinca's Prospectus dated 10 May 2013.

[58]Source: Information reproduced exactly from page 16 of Copeinca's Prospectus dated 10 May 2013.

[59]Source: Information reproduced exactly from page 16 of Copeinca's Prospectus dated 10 May 2013.

Empresa Corporación Pesquera Inca S.A. in Bayovar, which terminated on 31 December 2012. Negotiations are expected to take place on 30 November 2012 respectively. A work slowdown, work stoppage, strike or other labour dispute may occur prior to or upon the expiration of the Group's other labour agreements, and the Group is unable to estimate the adverse effect of any such work slowdown, stoppage or strike or other dispute on the Group's sales. Work slowdowns, stoppages, strikes or other labour-related developments affecting the Group could have an adverse effect on the Group's business, financial condition, and results of operations or prospects.

u) *The Group depends on the expertise of its senior management and skilled crew personnel, and its business may be disrupted if it loses their services*[60]

The Group's senior management team possesses extensive operating experience and industry knowledge. The Group depends on its senior management to set its strategic direction and manage the Group's business, which is crucial to the Group's success. Furthermore, the Group's continued success also depends upon its ability to attract and retain a large group of experienced professionals and crew. The loss of the services of the Group's senior management or the inability to recruit, train or retain a sufficient number of experienced personnel could have an adverse effect on the Group's operations and profitability. The Group does not maintain any key person insurance on any of its senior management or employees. The ability to retain senior management as well as experienced personnel will in part depend on the Group having in place appropriate staff remuneration and incentive schemes. The remuneration and incentive schemes the Group has in place may not be sufficient in retaining the services of the Group's experienced personnel.

v) *The Company has, and will continue to have, a major shareholder whose commercial goals may not always be aligned with the Group's commercial goals*[61]

Currently, DCH, a company controlled by the Dyer and Coriat families, own 32.6% of the Shares. Although Dyer Coriat Holding does not have the power to determine the outcome of any action requiring shareholder approval, historically, it has exercised substantial influence at the Company's shareholder meetings as a result of being the Company's largest shareholder. Further, provided that Cermaq will gain control over the Company, see Section 16 "The completed Private Placement", Cermaq will have the ability to significantly influence the outcome of any action requiring shareholder approval, including election of members to the Board of Directors. The commercial goals of DCH and Cermaq, respectively, as shareholders, and those of the Group, may not always remain aligned.

[60] Source: Information reproduced exactly from pages 16-17 of Copeinca's Prospectus dated 10 May 2013.

[61] Source: Information reproduced exactly from page 17 of Copeinca's Prospectus dated 10 May 2013.

(II) Financial risk factors[62]

The Group's activities is exposed to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flows interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

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*

Foreign exchange rate risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US dollar. 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 debit balances in foreign currency, ii) maintaining the volumes of exports and their profitability, and iii) entering into forward contracts. As of 31 December 2012, Copeinca S.A.C. had signed forward contracts amounting to USD7.5 million in order to reduce the risk of adverse exchange rate fluctuations. The fair value of these forward contracts amounted to USD0.3 million.

The Group has no specific policy for entering into forward foreign exchange contracts to hedge foreign currency exposures. In 2012 management's strategy has been to buy foreign currency in the spot market. The Group does not have any forward foreign currency contracts outstanding at the reporting date, other than that disclosed in the paragraph above.

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 enters 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.

[62] Source: Information reproduced exactly from pages 7-8 of Copeinca's Directors' Report 2012.

Cash flows and fair value interest rate risk

The Group's cash flows interest rate risk is closely managed. In February 2010 the During 2012, the Group's borrowings bear variable and fixed interest rates, represented 7.2% and 92.8% respectively of the outstanding principal, and are denominated in USD.

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.

b) *Credit risk*

The Group only sells on a cash basis or on a confirmed letter of credit. 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 US 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.

Surplus of cash held by the Group's operating entities 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 forecasts.

(III) Risks related to Peru[63]

a) *Economic and political developments in Peru could affect the Group's business, financial condition and results of operations*

The vast majority of the Group's operations is conducted in Peru and is dependent upon the performance of the Peruvian economy. As a result, its business, financial condition and results of operations may be affected by the general conditions of the Peruvian economy, price instability, inflation, interest rates, regulation, taxation, social instability, political unrest and other developments in or affecting Peru, over which the Group have no control. In the past, Peru has experienced periods of weak economic activity and deterioration in economic conditions. If such conditions return it may have a material and adverse effect on the Group's business, financial condition or results of operations.

The Group's financial condition and results of operations may also be adversely affected by changes in Peru's political climate, to the extent that such changes affect the nation's economic policies, growth, stability, outlook or regulatory environment. Peru's president, Ollanta Moisés Humala Tasso from the Gana Perú political coalition, took office on 28 July 2011. As part of his economic policies, President Humala has named Harvard University trained economist Luis Miguel Castilla as Economy Minister, Juan Jimenéz Mayor as Prime Minister, and Gladys Triveño Chan Jan as Production Minister. Each appointment has been well received by the financial markets. President Humala has, since his inauguration, substantially maintained the moderate economic policies of former president Alan García Pérez, whose administration from 2006 to 2011 was characterized by business-friendly and open market economic policies that sustained and fostered economic growth, while controlling the inflation rate at historically low levels. However, it is possible that President Humala and the Peruvian government may not continue to pursue business-friendly and open market economic policies or policies that stimulate economic growth and social stability, in particular given President Humala's left-leaning political history and statements made during his presidential campaigns in 2006 and 2011. Any changes in the Peruvian economy or the Peruvian government's economic policies may have a negative effect on the Group's business, financial condition and results of operations.

b) *The re-implementation of certain laws by the Peruvian government, most notably restrictive exchange rate policies, could have an adverse effect on the Group's business, financial condition and results of operations*

Since 1991, the Peruvian economy has undergone a major transformation from a highly protected and regulated system to a free-market economy. During this period, protectionist and interventionist laws and policies have been gradually dismantled to create a liberal economy dominated by private sector and market forces. The Peruvian economy has, in general, responded well to this transformation, growing at an average annual rate of 4.79% during the period from 1996 through 2012. Currently, there are no exchange controls or restrictions on remittances of profits, dividends and royalties in effect. Prior to 1991, Peru exercised control over the foreign exchange markets by imposing multiple

[63] Source: Information reproduced exactly from pages 17-18 of Copeinca's Prospectus dated 10 May 2013.

exchange rates and placing restrictions on the possession and use of foreign currencies. In 1991, the presidential administration of Alberto Fujimori eliminated all foreign exchange controls and unified exchange rates. Currently, foreign exchange rates are determined by market conditions, with regular operations by the Central Bank of Peru in the foreign exchange market to reduce volatility in the value of Peru's currency against the U.S. dollar.

Although unlikely, the Peruvian Government may institute restrictive exchange rate policies in the future. If, however, any such restrictive exchange rate policy could affect the Group's ability to access foreign currency or to engage in foreign exchange activities and make payments on the bonds in USD, and could also have a material adverse effect on the Group's business, financial condition and results of operations.

c) *Inflation could adversely affect the Group's financial condition and results of operations*

As a result of reforms initiated in the early 1990s, Peruvian inflation has decreased significantly in recent years from triple-digit inflation during the 1980s. Over the five-year period ended on 31 December 2012, the Peruvian economy experienced annual inflation averaging approximately 3.53% per year, as measured by the Peruvian Consumer Price Index, or CPI. The CPI is calculated by the Instituto Nacional de Estadística e Informática (the National Institute of Statistics and Information, or INEI) and measures variations in prices of a selected group of goods and services typically consumed by Peruvian families. Inflation may not remain at these levels. The Peruvian Central Bank establishes annually a target inflation rate for each fiscal year and announces this target rate in order to shape market expectations.

If Peru experiences substantial inflation in the future, the Group's costs may increase, its operating and net margins may decrease, which may adversely affect the Group's business and results of operations.

Inflationary pressures may also curtail the Group's ability to access foreign financial markets and may lead to further government intervention in the economy, including the introduction of government policies that may adversely affect the overall performance of the Peruvian economy. The Group's operating results and the value of the Group's securities may be adversely affected by higher inflation.

d) *The Group's facilities are located near known earthquake fault zones and the occurrence of an earthquake or other catastrophic disaster could cause damage to the Group's facilities and equipment which could require the Group to cease or curtail operations*

Peru has experienced severe earthquakes in the past which have caused damages to buildings, the country's infrastructure and interrupted commerce. Most recently, in 2011 a 6.9 earthquake in the Richter scale affected a large zone on the central coast of Peru near the department of Ica. Substantially all of the Group's offices and plants are located in Peru and could be adversely affected or disrupted by an earthquake or other natural disasters.

The Group is also vulnerable to damage from other types of disasters, including fires, floods, power loss, communications failures and similar events. If any disaster were to occur, the Group's ability to operate the business at its facilities would be seriously, or potentially completely impaired. Although the Group has insured against damage caused by an earthquake and other natural disasters, accidents or other similar events (including coverage for losses due to resulting business interruption), this insurance may not be adequate to cover the Group's losses resulting from disasters or other business interruptions.

e) *The current market volatility generated by distortions in the international financial markets may affect the Peruvian capital markets and the Peruvian banking system*

The volatility in the international markets may adversely affect the Peruvian capital markets as well. The Peruvian banking system has not experienced any significant liquidity problems as a result of the recent international liquidity environment, primarily because the major source of funds for local banks is represented by the deposit base. However, the Group cannot assure investors that future market volatility will not affect the Peruvian banking system or that such volatility will not have an adverse effect on the Group's business, financial condition or results of operations.

f) *Changes in tax laws may increase the Group's tax burden and, as a result, negatively affect the Group's profitability*

Peru may adopt new tax laws or modify existing laws to increase taxes applicable to the Group's business. These changes may include modifications in the rate of assessments and, on occasion, enactment of temporary taxes.

For example, in mid-2012, Peru enacted a series of new tax rules and provisions in the context of a substantial tax reform. The main goal of these new rules was to increase tax revenue and to reduce tax evasion or tax avoidance schemes. The effect of this tax reform has not been and cannot be quantified. However, some of these new rules could result in increases in the Group's overall tax burden, which could negatively affect the Group's overall financial performance.

(IV) Risks relating to the Shares[64]

a) *The price of the Shares may fluctuate significantly, which could cause investors to lose a significant part of their investment*

The trading price of the Shares could fluctuate significantly in response to a number of factors beyond the Group's control, including quarterly variations in operating results, adverse business developments, changes in financial estimates and investment recommendations or ratings by securities analysts, announcements by the Group or its competitors of new product and service offerings, significant contracts, acquisitions or strategic relationships, publicity about the Group, its products and services or its competitors, lawsuits against the Group, unforeseen liabilities, changes in management, changes to the regulatory environment in which it operates or general market conditions.

[64] Source: Information reproduced exactly from pages 19-20 of Copeinca's Prospectus dated 10 May 2013.

In recent years, the Oslo Stock Exchange has experienced wide price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies. Those changes may occur without regard to the operating performance of these companies.

b) *The Company's ability to pay dividends is dependent on the availability of distributable reserves*

Norwegian law provides that any declaration of dividends must be adopted by the shareholders at the Company's general meeting of shareholders (the "**General Meeting**"). Dividends may only be declared to the extent that the Company has distributable funds and the Company's Board of Directors finds such a declaration to be prudent in consideration of the size, nature, scope and risks associated with the Company's operations and the need to strengthen its liquidity and financial position. As the Company's ability to pay dividends is dependent on the availability of distributable reserves, it is, among other things, dependent upon receipt of dividends and other distributions of value from its subsidiaries and the companies in which the Company has invested.

As a general rule, the general meeting may not declare higher dividends than the Board of Directors has proposed or approved. If, for any reason, the general meeting does not declare dividends in accordance with the above, a shareholder will, as a general rule, have no claim in respect of such non-payment, and the Company will, as a general rule, have no obligation to pay any dividend in respect of the relevant period.

c) *Future issuances of Shares or other securities may dilute the holdings of shareholders and could materially affect the price of the Shares*

It is possible that the Company may in the future decide to offer additional Shares or other equity-based securities through directed offerings without pre-emptive rights for existing holders. Any such additional offering could reduce the proportionate ownership and voting interests of holders of Shares, as well as the earnings per Share and the net asset value per Share.

d) *Pre-emptive rights to secure and pay for Shares in any additional issuance may not be available to U.S. or other shareholders*

Under Norwegian law, unless otherwise resolved at a general meeting, existing shareholders have pre-emptive rights to participate on the basis of their existing share ownership in the issuance of any new shares for cash consideration. Shareholders in the United States, however, may be unable to exercise any such rights to subscribe for new shares unless a registration statement under the U.S. Securities Act is in effect in respect of such rights and shares or an exemption from the registration requirements under the U.S. Securities Act is available. Shareholders in other jurisdictions outside Norway may be similarly affected if the rights and the new shares being offered have not be registered with, or approved by, the relevant authorities in such jurisdiction. The Group is under no obligation to file a registration statement under the U.S. Securities Act or seek similar approvals under the laws of any other jurisdiction outside Norway in respect of any such rights and shares and doing so in the future may be impractical and costly. To the extent that the Group's shareholders are not able to exercise their rights to subscribe for new shares, their proportional interests in the Company will be reduced.

e) *Investors may not be able to exercise their voting rights for Shares registered in a nominee account*

Beneficial owners of the Shares that are registered in a nominee account (such as through brokers, dealers or other third parties) may not be able to vote for such Shares unless their ownership is re-registered in their names with the VPS prior to the general meetings. The Company can provide no assurances that beneficial owners of the Shares will receive the notice of a general meeting in time to instruct their nominees to either effect a re-registration of their Shares or otherwise vote for their Shares in the manner desired by such beneficial owners.

f) *Investors may be unable to recover losses in civil proceedings in jurisdictions other than Norway or Peru*

The Company is a Norwegian public limited liability company organised under the laws of Norway. Half of the members of the Group's Board of Directors and of the Company's corporate management reside in Peru. As a result, it may not be possible for investors to effect service of process in other jurisdictions upon such persons or the Company, to enforce against such persons or the Company judgments obtained in non-Norwegian or non-Peruvian courts, or to enforce judgments on such persons or the Company in other jurisdictions.

g) *Norwegian law may limit shareholders' ability to bring an action against the Company*

The rights of holders of the Shares are governed by Norwegian law and by the Articles of Association. These rights may differ from the rights of shareholders in other jurisdictions. In particular, Norwegian law limits the circumstances under which shareholders of Norwegian companies may bring derivative actions. For instance, under Norwegian law, any action brought by the Company in respect of wrongful acts committed against the Company will be prioritised over actions brought by shareholders claiming compensation in respect of such acts. In addition, it may be difficult to prevail in a claim against the Company under, or to enforce liabilities predicated upon, securities laws in other jurisdictions.

h) *The transfer of Shares is subject to restrictions under the securities laws of the United States and other jurisdictions*

The Shares have not been registered under the U.S. Securities Act or any U.S. state securities laws or any other jurisdiction outside of Norway and are not expected to be registered in the future. As such, the Shares may not be offered or sold except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable securities laws. In addition, there can be no assurances that shareholders residing or domiciled in the United States will be able to participate in future capital increases or rights offerings.

i) Shareholders outside of Norway are subject to exchange rate risk

The Shares are priced in NOK, and any future payments of dividends on the Shares will be denominated in NOK. Accordingly, investors outside Norway are subject to movements in the NOK against their local currency, as the foreign currency equivalent of any dividends paid on the Shares or of the price received in connection with any sale of the Shares could be materially adversely affected.

j) Market interest rates may influence the price of the Shares

One of the factors that may influence the price of the Shares is its annual dividend yield as compared to yields on other financial instruments. Thus, an increase in market interest rates will result in higher yields on other financial instruments, which could adversely affect the price of the Shares.

11. HISTORICAL SHARE PRICE OF COPEINCA

11.1 Oslo Børs

Share Price

Financial year ending	**High** *(NOK)*	**Low** *(NOK)*
31 December 2012	48.80	32.30
31 December 2011	62.00	28.00
31 December 2010	61.00	36.40

Financial quarter ending	**High** *(NOK)*	**Low** *(NOK)*
30 June 2013	67.50	54.50
31 March 2013	61.50	39.60
31 December 2012	48.80	37.80
30 September 2012	48.20	38.20
30 June 2012	42.30	33.50
31 March 2012	45.00	32.30

1-month period ended	**High** *(NOK)*	**Low** *(NOK)*
30 June 2013	67.50	55.50
31 May 2013	60.75	54.50
30 April 2013	63.50	60.00
31 March 2013	61.50	57.50
28 February 2013	59.00	40.60
31 January 2013	45.30	39.60

	Closing Price *(NOK)*
As at the date of the latest closing price prior to the Old Offer Announcement (22 February 2013)	40.60
As at the date of the latest closing price prior to the New Offer Announcement (21 June 2013)	58.00
As at the Latest Practicable Date	69.25

Source: Bloomberg L.P.

Note:

(1) Share Price unadjusted for distributions and share capital changes

11.2 Lima Stock Exchange

As per information obtained from Bloomberg L.P., share prices have been quoted for only 12 trading days since Copeinca completed its secondary listing on the Lima Stock Exchange

Date	High	Low	Close
	(US$)	*(US$)*	*(US$)*
24 October 2008	2.29	2.29	2.29
18 November 2008	1.68	1.58	1.68
19 November 2008	1.71	1.71	1.71
26 November 2008	1.70	1.70	1.70
28 November 2008	1.50	1.40	1.50
03 December 2008	1.35	1.35	1.35
22 January 2009	1.40	1.40	1.40
15 September 2009	5.00	5.00	5.00
23 October 2009	6.50	6.20	6.20
11 March 2010	7.50	7.50	7.50
21 July 2010	5.51	5.51	5.51
08 February 2011	9.00	9.00	9.00

Source: Bloomberg L.P.

Note:

(1) Share Price unadjusted for distributions and share capital changes

12. COMPETING BID BY CERMAQ

No.	Date	Milestone
1.	04.03.2013	Copeinca appointed UBS, DNB Markets and Carnegie as financial advisors so as to protect the interests of Copeinca and all its shareholders and considered all available options to maximize shareholder value
2.	13.03.2013	Oslo Børs approved the voluntary offer to acquire shares in Copeinca at a price of NOK53.85 per share by the Offeror

No.	Date	Milestone
3.	05.04.2013	Cermaq entered into a transaction agreement with Copeinca, pursuant to which Cermaq will launch a voluntary offer for all the shares in Copeinca at a price of NOK59.70 per share
4.	11.04.2013	Oslo Børs approved the amendments to the voluntary offer to acquire shares in Copeinca by the Offeror which includes changing the offer price from NOK53.85 per share to NOK59.70 per share The new expiry time was 10 May 2013. The Drop Dead date (as defined in the offer document) was 16 July 2013 at 21:00 (CET)/15:00 (PET)
5.	11.04.2013	Copeinca announced the termination of its marketing making agreement with DNB Markets
6.	12.04.2013	The annual general meeting of Copeinca was conducted. The proposals to grant the board of directors' authority to increase the share capital and to purchase own shares was rejected
7.	26.04.2013 to 07.05.2013	Cermaq made a series of announcements on the acquisition of Copeinca Shares
8.	10.05.2013	The Offeror announced its decision to extend the acceptance period to 23 May 2013
9.	21.05.2013	The Offeror announced its intention to make a new voluntary cash tender offer to acquire all the shares in Copeinca, provided that (i) the 50.01% minimum acceptances level condition for the voluntary offer was not satisfied or waived upon expiry of the acceptance period; and (ii) the shareholders of Cermaq voted down the proposed equity issue on the upcoming annual general meeting of Cermaq
10.	23.05.2013	Based on outcome of the annual general meeting of Cermaq on 21 May 2013, the Board of Directors of Cermaq decided that the voluntary offer on all shares in Copeinca, which was announced on 5 April 2013, would not be completed
11.	23.05.2013	Copeinca announced Cermaq's withdrawal and that Copeinca would not accept the current offer for Copeinca from the Offeror (indirectly owned by CFGL)
12.	24.05.2013	CFGL announced the expiry of the Acceptance Period and would not complete offer since acceptance level of 50.01% has not been met. CFGL would also review its options in relation to a possible new voluntary cash tender offer to acquire all of the shares of Copeinca
13.	23.07.2013	The Board of Directors of Copeinca has recommended to the shareholders of Copeinca to accept the New Offer.

APPENDIX B

DISCUSSION ON PROSPECTS OF THE ENLARGED GROUP

Certain information and statistics in this section relating to the fishery industry are derived from various official and independent third-party sources and have been prepared partly on the basis of information made public by governmental entities and inter-governmental organisations such as the FAO and Federal Agency for Fishery of Russia. We believe that the sources are appropriate sources for such information and have taken reasonable care in compiling, extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading.

OVERVIEW

Fishery as an activity involves the capture of wild fish and raising fish through fish farming or aquaculture. Capture activity can be performed in both marine and fresh water fishing areas. According to the FAO, world production trends in capture and aquaculture fisheries have been stable since 2000. The capture fisheries sector was regularly producing between 90 and 95 million metric tons each year, while aquaculture production was growing rapidly, and playing an increasing role in meeting rising demand for human consumption of fish and fishery products. Meanwhile, world annual fish consumption per capita has increased steadily in recent years, with China accounting for most of the growth owing to the substantial increase in its fish production, particularly from aquaculture, according to *The State of World Fisheries and Aquaculture 2012* published by FAO.

However, given the uncertainties brought by climate change, the conditions for capture fisheries and aquaculture are changing. In addition, to preserve fishing resources, sovereign states and regional fisheries management organisations have adopted, among other measures, licensing and/or quota share systems to control fishing within their respective waters and international waters. For example, many countries require fishing licenses to catch fish, limit the length of the fishing seasons, and restrict the number, type and storage capacity of fishing vessels that can be deployed within their waters. There is often a limit, or total allowable catch, imposed on the amount of fish that can be caught, based on levels determined to ensure long-term sustainability. The combined effects of these factors affect large-scale fisheries and aquaculture operations in a variety of natural, social and economic contexts.

GLOBAL FISHING DYNAMICS

According to the FAO, worldwide production of fish and shellfish, which includes both wild catch and aquaculture production, has increased steadily at a Compounded Annual Growth Rate ("**CAGR**") of 2.0% from approximately 136.4 million metric tons in 2005 to approximately 154.0 million metric tons in 2011. The increase is primarily attributable to a growing aquaculture industry, with total aquaculture production increasing during the period at a CAGR of 6.2% from 44.3 million metric tons in 2005 to 63.6 million metric tons in 2011. Wild catch production has remained relatively stable, from 92.1 million metric tons in 2005 to 90.4 million metric tons in 2011, and further growth is constrained by various regulations and environmental considerations. According to the *OECD-FAO Agricultural Outlook 2011-2020* ("**OECD-FAO Outlook**"), world fisheries production is projected to reach 164 million metric tons in 2020, with the majority of the increase attributable to aquaculture production. China alone is expected to represent 61% of the world's aquaculture production. Due to an increasing world population and continued economic growth, demand for seafood and thus also production is projected by the FAO to continue to increase.

The following table sets forth a breakdown of total worldwide fish production between fish capture and aquaculture for the periods indicated.

	2005	2006	2007	2008	2009	2010	2011
			(metric tons in millions)				
Total capture (fish, crustaceans, molluscs, etc.)	92.1	90.0	90.3	89.7	89.6	88.6	90.4
Total aquaculture (fish, crustanceans, molluscs, etc.)	44.3	47.3	49.9	52.9	55.7	59.9	63.6
Total world fisheries	136.4	137.3	140.2	142.6	145.3	148.5	154.0

Source: FAO

Wild Catch Fish Production

According to the FAO, China was the top producer of wild catch fish (including shellfish) in 2010, harvesting about 15.4 million metric tons, followed by Indonesia, which harvested approximately 5.3 million metric tons. The next largest producing countries in 2010 were India, the United States, Peru, Russia, Japan, Myanmar, Chile and the Philippines. According to the FAO Food Outlook 2012, overall production is expected to grow by 2.1% from 154.0 million metric tons in 2011 to 157.3 million metric tons in 2012. The following table sets forth the annual fish capture production of the world's largest fish catching countries for the periods indicated.

Worldwide Fish Capture Production by Country

	2005		2006		2007		2008		2009		2010	
						(metric tons in thousands, except percentages)						
China	14,589	15.6%	14,631	16.3%	14,659	16.2%	14,791	16.5%	14,920	16.7%	15,419	17.4%
Indonesia	4,696	5.0%	4,800	5.3%	5,050	5.6%	4,997	5.6%	5,104	5.7%	5.308	6.0%
India	3,691	4.0%	3,845	4.3%	3,859	4.3%	4,099	4.6%	4,067	4.5%	4,695	5.3%
United States	4,893	5.2%	4,853	5.4%	4,768	5.3%	4,350	4.9%	4,222	4.7%	4,370	4.9%
Peru	9,388	10.1%	7,017	7.8%	7,211	8.0%	7,395	8.2%	6,914	7.7%	4,261	4.8%
Russia	3,198	3.4%	3,284	3.7%	3,476	3.9%	3,384	3.8%	3,826	4.3%	4,070	4.6%
Japan	4,312	4.6%	4,328	4.8%	4,278	4.7%	4,302	4.8%	4,116	4.6%	4,044	4.6%
Myanmar	1,732	1.9%	2,007	2.2%	2,236	2.5%	2,494	2.8%	2,767	3.1%	3,063	3.5%
Chile	4,328	4.6%	4,161	4.6%	3,819	4.2&	3,555	4.0%	3,454	3.9%	2,260	3.0%
Phillipines	2,270	2.4%	2,319	2.6%	2,500	2.8%	2,561	2.9%	2,603	2.9%	2,621	3.0%
Others	40,247	43.1%	38,779	43.1%	38,449	42.6%	37,771	42.1%	37,637	42.0%	38,082	43.0%
World Total	93,344	100.0%	90,024	100.0%	90,305	100.0%	89,699	100.0%	89,630	100.0%	88,604	100%

Source: FAO

China is the largest fish producing country in the world. From 2005 to 2010, the fish capture production in China steadily increased from 14.6 million metric tons to 15.4 million metric tons at a CAGR of 1.1%.

In Peru, following the El Niño seasons in 2002-2003, in 2006-2007 and in 2009-2010, the total fish capture production in 2010 was lower than average production levels from 1999 to 2010, at 4.3 million metric tons according to the FAO. Production in Peru recovered from 6.1 million metric tons in 2003 to 9.6 million metric tons and 9.4 million metric tons in 2004 and 2005, respectively, but declined and leveled off beginning in 2006 and further declined in 2009 and 2010, due to the reduced total allowable catch of Peruvian anchovy and following the El Niño seasons in 2006-2007 and in 2009-2010. Production in most other countries of the world has remained relatively stable or has slightly decreased due to the widespread imposition of restrictions on fishing worldwide.

Most of the world ocean catch occurs in the North Pacific Ocean, which is the world's most productive fishing region. According to the FAO, production in the North Pacific Ocean was 23.7 million metric tons in 2010. The fishing region in the North Pacific Ocean principally encompasses the territorial waters and exclusive economic zones of Russia, the United States, Canada and Japan. The primary species caught in the North Pacific Ocean are Alaska pollock, chub mackerel, Japanese anchovy and ribbon fish, or largehead hairtail. The central region of the Pacific Ocean is the second most productive fishing region, with 13.6 million metric tons caught in 2010 and skipjack tuna, yellowfin tuna and scads nei being the top three species caught. The southeast region of the Pacific Ocean is the fourth most productive fishing region, with 8.7 million metric tons caught in 2010 and Peruvian anchovy, jumbo flying squid and jack mackerel being the top three species caught. The principal species of fish caught in commercial fishing is Peruvian anchovy, which is principally used as raw material for fishmeal, followed by Alaska pollock, which is used primarily for seafood in the form of whole round and fish fillets. The roe of Alaska pollock is consumed almost exclusively in Japan. Other principal species of fish caught in commercial fishing are Atlantic herring, skipjack tuna, chub mackerel, largehead hairtail, blue whiting, jack mackerel, Japanese anchovy and yellowfin tuna. The following table sets forth a breakdown of worldwide fishery capture production by fish species for the periods indicated.

Worldwide Fish Capture Production by Fish Species

	2005	2006	2007	2008	2009	2010
	(metric tons in thousands)					
Peruvian anchovy	10,215	7,007	7,612	7,428	6,910	4,206
Alaska Pollock	2,791	2,860	2,909	2,650	2,499	2,830
Atlantic herring	2,315	2,225	2,369	2,476	2,509	2,201
Skipjack tuna	2,400	2,559	2,459	2,422	2,600	2,523
Chub mackerel	1,986	1,970	1,692	1,876	1,624	1,602
Largehead hairtail	1,254	1,368	1,321	1,369	1,346	1,344
Blue whiting	2,070	2,039	1,682	1,284	641	552
Jack mackerel	1,755	1,993	1,992	1,468	1,287	728
Japanese anchovy	1,481	1,509	1,391	1,266	1,071	1,202
Yellowfin tuna	1,293	1,111	1,028	1,140	1,093	1,165
Other species	65,784	65,383	65,847	66,320	68,050	70,251
World total	93,344	90,024	90,305	89,699	89,630	88,604

Source: FAO

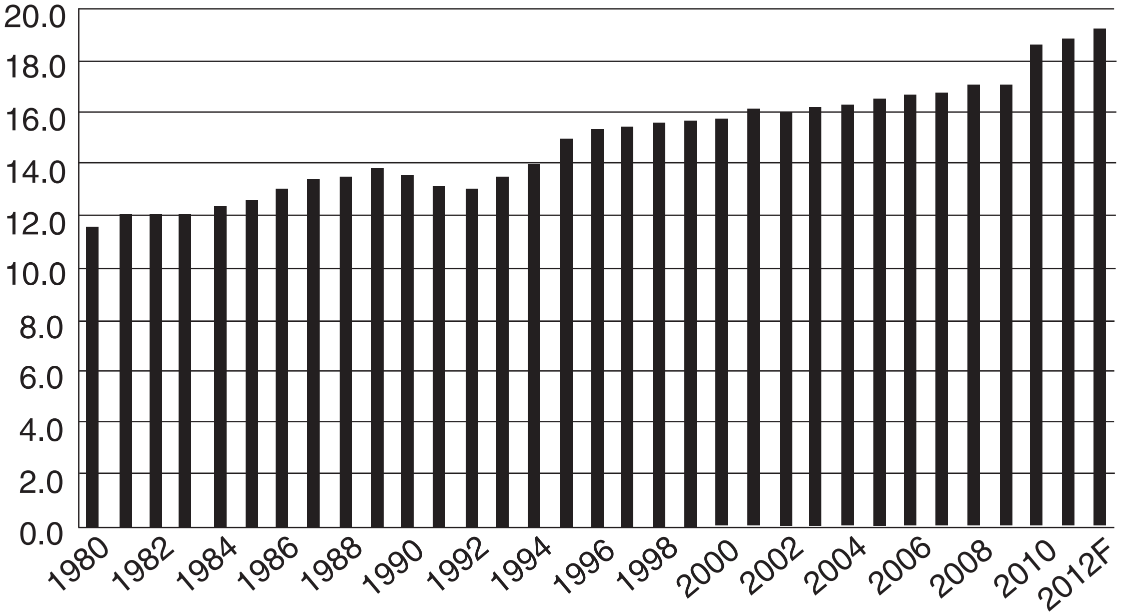
Growing Demand Worldwide and in China

According to the FAO, international trade in fishery products has risen steadily in recent years. According to *FAO Food Outlook 2012*, total trade value has increased by 16.1% to approximately US$126 billion in 2011 from approximately US$108.6 billion in 2010, and total trade value in 2012 is forecasted to be US$138 billion. The increased demand for fish has been driven by higher standards of living worldwide, especially in China; increased health consciousness among consumers, which has led consumers to eat more fish as part of a healthy and nutritious diet; and increased demand for fishmeal for use in poultry and pig farming and aquaculture as a higher quality source of protein.

Behind the strong demand for fish lies an increase in average per capita fish consumption. According to *The State of World Fisheries and Aquaculture 2012* published by the FAO, world per capita seafood consumption has been steadily increasing, from an average of 9.9 kg in the 1960s, 11.5 kg in the 1970s, 12.6 kg in the 1980s, 14.4 kg in the 1990s and 17.0 kg in the 2000s, reaching 18.4 kg in 2009, and preliminary estimates for 2010 point to a further increase to 18.6 kg. According to *FAO Food Outlook 2012*, world per capita seafood consumption grew by 1.1% in 2011 and is expected to rise another 2.6% in 2012, reaching 19.2 kg per year. Most of this increase is coming from rising aquaculture production. According to *OECD-FAO Outlook*, in 2020, the world per capita seafood consumption is projected to be approximately 17.9 kg per capita. In the last three decades, the per capita seafood supply has also risen dramatically in the Northern Africa region. According to *Status and Potential of Fisheries and Aquaculture in Asia and the Pacific* published by FAO Regional Office for Asia and the Pacific, fish contributes more than, or close to, 50 percent of total animal proteins in certain small developing island states and in Bangladesh, Cambodia, Indonesia, Japan and Sri Lanka.

The global overall consumption of seafood per capita has shown steady growth as illustrated below.

Seafood Consumption Per Capita
(kg per capita)



Source: 1980-2007 figures are from FAOSTAT, 2008-2009 figures are from OECD-FAO Agricultural Outlook 2011-2020 and 2010 figure, 2011 estimated figure and 2012 forecasted figure are from FAO Outlook 2012.

According to the FAO, consumption of fish and seafood per capita in China grew at an estimated CAGR of 5.0% from 11.5 kilograms in 1990 to 26.5 kilograms in 2007. Consumption of fish and seafood per capita in the U.S. and Japan was recorded at 24.1 kilograms and 60.8 kilograms, respectively, in 2007. The consumption of fish and seafood per capita in West Africa has remained relatively stable from 12.2 kilograms in 1990 to 11.4 kilograms in 2007.

According to the FAO, China accounted for approximately 37.7% of total world fish production in 2010, compared to 34.7% in 2005. Historically, most of China's production growth has come from its aquaculture industry, with aquaculture production increasing from approximately 37.6 million metric tons in 2005 to approximately 47.8 million metric tons in 2010. However, according to *Global Aquaculture Outlook in the Next Decades: An Analysis of National Aquaculture Production Forecasts to 2030*, an article published by FAO, continued future growth in aquaculture in China is constrained due to a lack of suitable farming areas, greater focus on environmental considerations, reclamation of ponds for real estate development and restrictions on aquaculture in reservoirs and lakes. In addition, China's zero growth policy for fishing in its waters prevents an increase in its own fish production. As a result, further growth in aquaculture production in China is expected to be supported increasingly by imports of fish caught through industrial deep sea fishery operations.

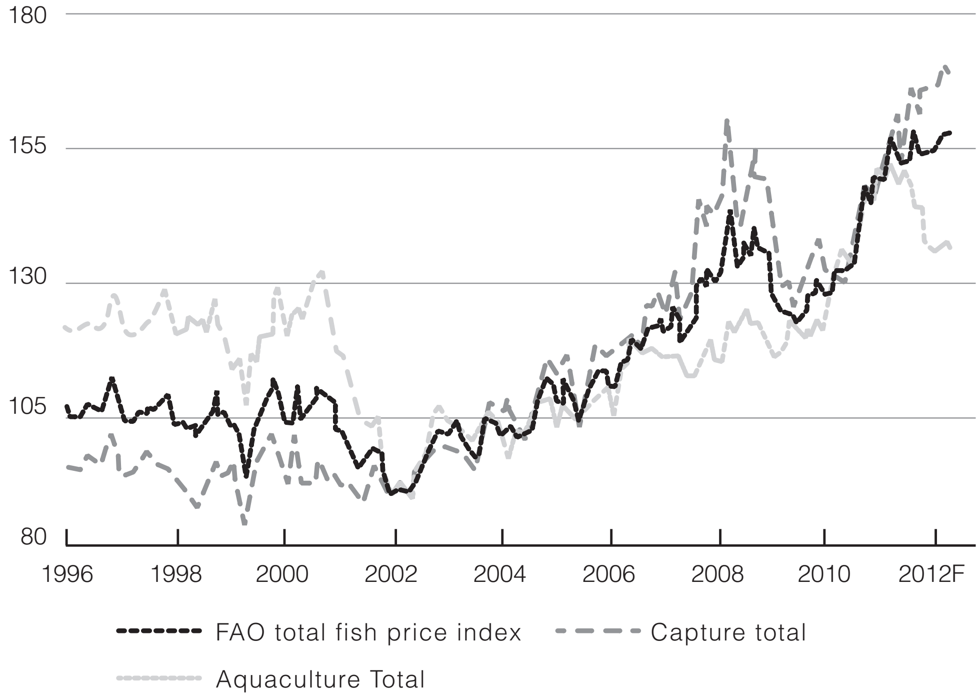
The following table sets forth the world's major fish importers for the periods indicated, with China ranking first in import volume since 2005.

	Top Fish Importing Destinations				
	2005	**2006**	**2007**	**2008**	**2009**
	(metric tons in thousands)				
China	3,651	3,313	3,453	3,873	3,727
Japan	3,336	3,146	2,883	2,760	2,590
United States of America	2,353	2,462	2,421	2,385	2,360
West Africa	1,514	2,803	2,750	2,217	2,054
Spain	1,583	1,657	1,683	1,588	1,576
Denmark	1,336	1,377	1,431	1,243	1,293
World total	31,938	33,397	34,101	33,641	33,686

Source: FAO

There are a variety of demand drivers affecting the fish prices, including growing world population, increasing standards of living and purchasing power, improving nutritional requirements, increasing per capita consumption, stagnant capture fisheries production, increasing feed costs, a weaker U.S. dollar and higher crude oil prices, better freezing technology and transportation infrastructure, and demand exceeding supply. According to *OECD-FAO Outlook*, fish prices will increase over the medium term. The following chart sets forth information on fish prices from capture fisheries, aquaculture and the FAO total fish price index for the periods indicated.

The FAO Fish Price Index



Source: FAO Food Outlook 2012

Principal Species of Fish Traded by the Group

The following are the principal species of fish sold by the Group.

Demersal Marine Fish

Alaska Pollock	Alaska pollock is one of the most harvested species of whitefish, with an olive green to brown back, and silver sides. It is also one of the most harvested groundfish, which are fish that live on, in or near the bottom of the body of water they inhabit. Alaska pollock is approximately 30 to 38 centimeters in length upon first reaching maturity at three to four years of age and can grow to a length of approximately 80 centimeters. They live to 14 to 15 years of age. Alaska pollock roe is a high value product in the Japanese market.

Alaska pollock is headed and gutted and their roe or milt is extracted before being frozen on board the fishing vessels into uniform blocks and packed into composite paper-plastic sacks. Alaska pollock fish fillets are also processed on board certain fishing vessels.

Pelagic Marine Fish

Horse mackerel

Horse mackerel is silver in color, with bits of olive green and a white belly. It can grow up to 70 centimeters in length and is elongated in shape. The horse mackerel is an extremely popular staple food in West Africa.

Jack mackerel

Jack mackerel has an elongated and fairly compressed body and a large head, and its size at first maturity has been reported to vary between 21.6 and 30 centimeters in different areas.

After being caught, they are sorted into different sizes and then frozen into uniform blocks before they are packed into carton boxes.

Peruvian anchovy

The Peruvian anchovy is a slender fish ranging in length from 10 to 20 centimeters once mature. It is harvested in Peru primarily as feedstock in the production of fishmeal and fish oil. The Peru's anchovy fishery sector has produced 20% to 35% of the world's fishmeal and fish oil in recent years.

Sustainability of Worldwide Fishery Resources

The sustainability of fishery resources is important to the international community. There is a steadily growing collective will in the international community to manage fish resources not only within a country's territorial waters, but also in international waters to ensure long-term sustainability.

To preserve the fishing resources in their waters, sovereign states have adopted licensing and/or quota systems and imposed catch certification requirements for fishing within their respective waters. The following is a summary of the fishing regulatory systems in Russia and Peru.

Russia

Quota share system

Fishing in Russia is currently conducted under a quota share allocation system. The existing quota shares were allocated to the Vessel Owning Companies in 2008 pursuant to the Russian Law on Fishery and Preservation of Aquatic Biological Resources and are subject to review in 2018. The annual total allowable catch is determined by the Federal Agency for Fishery (presently under the supervision of the Ministry of Agriculture of the Russian Federation) for each particular species of marine biological resources (save for those in respect of which the total allowable catch is not established at all). The quotas for each year must be used in that calendar year, and may not be carried forward to the next year.

Fishing seasons

For Alaska pollock fisheries, as a matter of practice, the winter fishing season takes place from January to April and the summer/fall fishing season takes place from June to October. Harvesting is prohibited for various species of water biological resources, or during particular periods. For example, Alaska pollock harvesting is prohibited (with certain exceptions)

- in the Western-Kamchatka and Kamchatsko-Kuril subzones – from the beginning of mass-scale spawning, but not later than from 1 April until 1 November;

- in the Northern-Okhotomorsk subzone – from the beginning of mass-scale spawning, but not later than from 10 April until 15 October; and

- in the Petropavlovsk-Komandorsk subzone – from the beginning of the mass-scale spawning, but not later than from February 15 until May 1.

Marine protected areas

Catch of all kinds of marine biological resources is prohibited at a distance of less than 30 nautical miles measured from the internal limit of the territorial sea. Catch of certain species is also prohibited in the coastal zone, which is between two miles to 12 miles wide, and is measured from the internal limit of the territorial sea.

Size test

The Rules of Fishing for the Far-Eastern Fish Economic Basin approved by the Order of the Federal Agency for Fishery (of Russia) dated 27 October, 2008 No. 272 provide minimum harvesting length for different fish species. The minimum harvesting length of the

- Alaska pollock is 35 centimeters;
- herring is 19 centimeters or 25 centimeters (depending on harvesting area); and
- cod is 40 centimeters.

Peru

Quota share and/or licensing system

Since April 2009, Peru has been operating under the ITQ system, a quota share system under which licensed vessels of fishing companies are allocated a share of each year's total allowable catch. The total allowable catch varies from season to season, and is determined at the beginning of each anchovy season by the Ministry of Production on the advice of Peruvian authorities and with a view to maintaining sustainable fishing. The marine research institute of Peru assesses fish populations two or three times per year and informs and advises the government on the state of the fisheries. The General Fishing Law controls the industry by requiring, among other things, permits to operate fishing vessels under Peruvian or foreign flags and licenses to operate processing plants.

Fishing seasons

In Peru, there are two different fishing areas: (i) the northern and central region and (ii) the southern region. Each region has its own two seasons which are determined by the Ministry of Production. Capture of anchovy is only allowed during the fishing seasons in each region.

In the northern and central region, the first fishing season is usually from April to July and the second fishing season is usually from November to December.

The southern region has a year-round season that is divided into two continuous parts. The first season is usually from January to July and the second season is usually from August to December.

Marine protected areas

The Peruvian government prohibits fishing within ten miles of the coast and bans fishing in areas with a high concentration of undersized fish. Fishing vessels are prohibited from sailing at certain speeds (i.e., less than two knots per hour) and in an unsteady course for two or more hours in the reserved or prohibited areas. The Ministry of Production enforces these provisions through satellite monitoring.

Size test

The General Fishing Law and its regulations prohibit anchovy fishing in sizes or weights under established limits. Anchovy with a total length of less than 12 centimeters must not exceed 10% of the total catch of each vessel.

With regard to fishing in international waters, since 1945, some 30 regional or subregional fisheries management organisations ("**RFMOs**"), have been established under multilateral agreements. RFMOs typically have the objective of implementing management measures designed to secure long-term sustainable fishery resources in international waters. Controlling measures such as fishing quota systems and catch certification requirements have been gradually introduced by these RFMOs. In addition, catch certification requirements need to be obtained and renewed by fishers before they are allowed to market and sell their products in the respective member states.

These measures have enabled us to maintain the sustainability of the harvesting of our primary fish species by controlling the total allowable catch of these fish species, the minimum size and weight of the fish harvested, the number of fishing participants, the allocated share of fish for each of the allowed fishing participants and the permitted seasons for fishing activities.

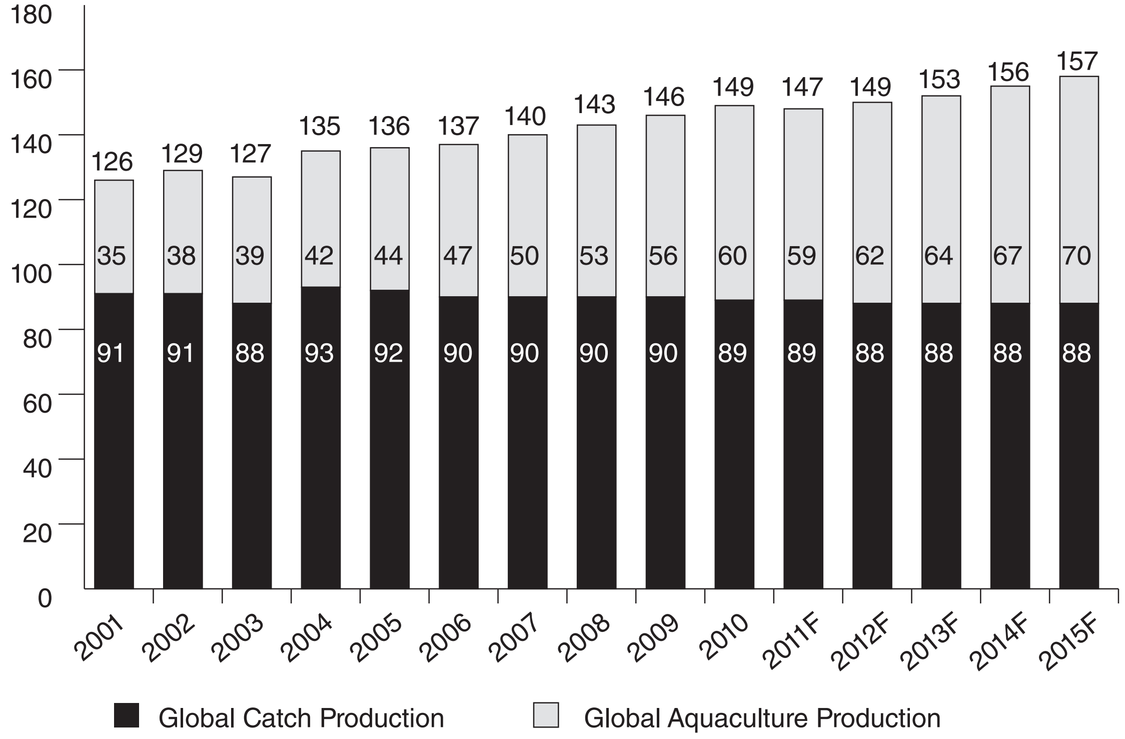
According to the FAO, the proportion of fully exploited stocks has remained relatively stable at about 50% since the 1970s. In 2009, slightly more than half of the stocks (57.4%) were estimated to be fully exploited and, therefore, their catch levels were at or close to their maximum sustainable production, with no room for further expansion. The remaining stocks were estimated to be either overexploited (29.9%) or not fully exploited (12.7%). Most of the stocks of the top ten species, which account in total for about 30% of the world's marine capture fisheries production in terms of quantity, are fully exploited or overexploited and, therefore, cannot be expected to produce major increases in catch. Some of the principal fish species we catch and trade are fully exploited, including Peruvian anchovy, Alaska pollock and jack mackerel. The status of a fish stock as fully exploited is consistent with sustainable fishing, as long as fishing activities are effectively managed.

In addition, climate change is a compounding threat to the sustainability of capture fisheries and aquaculture development. In terms of physical and biological impact, climate change is modifying the distribution of marine and fresh water species. In a warmer world, ecosystem productivity is likely to decline in lower latitudes (i.e., most tropical and subtropical oceans, seas and lakes) and increase in high latitudes. Climate change is also affecting the seasonality of particular biological processes, altering marine and fresh water food ecosystems, with unpredictable consequences for fish production.

Environmental emergencies, such as the tsunami in Southeast Asia in 2004 and the tsunami in Japan in 2011, bring about further uncertainties that affect fisheries. These include fish kills, harmful algal blooms and oil spills, according to the FAO. If such incidents occur, they could have adverse effects on coastal ecosystems, fisheries and aquaculture installations. Major impacts of oil spills on fisheries and aquaculture are the smearing of nets and fish cages and the tainting of fish and shellfish, rendering them unfit for marketing. Long-term impacts on the ecosystem depend on the nature of the pollutant and the ecological characteristics of the area, and the overall impacts on the sustainability of fish biomass are difficult to measure. See "Risk Factors – Risks Relating to Our Business – Our operations may be disrupted by drastic weather conditions, major climatic trends and climate change, an outbreak of disease among our crew, accidents and injuries affecting our crew or incidents involving environmental damage or pollution" and "Risk Factors – Risks Relating to Our Industry – Our business, prospects, and results of operations may be affected by a reduction in fish biomass".

In general, there is no authoritative source available to quantify the total amount of available fishery resources. However, the global supply of fish is expected to remain stable in the foreseeable future, according to the projections of total world fish capture production and aquaculture production published in *OECD-FAO Agricultural Outlook 2011-2020*.

World Fish Supply, 2001 to 2015F
(metric tons in millions)



Source: 2001-2010 production figures are from FAO; 2011-2015 production estimates are from OECD-FAO Agricultural Outlook 2011-2020

Factors Affecting the Growth of Fishing Industry

According to OECD-FAO Outlook, future expansion of the fishing industry is expected to be affected by the following factors:

- development of new technologies, e.g., aquaculture breeding technology;
- changes in fish species and product forms, e.g., growth in farmed species and in the use of fillets and other value-added forms;

- competitiveness with other food products, e.g., relative prices, in particular for chicken and other meat;

- prices and margins throughout the fisheries value chain, e.g., margins to producers;

- rising commodity prices in general and the impact on producers as well as on consumers, e.g., soybean prices influencing the price of fish feed and the price of farmed fish;

- energy prices and the impact on fisheries, e.g., growing energy prices can lead to higher costs, in particular in the more energy-intensive fishing practices in capture fisheries;

- perceived risks and benefits for human health from fish consumption, e.g., focus on fish as a healthy and nutritious food;

- concern about overexploitation of certain fish stocks, e.g., increased consumer awareness could force government to implement stricter management measures;

- introduction of private standards, including for environmental and social purposes, and their endorsement by major retailers, e.g., the ability of countries to implement private standards could affect sourcing;

- certification and traceability requirements, e.g., sourcing will be affected if companies and countries are not able to comply;

- trade disputes related to selected fish species, e.g., trade disputes may affect bilateral trade;

- multilateral trade negotiations in the World Trade Organisation, including the focus on fisheries subsidies, e.g., further trade liberalisation will stimulate international fish trade; improved subsidies rules may reduce overcapacity and overfishing; and

- climate change, carbon emissions and their impact on the fisheries sector, e.g., rising temperatures will change the composition of species in many fishing areas.

North Pacific Fisheries

According to FAO, as of 2010, most of the catch in the North Pacific Ocean consisted of Alaska pollock (11.9%), largehead hairtail (5.3%) and Japanese Anchovy (5.1%). Historically, Alaska pollock is the dominant catch species in the North Pacific Ocean.

Alaska pollock accounted for 25.3% of groundfish production worldwide in 2010, with 2.8 million metric tons caught, which was more than any other groundfish species. Alaska pollock matures relatively quickly, with fish aged three to seven years contributing most significantly to the commercial fisheries. Rapid growth allows a relatively high proportion of the Alaska pollock biomass to be harvested each year without reducing the overall population.

The two primary global resources for Alaska pollock are the Russian pollock fisheries off West Kamchatka in the Sea of Okhotsk and off Naverin Cape in the Russian Bering Sea, and the U.S. Bering Sea pollock fishery. Alaska pollock fisheries are also located off the coasts of Japan, South Korea and Canada. The Alaska pollock biomass in the Russian and U.S. pollock fisheries is independent of one another, with virtually no commingling between these stocks. Alaska pollock stocks in Russia have increased in recent years, although they remain below historical levels, while Alaska pollock stocks in the U.S. have decreased in recent years. According to FAO, approximately 56.0% of the Alaska pollock produced worldwide in 2010 came from the Russian pollock fisheries, and approximately 31.2% came from the U.S. pollock fishery. The balance of the worldwide Alaska pollock production was derived from Japan, South Korea and Canada.

Russian Fisheries

Russia is among the top fish producers in the world. The history of the Russian fishery industry may be traced back to the end of the 19th century. Since 2000, the Russian government has paid more attention to the fishery sector, particularly the quota system. In early 2000, quotas were allocated through government-sanctioned auction, causing social and political conflicts. Since 2004, central authorities scrapped the quota auction process and put in place an allocated five-year quota share system to fishing companies on the basis of their catch in the previous years. In 2008, central authorities allocated quota shares to fishing companies, for a ten-year period from 2009 through the end of 2018, again on the basis of historical catch volumes in the preceding four years. Quota shares were allocated to approximately 284 fishing enterprises for industrial fishing in the Far-Eastern fish economic basin and to approximately 24 fishing enterprises for industrial fishing in the Northern and Western fish economic basins, although some users have been struck out of the list since the initial time of the allocation.

The Russian Federation extends from the Baltic Sea to the Pacific Ocean, and from the Arctic Ocean to the Black Sea. The Federal Law on Fishery and Preservation of Aquatic Biological Resources (of Russia) sets the general framework for the regulation of fisheries in Russia's territorial waters and exclusive economic zone. Each year the Federal Agency for Fishery allocates a certain percentage of the region's total allowable catch of Alaska pollock, herring, Pacific cod and other fish species according to various types of fishing, and monitors fish catches and fishing quota shares in a variety of ways.

The Russian fishery industry consists of three major subsectors: marine fishing, inland fishing and aquaculture. Of these, marine fishing is the largest and comprised approximately 91.0% of the reported catch in 2010, according to the FAO. Marine fishing is conducted in the 12 seas surrounding Russia within the Russian exclusive economic zone as well as in international waters. The following table sets forth Russia's total fish catch for the years indicated.

Russia's Total Fish Catch

	2005	**2006**	**2007**	**2008**	**2009**	**2010**
			(metric tons in thousands)			
Marine waters catch (ocean catch)	2,989.6	3,088.1	3,234.5	3,177.6	3,589.6	3,818.8
Inland waters catch	333.2	314.2	355.5	332.1	359.6	377.7
Total catch	3,322.8	3,402.3	3,590.0	3,509.7	3,949.2	4,196.5

Source: FAO

The fish catch varies within the different fishing regions. Alaska pollock is fished mainly in the North Pacific Ocean, and according to the FAO, represented approximately 41.5% of the total marine catch in Russia in 2010. The next largest fish species was herring representing approximately 11.3% of the total marine catch, Atlantic cod representing approximately 7.1% of the total marine catch and pink salmon representing approximately 4.8% of the total marine catch in 2010. Other important species are blue whiting, haddock and capelin.

A large percentage of fish produced in Russia is exported. The main export markets are China, Japan and South Korea. According to the FAO, between 2006 and 2009, Russia's seafood exports grew from US$2,129 million in 2006 to US$2,325 million in 2009. In terms of volume, the country's fishery exports grew from approximately 1,399,287 metric tons in 2006 to 1,425,673 metric tons in 2009. The main export products are frozen Alaska pollock, frozen salmon, frozen cod, frozen herring and frozen mackerel.

Alaska Pollock Catch Volumes and Pricing

The Russian pollock fisheries in the Sea of Okhotsk and the Russian Bering Sea are highly regulated. The Federal Agency for Fishery of Russia conducts annual Alaska pollock stock assessments and recommends harvest limits, referred to as the total allowable catch, in these fisheries, with a view towards maintaining the biomass at sustainable levels. The following table sets forth the Alaska pollock total allowable catch and total catch in the Russian pollock fisheries during the periods indicated.

Russian Pollock Fishery Total Allowable Catch and Total Catch for Alaska Pollock

	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
	(metric tons in thousands)							
Total allowable catch	1,002	1,084	1,311	1,457	1,500	1,731	1,699	1,749
Total catch	962	1,022	1,218	1,319	1,327	1,585	N/A	N/A

Source: The sources of the total allowable catch figures are the following: Ruling of the Russian Government No. 1482-p dated 17 November, 2004; and Order of the Russian Ministry of Agriculture No. 209 dated 14 December, 2005 (with subsequent amendments); Order of the Russian Ministry of Agriculture No. 409 dated 2 November, 2006 (with subsequent amendments); Order of the Russian Committee on Fishery No. 27 dated 28 November, 2007 (with subsequent amendments); Order of the Federal Agency on Fishery No. 382 dated 5 December, 2008 (with subsequent amendments); Order of the Federal Agency on Fishery No. 874 dated 30 September, 2009 (with subsequent amendments); Order of Federal Agency on Fishery No. 825 dated 29 September, 2010 and Order of the Federal Agency on Fishery No. 983 dated 5 October, 2011 "On the approval of the total allowable catch of the aquatic biological resources for the year 2012" (as amended by the Order of the Federal Agency on Fishery dated 17 January, 2012 No. 42). The source of the total catch figures is from FAO.

The Alaska pollock total allowable catch in the Sea of Okhotsk and the Russian Bering Sea increased from 2005 to 2010 and remained relatively stable from 2010 to 2012, at approximately 1.7 million metric tons. According to the FAO, the Alaska pollock catch volumes increased from 1.0 million to 1.6 million metric tons from 2005 to 2010. To a large extent, catch volumes of Alaska pollock in the Russian and U.S. Alaska pollock fisheries depend upon changes in the Russian Alaska pollock total allowable catch and harvest limits recommended by the United States National Marine Fisheries Service. The Russian government has carefully controlled the total allowable catch in recent years in an effort to ensure the sustainability of the biomass. Historically, prices of Alaska pollock products have tended to move in the opposite direction of movements in the Russian Alaska pollock total allowable catch, increasing when the total allowable catch decreases and decreasing when the Alaska pollock total allowable catch increases.

Fishing in the pollock fisheries in the Sea of Okhotsk and the Russian Bering Sea is seasonal. The winter season takes place from January to April and the summer/fall season takes place from June through October. During the winter season, spawning Alaska pollock produce large quantities of high-value roe, typically making this season more profitable for the fishing industry.

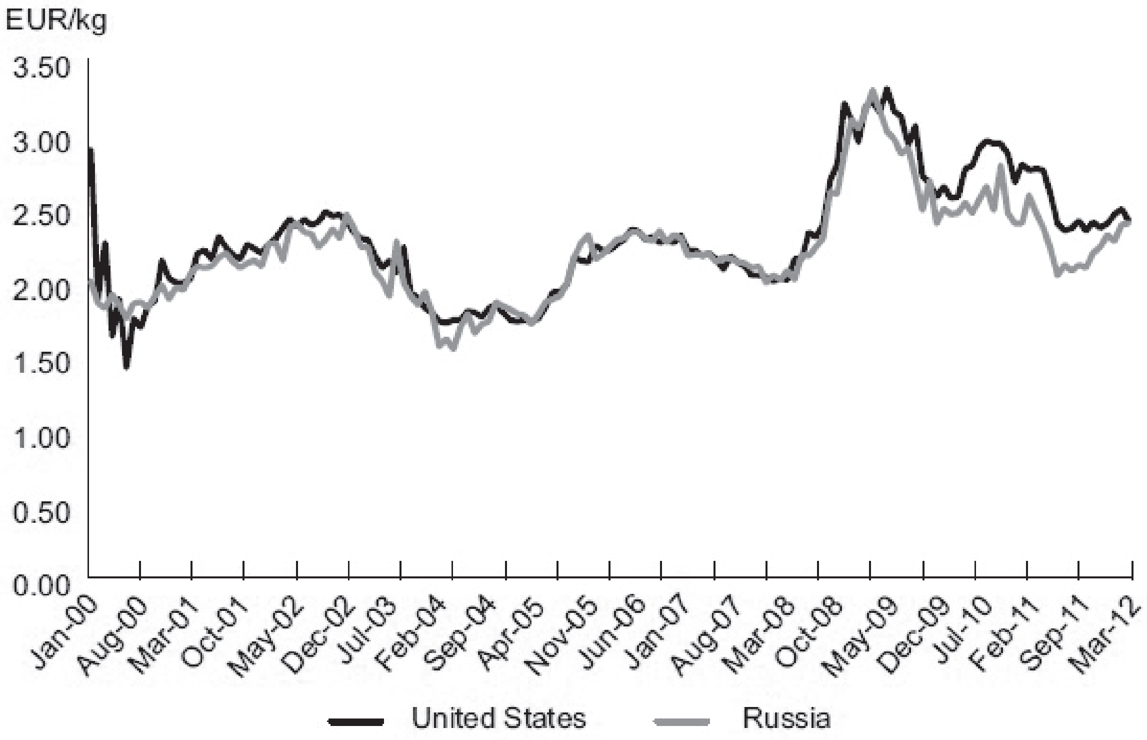
Each of the products produced from Alaska pollock has different pricing characteristics. The price of Alaska pollock roe is heavily influenced by the size and condition of roe skins, color and freshness of the roe and the maturity of the fish caught. Industrial fishing companies are more likely to produce higher quality roe because they process the fish within hours of being caught, rather than several days later as is the case with onshore processors. Roe prices are also influenced by anticipated Russian and U.S. production. In addition, Alaska pollock roe is consumed almost exclusively in Japan. As a result, inventory carryover by Japanese and South Korean purchasers, the primary purchasers of Alaska pollock roe, also affects the price of roe.

Generally, the primary influences on the prices of Alaska pollock products, in addition to total allowable catch, are the expected catch volumes in the Russian and U.S. pollock fisheries, carryover inventories and changes in demand. According to *Globefish Highlights 2012*, the European Union is the most important market for groundfish. Germany is the largest consumer of Alaska pollock, accounting for 72% of total whitefish consumption in the European Union countries, followed by France, accounting for 45% of the total whitefish consumption. German imports of Alaska pollock increased slightly by 5.8% from 146,500 metric tons in 2010 to 155,000 metric tons in 2011. China's share of Alaska pollock fillets increased from 47% in 2001 to 64% in 2011. Nevertheless, the prices for Alaska pollock in Europe have declined markedly, from US$3.8 per kg in January 2010 to US$3.1 per kg in December 2011, which may have resulted from the weak demand of the European market during the same period. *FAO Food Outlook 2012* projects that the Alaska pollock prices will continue to decline.

In addition, whether the Alaska pollock is certified by the Marine Stewardship Council ("**MSC**") is also an important factor affecting the price of Alaska pollock products. The MSC has developed standards for sustainable fishing and seafood traceability, and developed certification requirements in 2011. This certification process involves the assessment on each particular fish stock. According to the MSC, it has collected data on fish abundance and distribution over a long time series and it will take into account additional factors, including potential ecological impacts, on the annual stock assessment. According to MSC, the stock assessment process for Alaska pollock is one of the most robust in the world. These standards and certification requirements ensure that only seafood from a certified sustainable fishery is sold with the MSC ecolabel, indicating compliance with best-practice guidelines for certification and ecolabelling. MSC-certified fish can be sold at higher prices than non-certified fish. Most U.S. pollock fisheries are MSC-certified, while Russian pollock fisheries currently are undergoing MSC assessment and are not yet MSC-certified. As a result, Alaska pollock sourced from U.S. fisheries currently carries a premium over the price of Alaska pollock sourced from Russian fisheries.

The following chart shows average selling prices of Alaska pollock in Europe sourced from Russia and the United States for the periods indicated.

Prices of Frozen Alaska Pollock Fillet
(EUR/kg)



Source: Kontali Estimates

SOUTH PACIFIC FISHERIES

South Pacific Fishery Industry

Jack mackerel is the world's ninth largest harvested fish species, with a total annual harvest of 0.7 million metric tons in 2010 according to the FAO. The fish has historically been used mainly for production of fishmeal and fish oil, but is increasingly being used for human consumption. According to the FAO, jack mackerel is a straddling stock in Chilean and Peruvian waters.

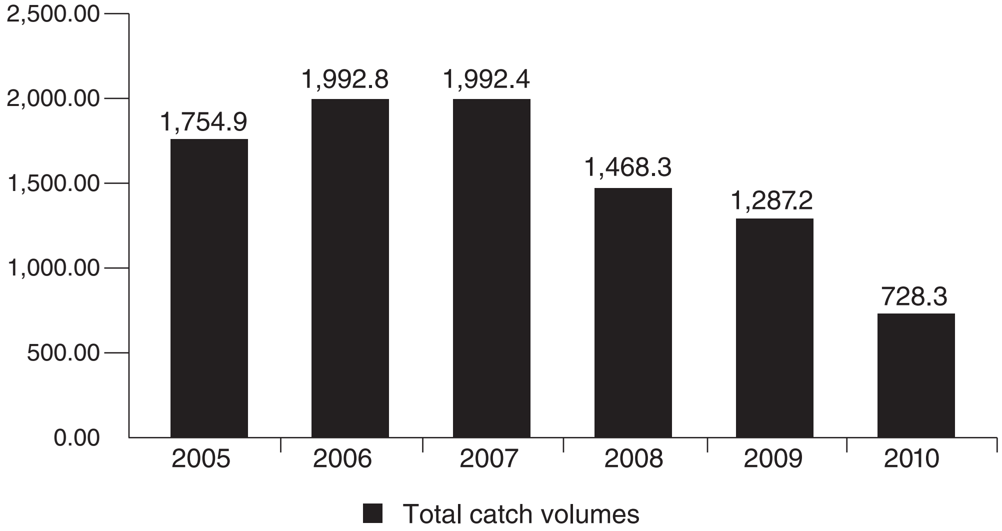
The Convention on the Conservation and Management of High Seas Fishery Resources in the South Pacific Ocean (the "**South Pacific Convention**") has entered into force on 24 August 2012 through the establishment of the South Pacific Regional Fishery Management Organisation ("**SPRFMO**") for the international conservation and management of non-highly migratory fisheries and protection of biodiversity in the marine environment in the international waters of the South Pacific Ocean. The responsibilities of the commission of SPRFMO include determining the nature and extent of fishing for any fishery resource, including establishing a total allowable catch or total allowable fishing effort and size limits for fish that may be harvested.

The Group expects that the SPRFMO may agree on a quota system to be implemented in international waters in the coming years, with criteria for quota allocation by country to be based on, among other things, the status of the fishery resource, the existing level of fishing for that resource, historic catch levels and compliance with measures prescribed under the Convention.

Jack Mackerel Catch Volumes and Pricing

An increased share of human consumption of jack mackerel in recent years, as well as the low cost profile of the fish driving demand growth has supported a positive price trend for jack mackerel. The total catch volume for jack mackerel is shown below for the periods indicated.

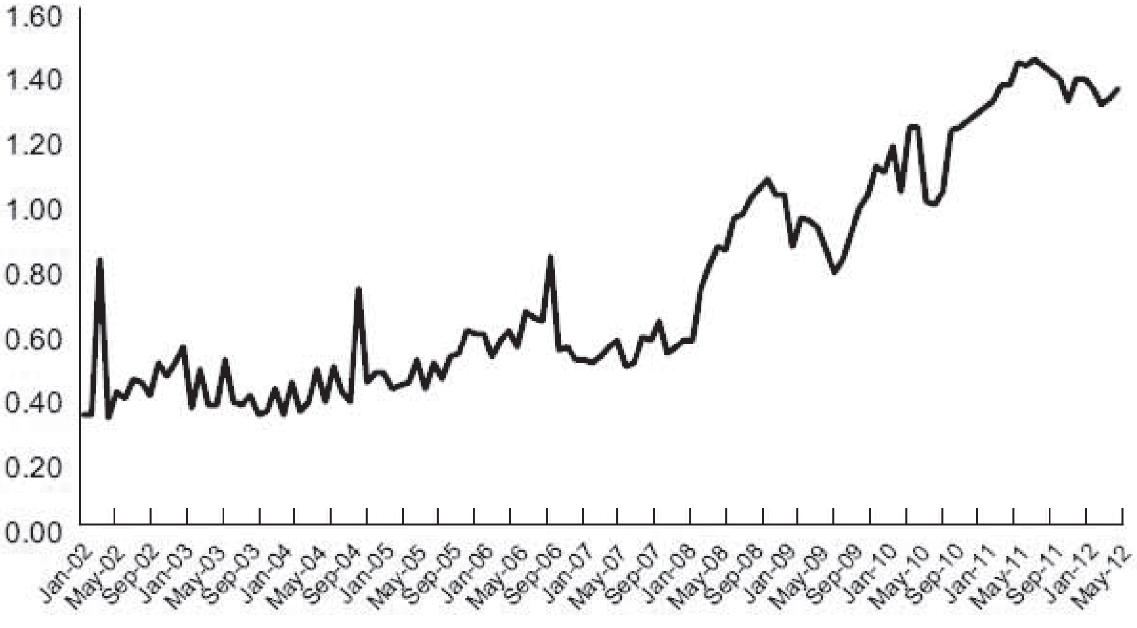
Jack Mackerel Catch Volumes
(metric tons in thousands)



Source: FAO

With increased human consumption of jack mackerel, the free on board ("**FOB**") price has risen from approximately US$0.34 per kg in January 2002 to approximately US$1.40 per kg in May 2012. The positive trend in the price of the jack mackerel reflects the growing demand of the fish for human consumption.

Free on Board (FOB) Export Pricing of Jack Mackerel from Chile
(US$/kg)



Source: Kontali Estimates

Peruvian Fishmeal and Fish Oil Industry

Government control of fisheries in Peru is managed by the Ministry of Production and the Vice-Ministry of Fisheries through regulations and decrees on fishing periods, fishing areas and total allowable catch. These regulatory bodies also administer permits to operate fishing vessels and licenses to operate plants for processing fishmeal and fish oil.

Currently, Peruvian law prohibits expansion of the industrial fishing fleets operating in its waters beyond current levels. New fishing vessels may only be acquired as replacements for existing vessels. Further, the Peruvian government introduced similar controls in 1998 with respect to wooden fishing vessels. As a result, all fishing vessels in Peru must now be licensed by the General Direction of Extraction and Fish Production for Human Indirect Consumption of the Vice Ministry of Fishing. All steel and wooden fishing vessels engaged in industrial fishing activities must be equipped with satellite-based vessel tracking systems.

The industry is becoming increasingly concentrated and there is a trend towards further consolidation. The ten largest companies represented 65% of total Peruvian fishmeal exports in 2005 and 91% in 2009. The remaining portion is scattered among more than 400 smaller companies.

Fishmeal and fish oil are mainly produced from harvested pelagic fish, which have a high fat content, resulting in high-quality fishmeal and fish oil. Fishmeal is produced through cooking, pressing, separating and drying the fish. Fish oil is produced as a by-product of the production of fishmeal. As illustrated in a graph shown in *Fishmeal and Fish Oil Figures*, a report published by the Seafish organisation in October 2011, approximately 22-25% of the weight of the fish is recovered in the fishmeal production process and approximately 1-6% of the weight of the fish is recovered in producing fish oil, depending on the maturity of the fish and when in the fishing season the fish is harvested.

The main source for fishmeal and fish oil production is the Peruvian anchovy, which is the world's most harvested ocean catch fish according to the FAO, with a total catch volume in 2010 of 4.2 million metric tons. Because of the abundant availability of Peruvian anchovy off the Peruvian coast, Peru is the largest fishmeal and fish oil producer in the world as at 2010. According to the IFFO, Peruvian production of fishmeal has consistently represented approximately 30% of total world production volumes of fishmeal.

Fish Capture

The Peruvian anchovy has historically been the most harvested ocean catch fish in the world. According to the FAO, the two primary global fisheries for Peruvian anchovy are found off the coasts of Peru and Chile. Peruvian anchovy is found in large schools, generally within 80 kilometers off the coast. In Peru, the Peruvian anchovy breeds throughout the year, with spawning occurring from July to September and from February to March. The Peruvian anchovy matures quickly, generally when one year of age, and its life span is approximately three years.

Historically, more than 80% of the total Peruvian anchovy catch has been concentrated between the central and northern regions of Peru with the regions Ancash, Lima and Ica representing the greatest fishing resources. The remainder is caught in the southern region of Peru.

Harvesting of Peruvian anchovy in the northern and central region of Peru is heavily regulated by the Peruvian government. The Peruvian government permits fishing in the northern and central region of Peru only during limited periods, generally from April to July and November to

December. The Peruvian government also conducts anchovy biomass assessments and establishes the total allowable catch of anchovy in the northern and central region of Peru each year based on its assessment of sustainable levels. The Peruvian government has issued a series of laws to regulate anchovy fishing activity in the southern region as well, including setting a maximum volume of anchovy that may be captured semiannually. Based on the total allowable catch, the Ministry of Production determines the individual transferable quota corresponding to each vessel, which is applicable to both the northern and central region and the southern region of Peru. Quota shares have been allocated to vessels operated by more than 600 fishing companies in Peru.

The following table sets forth the Peruvian anchovy total allowable catch applicable in the southern and the northern and central region of Peru, and the total catch in all of Peru, during the periods indicated.

	Anchovy Total Allowable Catch and National Total Catch in Peru							
	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
	(metric tons in millions)							
Total allowable catch[1]								
Southern region	N/A	N/A	N/A	N/A	0.5	0.9	0.8	0.7
Northern and central region	7.0	5.0	5.0	5.0	5.5	4.6	6.5	3.5
Actual total catch	8.7	5.9	6.2	6.3	5.9	3.5	7.1	3.7

Source: The source of Peruvian anchovy total allowable catch information is the Instituto del Mar del Peru. The source of Peruvian anchovy actual total catch information for 2005 to 2011 is the FAO. The actual total catch for 2012 is from Peru's Ministry of Production.

[1] Until 2009, the fishing of anchovy in the southern region of Peru was not subject to limitations whereas the northern and central region was assigned a maximum allowable catch of anchovy per season. Commencing the second season in 2009, the Ministry of Production has assigned limits to the total allowable catch for both the southern region and the northern and central region.

The total allowable catch of Peruvian anchovy in the northern and central region of Peru, which is allocated between the first fishing season (April to July) and the second fishing season (November to December), was 5.5 million, 4.6 million and 6.2 million metric tons in calendar years 2009, 2010 and 2011, respectively. With respect to calendar year 2012, the total allowable catch was set at 4.2 million metric tons.

In 2012, the Ministry of Production set the total allowable catch of anchovy in the southern region at 0.7 million metric tons, divided equally into the two seasons during the year. The first season, from January to July, had a total allowable catch of 0.4 million metric tons and the second season, from August to December, had a total allowable catch of 0.3 million metric tons.

The harvesting of anchovy off the coast of Peru is regularly impacted by El Niño and La Niña, which are naturally occurring weather patterns. Because Peru accounts for such a large percentage of fishmeal and fish oil worldwide, the occurrence of weather conditions off the coast of Peru affects supply and demand dynamics not only in Peru but also the world at large. In the past, catch volumes were adversely affected due to overfishing within the Peruvian exclusive economic zone, alongside natural phenomena like El Niño and La Niña. The Peruvian government has responded with strict measures through implementation of quota sanctions on industrial vessels.

Fishmeal and Fish Oil Production and Exports

Peru is the largest producer of fishmeal and fish oil in the world. In 2005, Peru produced approximately two million metric tons of fishmeal. However, because of restrictions in the catch of anchovy in Peru imposed by the Peruvian government, Peruvian fishmeal production has remained at approximately 1.4 million metric tons per year since 2006. Peru's production of fish oil has remained stable since 2005 with approximately 0.3 million metric tons each year. According to *FAO Food Outlook 2012*, fishmeal production in IFFO member countries during 2011 rose 40% and the supply of fish oil increased to an almost normal level as catches in South American production returned to normal levels after reduced fish catches caused by El Niño.

Historically, more than 80% of the total anchovy catch has been concentrated between the northern and central coast of Peru. Accordingly, most of the processing plants are also concentrated in this area, and approximately 70% of Peru's processing plants are located in the regions with the greatest fishing resources, constituting Ancash, Lima and Ica. In 2009, Peru had approximately 100 active fishmeal processing plants, with a total processing capacity of approximately 9,000 metric tons of raw material per hour. Due to low aquaculture production in Peru, most fishmeal produced in Peru is exported. According to the IFFO, Peru accounted for approximately 40.1% of the world's fishmeal exports in 2010.

Besides Peru, the major exporters of fishmeal are Chile, Denmark, Iceland and Mexico. The following table sets forth fishmeal production in the major fishmeal exporting countries for the periods indicated:

	2005	2006	2007	2008	2009	2010	2011
			(metric tons in millions)				
Peru	2,019.9	1,377.5	1,407.0	1,430.3	1,346.9	789.4	1,679.9
Chile	870.4	854.7	781.9	729.7	641.0	484.4	549.5
Denmark	213.1	209.4	165.7	161.3	180.9	190.8	163.0
Iceland	188.4	144.1	151.9	140.9	103.2	84.7	91.2
Mexico	55.1	80.1	73.0	95.0	115.8	90.5	102.0
World total	6,022.7	5,263.2	5,178.4	4,970.6	4,892.0	4,134.6	5,538.7

Source: 2005 figures are from IFFO Statistical Year Book 2010; 2006-2010 figures are from IFFO Statistical Year Book 2011; 2011 figures are from IFFO Statistical Year Book 2012

Besides Peru, the major producers of fish oil are Chile, the United States, Denmark and Japan. The following table sets forth fish oil production of the major fish oil producers for the periods indicated:

	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
				(metric tons in millions)			
Peru	287.0	285.4	336.9	320.7	282.4	173.5	354.2
Chile	171.2	171.8	186.7	167.5	152.8	105.2	139.1
United States	71.5	64.7	74.9	86.2	85.8	58.7	66.5
Denmark	73.5	66.8	56.9	55.5	72.6	67.1	54.5
Japan	62.7	69.1	60.1	62.7	64.6	61.0	54.4
World total	988.2	994.2	1,051.8	1,081.1	1,041.0	888.4	1,082.8

Source: 2005 figures are from IFFO Statistical Year Book 2010; 2006-2010 figures are from IFFO Statistical Year Book 2011; 2011 fugures are from IFFO Statistical Year Book 2012

According to *Globefish Highlights April 2012*, China is the largest export market for fishmeal produced in Peru, accounting for approximately 758,000 metric tons, or 58.7% of Peru's total fishmeal exports, in 2011. The next largest export market is Germany with approximately 9.2% of exports, followed by Japan with approximately 7.4% of exports and Vietnam with 3.6% of exports, in 2011.

The following table sets forth the four largest export markets, and total fishmeal exports, for fishmeal produced in Peru for the periods indicated:

	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
				(metric tons in thousands)			
China	1,049.4	535.2	555.2	831.9	753.9	554.5	758.0
Germany	253.9	208.9	166.0	191.9	269.1	136.3	119.2
Japan	170.2	174.0	149.7	148.1	117.1	112.2	95.8
Vietnam	N/A	N/A	N/A	63.1	62.5	37.5	46.3
Total fishmeal exports	2,001.4	1,313.6	1,259.3	1,564.0	1,537.2	1,084.5	1,292.5

Source: Globefish Highlights April 2012

Demand for Fishmeal and Fish Oil and Prices

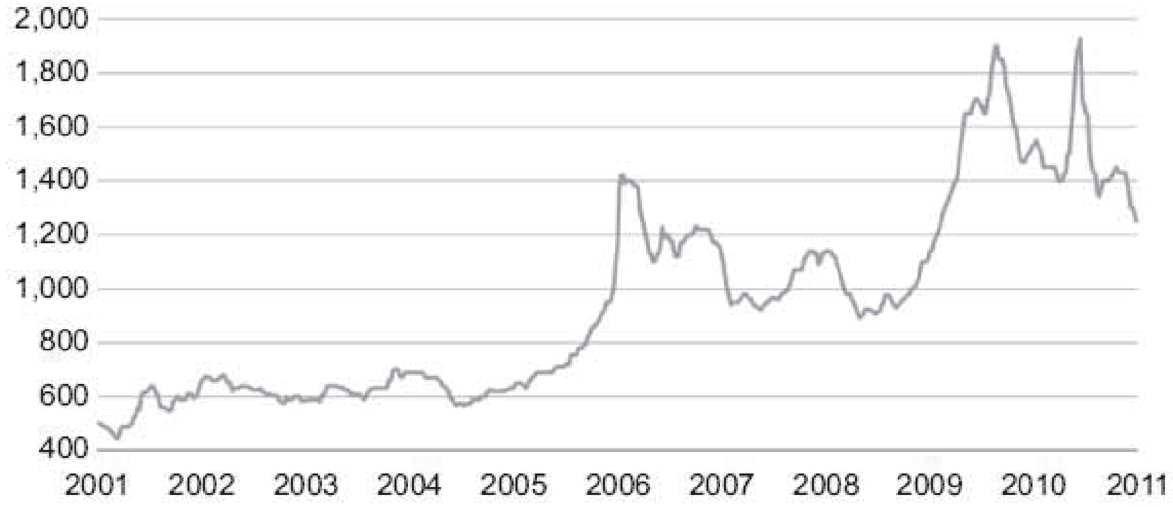
Fishmeal is mainly used for feed in poultry and swine production and aquaculture. According to IFFO data, the aquaculture industry's share of fishmeal consumption is at 73% in 2010 while the pig farming industry accounts for 20% of the fishmeal consumption worldwide. The aquaculture feed industry is also the primary consumer of fish oil, representing approximately 70% of the total demand according to IFFO data for 2010, with human consumption and industrial uses representing the balance. According to the IFFO, due to growth in aquaculture, particularly in China, the largest producer of aquaculture fish and shrimp, world demand for fishmeal and fish oil is expected to continue to increase.

According to the FAO, from 2005 to 2011, the most recent year for which information is available, the amount of fish and shellfish produced in aquaculture worldwide grew at a CAGR of approximately 6.2%, from approximately 44.3 million metric tons to approximately 63.6 million metric tons. China represented approximately 61.4% of total world aquaculture production in 2010. As an example of the increasing aquaculture production, according to the *FAO Food Outlook 2012*, shipments of farmed salmon, which represents about 70% of the total salmon supply, to emerging markets such as China, Brazil, Russia and India has increased by 20% in 2011. The total supply of farmed salmon is projected to increase by approximately 12% in 2012, due to increased demand in these emerging markets. The growth in aquaculture has created an increase in demand, particularly in the primary aquaculture markets in Asia, for fishmeal, which is used as one of the sources of protein in feed for aquaculture fish and shrimp and pigs. According to *FAO Food Outlook 2012*, a total of 73% of Peru's exports is currently taken by the Asian buyers. According to the same source, Peru confirmed its role as the major exporter with almost 60% of its production now going to China, increased by 20% from five years ago. As a country with high demand for pork, China also consumes a significant amount of fishmeal for swine production.

Fishmeal and fish oil prices are influenced primarily by expected production in fishmeal-producing countries of anchovy and other fish catch used as raw material, and changes in the demand of fishmeal and fish oil in the aquaculture and agriculture industries. Due in part to reduced production of fishmeal and corresponding rising demand in China, Japan and Taiwan, world fishmeal prices have risen since 2006 to historically high levels. In January 2010, the price of standard fishmeal FOB Peru exceeded US$1,000 per metric ton, up from approximately US$900 per metric ton in June 2009. After Chile experienced a magnitude 8.8 earthquake in late February 2010, 20% to 30% of the country's fishmeal production capability was destroyed. The price of standard fishmeal FOB Peru increased further in March 2010 to approximately US$1,663 per metric ton. Subsequently, a deep water oil platform in the Gulf of Mexico, where one of the world's most productive Menhaden fisheries is located and which accounts for 10%-15% of the world's fishmeal production, exploded and leaked large amounts of crude oil into that fishery, when the demand-over-supply imbalance in the fishmeal market further increased fishmeal prices. In August 2011, the average price of FAQ (fair average quality, flame dried) fishmeal FOB Peru was US$1,128 per metric ton. According to *FAO Food Outlook 2012*, fishmeal prices can be expected to rise, due to Peru's lower quotas for anchovy catches in 2012, at a time when the demand is high, and *OECD-FAO Outlook* projects that the fishmeal prices will increase by 43% in 2020 from 2010.

The following chart shows the prices of fishmeal in U.S. dollars per metric ton for the periods indicated.

FOB Peru Fishmeal Prices
(US$/metric ton)



Source: IFFO Statistical Yearbook 2011

THE IMPACT OF WEATHER ON THE FISHERY INDUSTRY

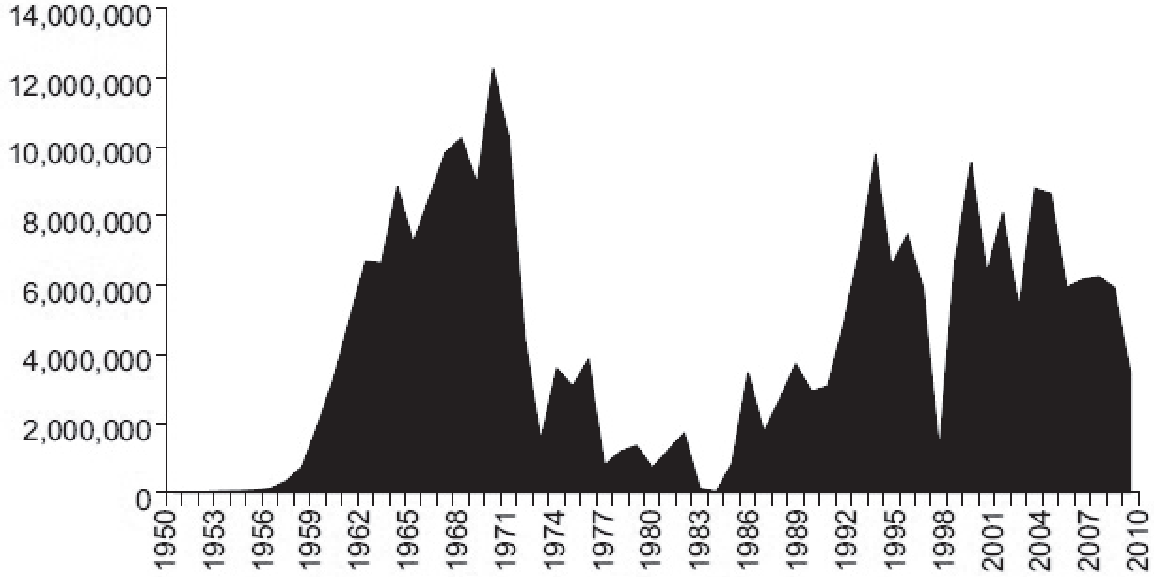
Climate change presents an increasingly significant threat to the sustainability of capture fisheries and aquaculture development. Varying climatic conditions between regions, as a result of global warming, will affect the intensity, frequency and seasonality of climate patterns, such as El Niño, and extreme weather events, such as floods, droughts and storms. These events affect the marine habitat, its food chain and the marine biomass. In particular, among all the weather events, the El Niño phenomenon is usually associated with physical and biological changes in the oceans which in turn affect fish distribution, and directly affect species composition and fish stocks.

According to the U.S. National Oceanic and Atmospheric Administration ("**NOAA**"), the El Niño phenomenon is an unusual warming of the tropical Pacific Ocean that occurs irregularly at approximately three- to six-year intervals in response to a large-scale weakening of the trade winds that normally blow westward from South America toward Asia. As the trade winds weaken, so does the containment of the warm water in the Western Pacific Ocean and the maintenance of cooler water in the Eastern Pacific Ocean. As a result, during El Niño conditions, relatively warm water spreads all across the Pacific Ocean, including to South America. The two principal factors affecting anchovy and other marine life during an El Niño phenomenon are warmer water temperatures and reduced supply of subsurface nutrients that normally upwell to shallow depths. Adding to these factors, El Niño causes significant rainfall in the Andean mountains, introducing large amounts of fresh water into the sea. In an El Niño environment, anchovy and other fish migrate to deeper water and further south where the water temperature is cooler, water salinity is higher and there are more nutrients. The total fish catch in an El Niño environment is therefore significantly lower.

La Niña is known as the cold phenomenon and occurs when strong winds blow from the South, introducing lower sea temperatures. A mild La Niña can have a very positive impact on anchovy fishing because there is generally less rain in the Andean mountains as a result, and therefore there is less fresh water flowing into the sea, which maintains salinity levels appropriate for anchovy and other fish. However, when the La Niña effect is strong, fish tend to spread out searching for warmer waters at different depths, which results in greater difficulty in capturing large amounts of fish. As a result, La Niña can also create a negative fishing environment due to the increased difficulties in capturing fish.

The El Niño effect can significantly affect anchovy and other fish populations. For example, catches of anchovy dropped severely following El Niño conditions during each of the El Niño years of 1972-1973, 1976-1977, 1982-1983, 1986-1987, 1991-1992, 1994-1995 and 1997-1998, as reported by the NOAA and U.S. National Environmental Satellite, Data and Information Service. Recently, El Niño occurred in 2002-2003, 2006-2007 and 2009-2010. The following chart shows the catches of anchovy in Peru since 1950.

Catch Development of Anchovy in Peru, 1950-2010
(metric tons)



Source: FAO

APPENDIX C

RISKS RELATING TO THE EXISTING GROUP'S OPERATIONS

(A) EXISTING RISKS RELATING TO THE GROUP

(i) Risks relating to the Group's business

The Group does not own the fishing vessels or quota shares and does not control the deployment plans of the Contract Supply Vessels for the Contract Supply Business.

In FY2010, FY2011 and FY2012, 71.9%, 57.4% and 62.1% respectively of the Group's revenues were generated from the Contract Supply Business in the North Pacific Ocean. The Group does not own fishing vessels or shares of the industrial marine and coastal quotas with respect to fishing in the North Pacific Ocean. Instead, the Group relies on the Supply Agreements with the Suppliers, who in turn have Owner Supply Agreements with the Vessel Owning Companies. The Group replaced its previous arrangements with the Supply Agreements on 16 July 2012 to simplify and further clarify the rights and obligations of the relevant parties. If any Supply Agreement is terminated or determined to be invalid, or if the Group is unable to extend or renew it upon expiration, the Group would lose access to the supply of fish from the Contract Supply Vessels.

The Group also cannot assure Shareholders that the Group will be able to effectively enforce the Group's rights under the Supply Agreements. As a result, the Group may lose the current access to the supply of fish from the Contract Supply Vessels covered by these agreements under which the Contract Supply Vessels have access to quota shares in the North Pacific Ocean. Further, as Perun and Alatir rely on contractual arrangements with the Vessel Owning Companies to perform the obligations under the Supply Agreements, the Group cannot assure Shareholders that such arrangements are adequate or sufficient to enable them to comply with their obligations to the Group under the Supply Agreements. Although the Group has security arrangements with the Suppliers, the Group does not have any direct contractual arrangements with the Vessel Owning Companies, and between the Suppliers and the Vessel Owning Companies, there are no security arrangements, such as pledges of shares of the Vessel Owning Companies, which would secure the performance of the obligations of the Vessel Owning Companies under their Owner Supply Agreements with the Suppliers.

In the Group's Contract Supply Business, the Vessel Owning Companies devise vessel deployment plans for the Contract Supply Vessels for each fishing season. Although they may consult the Group when forming these vessel deployment plans, the final decision in these matters rests with the Vessel Owning Companies. As a result, even though the Group and the Suppliers have entered into contractual arrangements to ensure the Group's access to the supply of fish harvested by the Contract Supply Vessels under quota shares, the Group does not control the deployment plans for the Contract Supply Vessels or the activities of the captains and crew of the Contract Supply Vessels. Should the Vessel Owning Companies take actions that are inconsistent with the Group's recommendations, such as, for example, with regard to particular fishing grounds or the fish species to catch during a particular vessel deployment, and these actions fail to be successful, the Group's business, financial condition and results of operations may be materially and adversely affected.

The Contract Supply Business may be subject to state control in Russia under the Law on Strategic Enterprises.

The Group's Contract Supply Business may be subject to state control in Russia because of the involvement of Vessel Owning Companies, which are considered to be strategic companies under the Russian Federal Law. The "On Foreign Investments in Enterprises that Have Strategic Significance for the Defense of the Country and Security of the State" No. 57-FZ (the "**Law on Strategic Enterprises**") requires prior approval of the Governmental Commission for Strategic Investments for establishment of control by foreign entities or their affiliates over strategic enterprises after 7 May 2008, the effective date of the law. The Group believes that the Owner Supply Agreements between the Vessel Owning Companies and the Suppliers and Supply Agreements between CFIL and the Suppliers, separately or in combination, do not provide the Group, the Group's subsidiaries, the Suppliers or their affiliates with the right to control the activities of the Vessel Owning Companies. However, the Group cannot assure Shareholders that Russian Federal Anti-Monopoly Service ("**FAS**") or a Russian court will not take the opposite view, which may lead to such agreements being invalidated.

In this regard, the Group cannot assure Shareholders that the Group will continue to have access to the supply of fish from the Contract Supply Vessels or current quota shares to harvest Alaska pollock, herring and other marine species under the Group's agreements with Perun and Alatir, or that the Group would be able to secure in a timely manner, replacement fishing vessels or quota shares, extensions or renewals of the current agreements, or new agreements with other suppliers, on acceptable terms or at all. In the event that any such action becomes necessary and the Group is not able to do so, the Group's business, results of operations, financial condition and prospects would be materially and adversely affected.

Any adverse regulatory action by the Russian regulators could materially and adversely impact the Contract Supply Business.

According to media reports in Russia and articles on websites, the FAS had made allegations that the Group owned or controlled certain Russian fishing companies or that the Group was conducting fishing operations as a foreign company in Russian waters in violation of applicable laws. Media articles also alleged that the Federal Agency for Fishery of Russia and FAS had initiated inspections or inquiries related to the Group's alleged connections with certain Russian fishing companies. Some articles also alleged that members of the Committee on Natural Resources, Environment and Ecology of the State Duma had asked law enforcement agencies of the Russian Federation to investigate Russian fishing companies, including the Vessel Owning Companies, in order to determine the Group's connection or relationship, if any, with Russian fishing companies and the manner in which the Group obtain supplies of fish, particularly, Alaska pollock, in Russian waters. PAIH has provided some information about the Company at the request of FAS. Other than that the Group is not aware of any allegations, proceedings or actions taken by the Russian authority against the Company. The Group does not own or control the Vessel Owning Companies, nor does the Group conduct fishing operations in Russian waters and the Group believes that the Contract Supply Business is and has in the past been in compliance with all applicable laws. These reports and articles, however, may be expected to lead to increased scrutiny of the activities of the Contract Supply Business and the arrangements under the Supply Agreements.

The Vessel Owning Companies undergo periodic tax audits. Any material non-compliance or unexpected tax liabilities that may arise could adversely affect their operations and consequently their ability to provide supplies of fish to the Suppliers.

Any determination by an applicable Russian regulatory authority that the Contract Supply Business is not or has not been in compliance with all applicable laws could result in the Group losing access to the fish supply from the Contract Supply Vessels. Any such loss of access would materially and adversely affect the Group's business, results of operations, financial condition and prospects.

The Group has material credit exposure to the Suppliers.

The Group has prepaid a total of US$438.0 million in fixed fees under the Supply Agreements. As of 28 March 2013, US$167.4 million of this amount has been amortised and reflected on the Group's financial statements. In addition, the Group has other receivables and prepayments including balances representing unsecured advances to the Suppliers for operating expenses and fishing permits, which are purchased based on planned catch volume and targeted species. The Group has also made advances to the Suppliers of US$40.5 million for working capital under the Supply Agreements as of 28 March 2013. If Perun or Alatir fails to perform its obligations under the Group's agreements with them, or if any of the agreements is terminated or determined to be invalid, or the Suppliers are unable to perform their obligations because the Vessel Owning Companies fail to or are unable to or are prohibited from performing their obligations to the Suppliers, the Group may not be able to recover all or any part of the balance of the amounts already paid.

The Contract Supply Business in the North Pacific Ocean and the Group's operations in Peru are dependent upon fishing quota shares.

Contract Supply Business

The Contract Supply Business in the North Pacific Ocean is dependent upon quota shares which the Russian fishing authorities allocate to the Vessel Owning Companies under a quota allocation system. A quota share represents the percentage of the total allowable catch that may be held for the exclusive use by its owner. Thus, the quota shares under which fish is harvested by the Contract Supply Vessels limit the maximum amount of fish that the Vessel Owning Companies may harvest and constitute a limitation on the ability of the Contract Supply Vessels to increase the fish catches that will be sold to the Group, unless the total allowable catch increases or the Group is able to gain access to the supply of fish from the owners of additional quota shares. In 2008, the Federal Agency for Fishery of Russia fixed the quota shares in respect of the Russian fishing operators for a ten-year period from 2009 through the end of 2018, at which time the quotas will be subject to review by the Russian fishing authorities. Quota shares may be withdrawn or reduced upon, among others, violation of applicable laws or regulations twice or more within a calendar year that result in substantial damage to the aquatic biological resources, or under-utilisation by more than 50% of the allocated quota share for two consecutive years. The Federal Agency for Fishery of Russia has initiated court cases and regulatory actions against Russian fishing companies from time to time, such as, for example, recently with regard to under-utilisation of squid and halibut quota shares, and these cases have involved, and may in the future involve, the Vessel Owning Companies. Although the Group believes that quota utilisation levels for the primary species covered by the Supply Agreements, Alaska pollock and herring, of the Contract Supply Vessels were consistently in compliance with these requirements for each of the Contract Supply Vessels in FY2010, FY2011 and FY2012, and that the Vessel Owning Companies have not been involved in any material litigation related to utilisation of Alaska pollock or herring quota shares, the Group cannot assure Shareholders that Vessel Owning Companies will be able to maintain such historical levels of utilisation.

If the quota shares of the Vessel Owning Companies are reduced or withdrawn by the Russian authorities, the supply of the catch volumes of Alaska pollock, Pacific cod, herring and other marine species affected by the quota share reduction would fall. In addition, the Group cannot guarantee that these catch volumes can be replaced by fishing for other fish species or in other fishing grounds. Furthermore, the quota shares for each year must be used in that calendar year, and may not be carried forward to the next year. The Group cannot assure Shareholders that the relevant owners of vessels will be able to maintain the quota shares currently allocated to them by the Russian fishing authorities or that it will be possible for such vessel owners to acquire additional quotas. In addition, if the Russian Law on Fishery, which sets forth the general framework for the regulation of fisheries in Russia, is repealed or modified in a manner that decreases the percentage of the Alaska pollock and herring industrial and coastal quotas allocated to the owners of the Contract Supply Vessels in the North Pacific Ocean, or eliminates the quota share allocation system, the Group's access to supplies of Alaska pollock and herring and the Group's profitability in this area would be adversely affected. The Russian authorities may also take action to limit access, whether direct or indirect, to fish catch under quota shares by foreign companies such as the Group. If any of these events were to occur, the Group's business, results of operations, financial condition and prospects may be materially and adversely affected.

Peruvian Fishmeal Operations

The Peruvian fishery industry is regulated by the Ministry of Production, which determines the start and duration of each fishing season as well as the total allowable catch per season. Since April 2009, Peru has been operating under the ITQ system; a quota share system under which licensed vessels of fishing companies are allocated a share of each season's total allowable catch. The total allowable catch varies from season to season, and is determined at the beginning of each anchovy season by the Ministry of Production on the advice of Peruvian authorities and with a view to maintaining sustainable fishing.

In relation to the amount of fish that a fishing company can harvest under its quota share, at the beginning of each anchovy fishing season and based on the report of the biomass provided by the Peruvian marine research institute, the Sea Institute of Peru ("**Instituto del Mar del Perú**"), the Ministry of Production establishes the total allowable catch of anchovy for such season. The exact amount of anchovy, in metric tons, that each vessel of such company's fleet may harvest is determined based on the vessel's maximum percentage, which is also determined by the Ministry of Production, of the total allowable catch for that season. Therefore, while the Group's quota share, and each of the Group's vessels' percentage thereof, remains the same from season to season, the amount in tons that the Group may harvest each season varies depending on that season's total allowable catch. Additionally, in southern Peru, the amount that the Group and other fishing operators in this region are able to harvest is highly unpredictable from season to season due to the migratory patterns of anchovy. Quotas not harvested cannot be carried forward to subsequent seasons.

Under Peru's ITQ system, the Group currently owns, through the Group's indirect subsidiaries CFG Investment S.A.C., and Corporacion Pesquera Frami S.A.C., a 6.20% quota share for harvesting Peruvian anchovy in northern and central Peru and a 11.72% quota share in southern Peru as of 28 September 2012. Although the Group's quota shares under the ITQ system do not have expiration dates, changes in Peru's fishery laws may affect the Group's rights to these quota shares. To protect the Group's quota shares against changes in law, the Group entered into fish quota stability agreements in 2009 and 2011 with the Ministry of Production with respect to the quota shares for 37 of the Group's vessels, which represent 5.08% of the quota for the northern and central region and 7.87% for the southern region. The Group will seek fish quota stability agreements for the remaining vessels in due course. Under such agreements, the Ministry of Production guarantees the Peruvian government's recognition of the individual fishing quotas granted to the covered vessels as of the respective dates of the agreements for at least ten years regardless of changes in Peruvian fishery laws. However, after the expiration of the fish quota stability agreement, the Group cannot assure Shareholders that the Group's quota shares under Peru's ITQ system will not be reduced or terminated completely due to changes in Peru's fishery laws.

Under existing laws, the Group's fishing quotas may be increased or reduced as a consequence of a change resulting in the recalculation of the maximum percentage catch of a vessel. The Ministry of Production recalculates the maximum percentage catch per vessel assigned to all vessels in Peru when (i) the vessel does not exploit at least 80% of its maximum percentage catch for the northern and central zone in four consecutive seasons (no minimum requirement is applicable to the southern zone), (ii) the Ministry of Production grants a new fishing permit or otherwise terminates a fishing permit or (iii) as a result of a sanction, the maximum percentage catch of a vessel is reduced. The fishery regulations provide that a vessel's maximum percentage catch can be reduced when the harvesting of anchovy is performed by a vessel that has already transferred its maximum percentage to another vessel or when the harvesting of anchovy is performed by a vessel that is not a nominated vessel. Any reduction of the Group's quota shares for any reason could have a material adverse effect on the Group's business, financial condition and results of operations.

The total allowable catch set by Russian and Peruvian governmental authorities is subject to change from year to year, and any decrease or increase may have a material effect on the Group's operations.

Contract Supply Business

Under the Russian Law on Fishery and Preservation of Aquatic Biological Resources (the "**Law on Fishery**"), the Federal Agency for Fishery of Russia is responsible for determining on an annual basis the total allowable catch of Alaska pollock, herring and other fish species in Russia's internal waters, territorial sea, continental shelf and exclusive economic zone. The Federal Agency for Fishery of Russia may decrease the total allowable catch in any given year for a variety of reasons, such as a belief that a reduction of the total allowable catch is necessary in order to ensure the sustainability or to permit a recovery of the biomass in the North Pacific Ocean, or due to pressure from international organisations or environmental protection groups. A decrease in the total allowable catch would reduce the amount of Alaska pollock, herring and other fish species that the Vessel Owning Companies are allowed to harvest and thus could result in higher market prices of the relevant fish species. The Federal Agency for Fishery of Russia may also increase the total allowable catch due to a recovery of the biomass or for other reasons. An increase in the total allowable catch would increase the amount of Alaska pollock, herring and/or other marine species that the Vessel Owning Companies are allowed to harvest; however, it would also increase the supply of such fish harvested in the North Pacific Ocean generally, which could result in lower market prices for the Group's Alaska pollock, herring and Pacific cod products.

The total allowable catch of Alaska pollock set by the Russian government was 1.5 million metric tons in each of the calendar years 2008 and 2009 and was 1.7 million metric tons in each of the calendar years 2010, 2011 and 2012. Although the total allowable catch of the Russian Alaska pollock fishery generally increased from 2004 to 2012, it may not grow further and the total allowable catch of Alaska pollock and other fish species may decrease in the next several years, due to the reasons discussed above. The Group also cannot assure Shareholders that the Russian government will not ban the harvesting of Alaska pollock or other fish species due to concerns regarding overfishing, or for other reasons. If the total allowable catch in the North Pacific Ocean, including the Russian Alaska pollock fishery and the United States Alaska pollock fishery, is decreased or increased, the Group's business, results of operations, financial condition and prospects could be materially affected. For example, an increase in the aggregate total allowable catch of the Russian Alaska pollock fishery and the United States Alaska pollock fishery would contribute to a decrease in the prices of Alaska pollock products, while a decrease in the aggregate total allowable catch would contribute to an increase in the prices of Alaska pollock products.

Peruvian fishmeal operations

The total allowable catch in Peru varies from season to season, and is determined at the beginning of each anchovy season by the Ministry of Production on the advice of Peruvian authorities and with a view to maintaining sustainable fishing.

The total allowable catch of Peruvian anchovy in the northern and central region of Peru, which is allocated between the first fishing season (usually April to July) and the second fishing season (usually November to December), was 5.5 million, 4.6 million, 6.2 million and 3.5 million metric tons in calendar years 2009, 2010, 2011 and 2012, respectively. The total allowable catch of Peruvian anchovy in the southern region of Peru was 0.5 million, 0.9 million, 0.8 million and 0.7 million metric tons in calendar years 2009, 2010, 2011 and 2012, respectively. With respect to calendar year 2012, the first season from May to July in the northern and central region of Peru has a total allowable catch of approximately 2.7 million metric tons, and in the southern region has a total allowable catch of 0.4 million metric tons. The Ministry of Production has set the total allowable catch for the second season in the southern region, from 7 August to December 31, for the calendar year 2012 at 0.3 million metric tons, and for the second season in the northern and central region, from 22 November 2012 to 31 January 2013, the total allowable catch has been set at 0.8 million metric tons.

From time to time, the Peruvian government may impose fishing bans on selected regions in Peru's exclusive economic zone, or the entire coastline, as it did for a total of 49 days in the second season of 2010 to protect the growth of anchovy biomass after discovering a high prevalence of juvenile anchovy due to the La Niña phenomenon. The Group cannot assure Shareholders that the Peruvian government will not decrease the total allowable catch of anchovy in Peru, impose bans on the harvesting of anchovy to manage anchovy biomass, or prohibit the processing of anchovy into fishmeal. Unexpected reductions or fluctuations in the total allowable catch per season could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's strategy to identify and access new fishing grounds with commercially attractive conditions may not be successful.

One of the Group's strategies is to identify and access new fishing grounds with commercially attractive conditions. Beginning in 2009, the Group has identified the international waters of the South Pacific Ocean and West Africa as new fishing grounds with commercially attractive conditions. However, the Group cannot assure Shareholders that the Group or the China Fishery Fleet will be able to operate in these fishing grounds on a commercially attractive basis or that the operations will be successful. Operating in these fishing grounds presents certain risks to the Group. The Group began trial fishing operations for jack mackerel in the international waters of the South Pacific Ocean in June 2009 and incurred gross losses from the Group's operations in the South Pacific Ocean in FY2009, FY2010 and FY2012 due primarily to poor catch volumes in the South Pacific Ocean. On a periodic basis and as fishing quotas and licenses become available, the Group deploys a portion of the China Fishery Fleet to waters along the coast of West Africa. The Group has limited experience operating in these regions, and the Group may discontinue operating in any particular fishing ground in these regions, or in the regions as a whole, should fishing there prove unattractive. Because the South Pacific Ocean and West Africa both represent new opportunities for the Group, geographically and otherwise, the Group cannot provide any assurance as to the success of the Group's operations in either region.

A fundamental assumption underlying the Group's decision to commence fishing operations in the South Pacific Ocean and West Africa is that sufficient jack mackerel, horse mackerel, sardines and other fish resources exist in these areas. This assumption is based on, among other things, historical catch volume in these areas. The Group cannot assure Shareholders that the Group's assumptions will prove to be correct. Certain fishing regions, including the South Pacific fishery, are particularly susceptible to weather conditions such as the El Niño phenomenon, which adversely affected catch volumes in the South Pacific Ocean in 2010. If the Group's assumption of having sufficient fish supply in the fishing grounds in which the Group and the China Fishery Fleet choose to operate fails, the Group's business, financial condition and results of operations may be materially and adversely affected.

The China Fishery Fleet operations in the South Pacific Ocean are currently expected to be regulated pursuant to the South Pacific Convention, an agreement adopted by 32 countries that has entered into force on 24 August 2012. Fishing operations in the waters along the coast of West Africa are subject to quota and licensing systems in the relevant countries. These include a monthly licensing system pursuant to which a fee is paid to the regulatory authorities based on individual vessel capacity, such as in Mauritania, and a quota allocation system to holders of fishing rights and fishing licenses, such as in Namibia. The international treaties and conventions applicable in the South Pacific Ocean and the laws, rules and regulations applicable in West Africa may be revised or amended due to factors beyond the Group's control, and these changes may have a material adverse effect on the Group's business and results of operations.

As a result, the Group may not be able to identify additional fishing grounds with commercially attractive conditions, or even if the Group is able to identify such fishing grounds, the Group may not be able to exploit them profitably, which may have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's hub and spoke arrangements in the China Fishery Fleet operations are dependent on a steady supply of fish.

The deployment of the China Fishery Fleet typically involves the use of a factory vessel and catcher trawlers in a hub and spoke arrangement. The coordination of harvesting and processing activities among the factory vessel and catcher trawlers requires, among other things, complex logistics management and careful planning to function efficiently. In addition, the success of the China Fishery Fleet depends on a steady supply of fish to the factory vessel so that the Group can benefit from economies of scale in its operations. If the Group is unable to operate the fleet efficiently or obtain a steady supply of fish to the factory vessel, the Group may under utilise the fleet's catch and/or processing capacity and incur higher than anticipated operating costs. In this regard, poor catch volumes in the South Pacific Ocean contributed to the Group's operations there not being profitable in FY2010 and FY2012. Further, the deployment of the Contract Supply Vessels would be managed under the Supply Agreements with Perun and Alatir, which are subject to numerous risks and uncertainties. See the risk entitled "– The Group does not own the fishing vessels or quota shares and do not control the deployment plans of the Contract Supply Vessels for the Contract Supply Business".

The Group may not be successful in securing additional fish supply and quota shares or retaining access to the current fish supply and quota shares for the Contract Supply Business, China Fishery Fleet and Peruvian fishmeal operations, or in identifying or completing acquisitions.

Each of Contract Supply Business, China Fishery Fleet and Peruvian fishmeal operations is dependent upon the quota shares to which the Group has access in the various fishing grounds in which the Group and the vessels operate. Since 2006, the Group has aggressively sought to increase the supply of fish under the Supply Agreements. The Group has also rapidly developed and expanded the Group's operations in Peru, from no fishing vessels prior to 2006 to 40 operational fishing vessels in operation with a total of 6.20% of the quota shares in northern and central Peru and 11.72% of the quota shares in southern Peru. As part of the Group's growth strategy, from time to time, in order to increase the amount of the Group's fishing quota shares and fishing permits, the Group may continue to seek new fishing vessels or supply agreements with fishing companies, vessel owners or vessel suppliers in countries that have attractive fishery resources. The Group may also seek to acquire additional fishmeal processing plants in strategic locations. There is a significant amount of competition from other companies for fishing quota shares and licenses and fishmeal processing plants. The Group may not be able to secure additional quota shares and licenses or fishmeal processing plants, either directly, by acquiring additional vessels or fishmeal processing plants, or indirectly, by entering into new agreements which give the Group access to quota shares of fishery resources, such as the Supply Agreements, on terms that are satisfactory to the Group, or at all. The Group's strategy of acquiring additional vessels or fishmeal processing plants and/or securing new agreements subjects the Group to a number of risks, including the following:

- the Group may be unable to identify suitable opportunities;

- the Group may be unable to successfully conclude any supply agreement, or any agreement to acquire a vessel or processing plant, on terms that are satisfactory to the Group;

- the Group may not have sufficient cash resources to complete an acquisition or may be unable to obtain sufficient financing on acceptable terms, or at all;

- the Group may be unable to effectively operate or ensure the proper management of vessels that the Group acquires or otherwise add to the Group's fleet;

- the Group may experience property loss or an interruption in the operation of vessels;

- the Group or the Vessel Owning Companies may fail to obtain or maintain required fishing licenses, quota shares or permits; and

- the Group may be unable to successfully integrate the operations under these new agreements or acquisitions with the Group's existing trawling or Peruvian fishmeal operations.

If the Group is unsuccessful in securing new supply agreements, or in acquiring additional vessels or processing plants, the Group's business, financial condition and results of operations may be adversely affected.

The Group's operations in the international waters of the South Pacific Ocean are subject to various rules and regulations imposed by regional and subregional fisheries management organisations, and West Africa and other regions also have license or quota regimes that may limit the Group's ability to conduct operations.

To preserve the fishing resources in their waters, most sovereign states have adopted licensing/quota systems and imposed catch certification requirements for fishing within their respective waters. In addition, many such states have established regional fisheries management organisations under multilateral agreements, which typically have the objective of implementing management measures designed to secure long-term sustainable fishery resources in international waters. For example, fishing operations in the South Pacific Ocean have, since 2006, been the focus of such objectives. The Group expects that a quota system will be introduced for the fishing of jack mackerel and other species in the international waters of the South Pacific Ocean now that the South Pacific Convention, which will restrict the total allowable catch of fish in these waters, has entered into force. The Group cannot assure Shareholders that the China Fishery Fleet and the Contract Supply Vessels will be allocated quota shares sufficient to ensure a viable and profitable operation, or at all, or that the Group will find alternative deployments for the Group's vessels or the Contract Supply Vessels in these waters.

Other regions that the Group or the Contract Supply Vessels currently fish in, such as Namibia in West Africa, or may choose to fish in the future also have license or quota regimes, or total allowable catch or similar arrangements, that may limit the Group's and the Contract Supply Vessels' access or that if lost or reduced after originally obtained, would require the Group to reduce or even stop the Group's relevant operations. For example, Namibia has a licensing and quota allocation regime for various species of fish. The Group's fishing rights for Namibia are derived from an annual license for the calendar year 2012 for a quota of 10,000 tons per annum for horse mackerel. In the past, the Group paid the Mauritanian authorities a monthly fee for the right to fish in Mauritanian waters. The Group no longer purchases such monthly licenses following the Group's suspension of fishing operations in Mauritania. The Group cannot assure Shareholders that the Group or the Contract Supply Vessels will be able to continue to access required licenses or quota shares to fish in West Africa, or that the total allowable catch in those waters will be set at levels to permit harvesting of sufficient volumes of fish to permit profitable operations.

The Group is subject to financial and business risks on completed or future acquisitions.

From 1 October 2008 to 28 September 2012, the Group completed a number of strategic acquisitions to complement the Group's business. The Group acquired two fishing vessels and one fishmeal processing plant by acquiring two Peruvian subsidiaries, Consorcio Vollmacht S.A.C. and Negocios Rafmar S.A.C., in 2011. The Group acquired a new subsidiary in March 2012, Charmaco Investments Number Four (Proprietary) Limited, which was incorporated in Namibia and will be engaged in expanding the Group's fishing operations there. The Group subsequently changed its name to Brandberg Namibia Investments Company (Pty) Limited. The Group is subject to a number of special financial and business risks in connection with the Group's acquisition efforts, including, among others, diversion of the Group's management's time, attention and resources, decreased utilisation during the integration process, loss of key acquired personnel, difficulties in integrating diverse corporate cultures, increased costs to improve or coordinate managerial, operational, financial and administrative systems including dilutive issuances of equity securities, assumption of legal liabilities, potential write-offs related to the impairment of goodwill and additional conflicts of interest. Furthermore, a deterioration of conditions in the banking system and financial markets could result in a severe tightening in credit and equity markets, which may adversely affect the availability, terms and cost of borrowings for the Group and the Group's customers, including financings necessary to complete future acquisitions of quota shares and fishing vessels. In addition, the Group may be unable to manage an acquired entity profitably or successfully integrate its operations with the Group's own. Furthermore, the nature of strategic investments, such as the Group's acquisition of a minority equity interest, may not provide the Group with the ability to influence major policy, corporate, strategic and investment decisions of the entity that the Group invested in. As a minority investor, the Group relies on dividend payments and may not have alternative access to the cash flows of such entity, and the Group also may not be able to utilise the assets of such entity to strategically enhance the Group's existing operations. Any of these factors may adversely affect the growth of the Group's business, financial condition and results of operations.

Although the Group conducts due diligence in connection with the Group's acquisitions, the Group may not be aware of all the risks associated with the acquired businesses. Any discovery of adverse information concerning the acquired businesses after the completion of the acquisitions could materially and adversely affect the Group's business, financial condition and results of operations. While the Group may be entitled to seek indemnification in certain circumstances, successfully asserting indemnification or enforcing such indemnification could be costly and time consuming or may not be successful at all. In addition, these acquired businesses may have significantly lower gross margins than the Group's existing business, which may apply downward pressure on the Group's overall gross margin in the future. Furthermore, the acquired companies may not perform to the Group's expectations for various reasons, including legislative or regulatory changes that affect the products in which the acquired companies specialize, and the loss of key customers and personnel. In addition, the Group is considering acquisitions from time to time, and the Group may not find targets or be successful in acquiring, integrating or operating those targets. If the Group is unable to realise the benefits envisioned for such acquisitions, the Group's overall profitability and growth plans may be adversely affected.

The Group's products are subject to pricing volatility, and the Group is vulnerable to decreases in prices of fish, fishmeal and/or fish oil.

The Group's financial performance is significantly affected by the market prices of the Group's fish, fishmeal and fish oil products, which are subject to fluctuations due to a number of factors. These include short-term oversupply of fish in the Group's markets, changes in consumer preferences, changes in the prices of substitute products, general economic conditions and changes in standards of living. In addition, the Group may have limited flexibility to adjust the Group's product mix in order to adapt to changing circumstances. Because the Group's ability to increase significantly the Group's sales volumes of fish, fishmeal and fish oil is limited by the quota shares and the total allowable catch for applicable fish species, in the absence of additional quota shares, the Group's ability to increase the Group's revenues depends to a significant extent on increases in the market prices of fish products, fishmeal and fish oil products. Further, the Group's profitability and net margins in each of the Contract Supply Business, China Fishery Fleet and Peruvian fishmeal operations segments also are significantly affected by the prices of fish products, fishmeal and fish oil products. The Group cannot predict whether market prices for fish products, fishmeal and fish oil products will rise or fall in the future. A decline in prices of fish products would have an adverse impact on the Group's business, financial condition and results of operations.

The Group depends on sales of Alaska pollock which account for the largest share of the Group's total revenue and profit.

Alaska pollock accounts for a significant percentage of the Group's total revenues and profits. During FY2010, FY2011 and FY2012, Alaska pollock (including Alaska pollock roe) accounted for 65.0%, 39.3% and 49.2%, respectively, of the Group's total revenues. The Group expects that, for the foreseeable future, sales of Alaska pollock alone will continue to account for a significant percentage of the Group's total revenues and profit before taxation. Dependence on a single product such as Alaska pollock exposes the Group to the risk of decreases in sale volumes and prices of Alaska pollock products. Any disruption in the Alaska pollock operations, whether as a result of a reduction in the Alaska pollock biomass, the total allowable catch and the Group's access to quota could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's operations may be disrupted by drastic weather conditions, major climatic trends and climate change, an outbreak of disease among the Group's crew, accidents and injuries affecting the Group's crew or incidents involving environmental damage or pollution.

Drastic weather conditions affecting the fishing grounds where the fishing vessels operate, such as ice in the North Pacific Ocean, storms, cyclones and typhoons, may decrease the volume of the Group's fish supplies or otherwise negatively affect the Group's fishing operations. In addition, the Group's fishing operations are exposed to occupational health and safety risks affecting the crew of the vessels in the China Fishery Fleet as well as the Contract Supply Business, including accidents, infections and allergies, lifting, carrying and repetitive work, exposure to chemicals, exposure to heat and cold and exposure to noise and vibrations. Despite the health and safety policies, employee training and other measures to reduce these risks, fishing operations in the North Pacific Ocean, South Pacific Ocean and the Atlantic Ocean involve working in rough weather and potentially dangerous operating conditions at sea and accidents, including fatal accidents, have occurred from time to time in the fishing operations carried out by the Contract Supply Business and the

Group's fishing vessels in the China Fishery Fleet and Peruvian fishmeal operations. The occurrence of these events could affect a significant number of the crew in these fishing operations, disrupt fishing operations and the Group's ability to generate revenue during the time the crew is disabled or affected.

The Group's operations may also be adversely affected by changes in sea temperatures and currents. These changes cause fish to disperse from their customary depths and locations, which decreases the efficiency of fishing vessels as a result of having to expend more time and fuel in harvesting fish. The Group's operations may also be adversely affected by major climatic trends, which have in the past caused significant decreases in catches worldwide, as well as climate change, which has unpredictable consequences for fish production, and the marine biomass and ecosystems. Rough weather in the South Pacific Ocean, such as storms, cyclones and typhoons, may also decrease the volume of the Group's fish catches or otherwise negatively affect the China Fishery Fleet's fishing operations in the international fishing grounds in the South Pacific Ocean, as well as negatively affect the Group's catches of anchovy in the exclusive economic zone of Peru with respect to the Group's fishmeal operations. Furthermore, the vessels the Group operates may be involved in environmental accidents such as oil spills. Although the vessels in the Group's fleet have never been involved in an oil spill and the Group maintains insurance policies that cover claims arising out of oil spills up to approximately US$10.0 million for smaller trawlers and up to approximately US$100.0 million for the Group's factory vessel, any such incident could disrupt the Group's operations and harm the Group's reputation for safety and environmental compliance. Even if not caused by the Group, oil spills and other environmental calamities may adversely affect fish biomass and the Group's fishing operations.

In addition, large catch volume fluctuations in Peru's territorial waters and exclusive economic zone and in the parts of the South Pacific Ocean in which the Group conducts fishing operations are common because of periodic climatic events associated with El Niño or La Niña. Such events affect fishing success and productivity in these areas. El Niño is a climate pattern that occurs in the Pacific Ocean every three to seven years, and is characterised by a warming of the waters and related increase in air surface pressure in parts of the Pacific Ocean. For example, catches of anchovy dropped severely following El Niño conditions during each of the El Niño years, as reported by the NOAA and U.S. National Environmental Satellite, Data and Information Service, of 1972-1973, 1976-1977, 1982-1983, 1986-1987, 1991-1992, 1994-1995 and 1997-1998. Recently, El Niño occurred in 2002-2003, 2006 2007 and 2009-2010. The 2009-2010 El Niño conditions resulted in a reduction of the total catch in Peru from 5.8 million metric tons in 2009 to 3.3 million metric tons in 2010, before recovering to 5.3 million metric tons in 2011. Because El Niño is a recurring phenomenon, the Group's fishing success and productivity in Peru and in the South Pacific Ocean will be affected in future years. Additionally, in November to December of 2010, the effects of La Niña also reduced the Group's and industry catch volumes significantly. During the fishing season, the entire industry utilised less than half of all the fishing quota available in the northern and central zone of Peru. A reduction in the Group's catch of anchovy or other fish species in future El Niño or La Niña years could have an adverse affect on the Group's business, financial condition and results of operations.

Margins on sales of the Group's products may be adversely affected by the prices of these products, and revenues may not be sufficient to cover fixed costs.

Prices for frozen fish products, fishmeal and fish oil are strongly dependent upon economic conditions. If revenues are not sufficient to cover fixed and variable costs, including those the Group may not be able to control, such as freight and transportation costs, fuel, crew costs, repair and maintenance, charter hire expenses, finance costs and others, margins for these products may be adversely affected. In particular, the cost of fuel, which accounted for 13.3%, 13.9% and 14.9% of the Group's revenues in FY2010, FY2011 and FY2012, respectively, has experienced significant price volatility due to factors outside of the Group's control. The Group does not currently engage in any arrangements to hedge against changes in fuel costs, nor does the Group have any policy of maintaining stores of extra fuel. As a result, fluctuations in global oil prices may have a significant and direct impact on the Group's profit margins and profitability, particularly in the China Fishery Fleet operations, which have higher transportation costs than the Group's other operations. The Group cannot assure Shareholders that oil prices will not continue to rise, or that the Group can continue to offset any increase by increases in the prices of the Group's products.

The Group is also affected by operating and finance costs in the Group's Peruvian fishmeal operations segment. As a result of the relatively high proportion of fixed costs in this segment, a reduction in catch volumes of anchovy and a reduction in utilisation rates can also increase unit costs. These factors are affected by the seasonality of the fishing season and the total allowable catch in Peru. In the event the Group is not able to control the Group's costs, or offset increases through corresponding increases in the prices of the Group's products, the Group will not be able to maintain the Group's margins, and the Group's financial condition and results of operations may be materially and adversely affected.

The Group may be affected by increases in fuel, labour and repair and maintenance costs.

The Group's results of operations are principally affected by three cost items: fuel costs, crew wages and repair and maintenance. The cost of fuel has experienced significant volatility due to factors outside of the Group's control and significant fluctuations in bunker fuel prices have affected and will continue to affect the Group's profitability and margins. See "— Margins on sales of the Group's products may be adversely affected by the prices of these products, and revenues may not be sufficient to cover fixed costs." In addition, the repair and maintenance expenses are generally higher in the fishing industry, and the Group has high costs for repair and maintenance primarily as a result of the age of the Group's vessels, ranging from 16 to 32 years old. The Group's labour expenses could increase if the industry experiences a shortage in the supply of personnel, as a result of negative perceptions of the operating conditions or length of time crew members are required to spend at sea, or other reasons. If the Group's labour costs increase significantly, the cost of production of the Group's products are likely to increase and may in turn affect the selling prices and the demand for the Group's products. Changes in applicable laws and regulations in the geographic regions where the Group operates could also increase labour costs, which could have a material adverse effect on the Group's business, financial condition and results of operations.

Changing consumer preferences and eating habits may reduce the demand for fish products, and adversely affect the Group's business, financial condition and results of operations.

Changing consumer preferences and eating habits may decrease demand for fish products and increase demand for meat or other foods. Rising living standards worldwide, and particularly in the PRC, the Group's largest market, and global health trends have promoted the consumption of fish products as a healthier alternative for protein than meat products, which have continued to drive global demand for the Group's fish products, fishmeal and fish oil. However, the Group cannot assure Shareholders that this trend will continue. Furthermore, consumers of seafood are increasingly concerned about a variety of issues facing the fishery industry, such as the traceability of seafood products, the sustainability of fishery activities, fishing methods, gear and mechanisms to address by-catch and discarded fish, the fishery management systems in place in the fishing grounds, efforts to address wild catch resource depletion and impacts on ecosystems, efforts to limit adverse impact on marine ecosystems and issues related to climate change and global warming. As a result, demand for fish products may be affected by campaigns by environmental groups to reduce consumption of ocean catch seafood out of a concern that industrial fishing is not sustainable or will result in permanent loss of fish populations. Should changing consumer preferences and eating habits decrease demand for fish products, whether as a result of health or environmental concerns, the Group's business, financial condition and results of operations would be materially and adversely affected.

The Group produces and distributes food products that are susceptible to contamination and, as a result, the Group faces reputation risk with respect to perceived health concerns and food safety issues.

As part of fish processing, it is possible from time to time that foreign objects may enter into some of the Group's fish products. Additionally, the Group's fish products are vulnerable to contamination by disease-producing organisms or pathogens, as well as by chemicals and the introduction of foreign objects, although the Group seeks to mitigate this risk by having the Group's fish products processed on board the Contract Supply Vessels and the Group's vessels in the China Fishery Fleet, including the Group's factory vessel, and freezing the fish promptly after harvesting and processing. In addition, after the 2011 natural disasters in Japan and resulting nuclear reactor fallout in the Fukushima area, there has been increased public concern of the possibility of radiation contamination of fish and other seafood products that are sourced off the waters of Japan or in surrounding Asia-Pacific countries, such as Russia. As such, the Group's products face the risk of actual contamination of the Pacific waters, as well as negative perceptions of the Group's customers. Furthermore, the Group is required to comply with relevant health and food safety requirements in relation to the packaging and distribution of the Group's frozen fish products and a health certificate is provided by relevant government authorities to buyers at the time of sale. However, shipments of products that contain foreign objects or are contaminated could lead to adverse public and customer relations and increased scrutiny by regulatory authorities.

In addition, the Group's fishing grounds could be adversely effected by unexpected events, such as the sudden high number of dead dolphins and seabirds on Peruvian beaches in April and May of 2012. Any such events could directly involve the Group's targeted fish species or result in additional regulations or restrictions on the Group's activities in the affected fishing grounds. Any perceived health concerns and food safety issues that may arise with respect to the Group's fish products may result in negative publicity to the Group, which could harm the Group's reputation with the Group's customers and in turn materially adversely effect the Group's business, financial condition and results of operations.

The Russian Alaska pollock fishery is not certified by the Marine Stewardship Council, and as a result the Group's sales volumes and prices of fish from this fishery may suffer.

Because the Russian Alaska pollock fishery is not yet certified by the Marine Stewardship Council, or the MSC, the Group may not be able to satisfactorily address concerns of consumers and others to demonstrate the traceability of the Group's and the Contract Supply Vessels' fish catches and the sustainability of the Group's and the Contract Supply Business. Although the Group is committed to supporting a responsible and efficient fishing industry dedicated to striking a balance between consumer demand and long-term conservation of fishing resources, as well as to work with the industry and support sustainable certification schemes, consumers and other groups continue to have concerns regarding these issues. In this regard, many consumers have placed a great deal of emphasis on MSC certification as a means of addressing their concerns and in many cases are willing to pay a premium for fish having MSC certification. The MSC certification requirements were intended to ensure that only seafood from a certified sustainable fishery is sold with the MSC ecolabel and meet the world's best practice guidelines for certification and ecolabelling. The United States Alaska pollock fishery was certified by the MSC in 2005 and recertified in 2010. Although the Russian Alaska pollock fishery is undergoing MSC assessment for certification, it has not yet been MSC-certified, and the Group cannot assure Shareholders that it will be MSC-certified in the future or at all. The Group believes the average sales price of MSC-certified Alaska pollock is, in general, higher than the average sales price of non-MSC certified Alaska pollock. If the Russian Alaska pollock fishery is not MSC-certified, the sales volumes and prices of the Group's fish products may be lower than those of the Group's competitors that sell MSC-certified fish. In such an event, the Group's business, results of operations and financial condition would be materially and adversely affected.

The Group depends on a few large customers.

A few large customers account for a significant percentage of the Group's total revenues. During FY2010, FY2011 and FY2012, the Group's top five customers accounted for 61.3%, 62.8% and 52.3% respectively, of the Group's total revenues. For the same periods, sales to the Group's single largest customer accounted for 30.6%, 26.9% and 28.1%, respectively, of the Group's total revenues. These top customers are all trading companies and importers of either seafood or fishmeal, who buy for resale to end-user customers, primarily in the PRC market. As a result, the Group expects that, for the foreseeable future, sales to a limited number of customers will continue to account, alone or in the aggregate, for a significant percentage of the Group's total revenue. Dependence on a limited number of customers exposes the Group to the risk that a reduction of business volume from any one customer could have a material adverse effect on the Group's business, financial condition and results of operations.

The Contract Supply Vessels and the vessels in the China Fishery Fleet, the vessels used in the Group's Peruvian fishmeal operations or the Group's fishmeal processing plants may suffer loss or damage, which may not be covered by the Group's insurance policies and could affect the Group's cash flow and financial condition.

The Group may experience property and casualty loss, or the operation of the Group's fishing vessels or the Contract Supply Business may be temporarily interrupted, due to a number of causes, including but not limited to adverse weather, collision, stranding, fire, mechanical failure, breakdown or substandard performance of plant and equipment, natural disasters, labour disturbances, industrial accidents, war or acts of piracy, pollution of fishing waters and other environmental hazards, and human error. Any such event could result in direct losses and liabilities, loss of income or increased costs. The Group seeks to carry insurance that typically covers loss of cargo, damage to the hull and machinery on vessels, loss or damage to property, illness, death or injury to crew members, and pollution and collision liability, each as applicable to the geographic regions in which the Group conducts fishing operations. In the event the Group suffers loss, damage or liability, the Group may not have sufficient insurance in place to cover such loss, damage or liability. In addition, if one of the Group's vessels suffers damage, it may need to be repaired at a dry-docking facility, and as a result the Group could incur costs that may be substantial and difficult to predict and may not be covered sufficiently, or at all, by insurance. While a vessel is in a dry-docking facility, it does not generate revenue, and the Group does not maintain any off-hire or business interruption insurance. The Group may not be able to secure a replacement vessel in a timely manner, or at all. Furthermore, many of the fishing vessels in the Group's fleet or the Contract Supply Vessels operate far from shore, and those in the South Pacific Ocean operate in international waters. Piracy has been and continues to be a problem in many parts of the world, including off the coast of Somalia in the Indian Ocean. Although none of these fishing vessels has been the subject of acts of piracy, and there has not been any reports of piracy off the coast of West Africa to date, the Group cannot assure Shareholders that the Group's fishing activities and those of the Contract Supply Vessels will be free from acts of piracy in any of the Group's fishery grounds. Should acts of piracy occur, the Group and the Vessel Owning Companies might suffer loss or damage of the fishing vessels and the Group's and their crew may experience injury or loss of life, and the insurance may not, or may not be sufficient to, cover these losses. The Group's Peruvian fishmeal processing plants are located in a seismic zone that is periodically affected by earthquakes, although the Group's operations have not been affected by such an event since the Group commenced operations in Peru. Any one or more of these factors could have an adverse effect on the Group's business, financial condition and results of operations.

The operation of an ocean-going vessel also carries inherent risks, including the possibility of environmental accidents such as oil spills. Although the Group maintains insurance policies that cover claims arising out of oil spills up to approximately US$10.0 million per claim for smaller trawlers and up to approximately US$100.0 million per claim for the Group's factory vessel, any event involving the Group's fishing vessels that results in material environmental damage or pollution could disrupt the Group's operations as well as harm the Group's reputation for safety and environmental compliance, and adversely affect the Group's business, financial condition and results of operations.

The Group's past revenues and expenses may not be an accurate indication of the Group's future revenues and expenses.

The Group has experienced significant growth and changes in the Group's business in recent years. In particular, the Group has (i) made substantial investments in, and significantly expanded the Group's overall business through, the Group's Peruvian operations since 2006; and (ii) deployed significant new vessel capacity in the South Pacific Ocean and along the coast of West Africa for the catch of jack mackerel and horse mackerel. Although the Group has a general business strategy of seeking out and exploring potential opportunities in order to grow the Group's business, the Group cannot assure Shareholders that the Group will continue to maintain the Group's recent growth and expansion. Therefore, the Group's historical results of operations may not be an accurate indication of the Group's future financial results. Additionally, as a result of the Group's growth and ongoing changes to the Group's business model, such as the Group's operations as a third-party processor in the North Atlantic fishing grounds or the Group's entry and exit of fishing operations in Mauritania, the Group has in the past experienced and may continue in the future to experience material changes in the Group's operational and financial performance from period to period.

The Group depends upon the expertise of the Group's senior management and the skills of the crew on the Group's vessels and the Contract Supply Vessels, and the Group's business may be disrupted if the Group loses their services.

The Group's senior management team possesses extensive operating experience, industry knowledge and an in-depth understanding of the fishery industry. The Group's Executive Chairman, Mr. Ng Joo Kwee; the Group's Managing Director, Mr. Sung Yu Ching; the Group's Executive Director, Mr. Ng Joo Siang; and the Group's Executive Director and Finance Director, Mr. Chan Tak Hei, have an average of over 20 years of experience in the fishery industry. The Group depends upon the Group's senior management for setting the Group's strategic direction and managing the Group's business, which are crucial to the Group's success. In addition, the Group's continued success also depends upon the Group's ability to attract and retain a large group of experienced professionals. Furthermore, the Group's continued success also depends upon the Group's ability to attract and retain experienced professionals and crew. The loss of service of the Group's senior management or the Group's inability to recruit, train or retain a sufficient number of experienced personnel could have a material adverse effect on the Group's operations and profitability. The Group does not maintain any key person insurance on any of the Group's senior management or employees. The Group's ability to retain senior management as well as experienced personnel will in part depend on the Group having in place appropriate staff remuneration and incentive schemes. The Group cannot assure Shareholders that the remuneration and incentive schemes the Group has currently in place will be sufficient to retain the services of the Group's management and key personnel.

Furthermore, the Group's fish harvesting and fish processing activities require an adequate supply of qualified and experienced crew members and production workers willing to work in rough weather and potentially dangerous operating conditions at sea. The Group's fishmeal and fish oil processing activities in Peru also require an adequate supply of production workers. Some of the Group's operations have from time to time experienced a high rate of employee turnover and could continue to experience high turnover in the future. In particular, qualified and experienced fishing vessel captains and engineers are extremely important to the success of the Group's operations, and such personnel are in short supply and in high demand. With respect to the Contract Supply Vessels, the risk of losing the services of such qualified and experienced fishing vessels captains is further increased by the Group's inability to affect the terms of employment agreed upon between each of the Vessel Owning Companies and the captains it employs. Labour shortages, the inability to hire or retain qualified employees or the inability to affect the relationships between the Vessel Owning Companies and the vessel captains they employ in the North Pacific Ocean could have a material adverse effect on the Group's ability to control expenses and obtain supply of fish efficiently. The Group may not be able to continue to hire and retain the sufficiently skilled labour force necessary to operate efficiently and to support the Group's operating strategies, or the Group may not continue to experience favourable labour relations. Any of these factors may adversely affect the Group's business, financial condition and results of operations.

The Group's Peruvian fishmeal operations may be adversely affected by shortages of fresh water supply.

The Group's Peruvian fishmeal processing plants require significant quantities of fresh water. Although the Group's Peruvian fishmeal operations currently have sufficient quantities of fresh water to cover their operational demands, shortages of fresh water could require the Group to curtail or shut down the Group's fishmeal processing plants. Peru's desert coastal region, in which the Group's Peruvian fishmeal processing plants are located, depends to a significant extent on water from the Andes mountain range to meet its needs. Historically, a significant quantity of the fresh water supply has been supplemented by glaciers located in the Andes as very little rain falls in the mountains during the dry season, from June to December. In recent years, melting of these glaciers has accelerated, and glacier monitoring organisations have shortened their forecasts of the time period that water from the glaciers will continue to be available. In conjunction with forecasted water shortages, demand for water in Peru by agriculture and metropolitan areas has also increased due to new agricultural projects and increased economic development. The Group's inability to have sufficient quantities of fresh water for the Group's Peruvian fishmeal processing plants would have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's future success depends upon the Group's ability to achieve further growth and manage the increased scope of the Group's operations, and strengthen the Group's accounting and internal control procedures.

A principal component of the Group's strategy is to continue to grow the Group's business by increasing the number of fishing vessels in the Group's fleet and the Group's processing facilities. Since 2006, the number of Contract Supply Vessels under the Supply Agreements has increased from seven to 23. As of 28 September 2012, the Group held 6.20% and 11.72% of Peru's quota share in the northern and central zone and in the southern zone, respectively. As part of the Group's growth strategy, the Group may acquire additional vessels and quota or employ vessels with access to quota in the near future. The Group may have difficulty in integrating these additional assets, businesses and employees into the Group's existing operations. The Group's future growth will depend upon a number of factors, both within and outside of the Group's control. The Group may not be successful in expanding the Group's operations, and the Group cannot assure Shareholders that any such expansion will be profitable.

As the Group's operations continue to expand, the Group may need to increase the number of the Group's employees and the scope of the Group's operational and financial systems to handle the complexity and expanded geographic area and scope of the Group's operations. Managing the increased scope of the Group's operations will require the Group to, among other things:

- recruit, train, manage and appropriately expand the Group's managerial, accounting, internal audit, information technology, sales and other human resources and other components of the Group's business on a time and effective basis;

- develop or acquire sufficient internal sources of liquidity or access to additional financing from external sources;

- develop and implement written policies for hedging the Group's exposure to foreign currency risk, for example with respect to the Japanese yen and the Euro;

- manage relationships with a greater number of customers, suppliers, service providers, lenders and other third parties; and

- strengthen, implement and maintain the Group's internal controls and compliance functions to ensure that the Group is able to comply with the Group's legal and contractual obligations and reduce the Group's operational and compliance risks.

The Group is still in the process of developing the Group's systems, processes and procedures and staffing, including the hiring of additional staff in the Group's accounting and financial control function, to adequately correspond to the expanding scope of the Group's operations. The Group cannot assure Shareholders that the Group will be able to retain and attract qualified management and employees or that the Group's current operational and financial systems and controls will be adequate for the increased scope of the Group's operations. In addition, the Group is working to further improve the efficiency of the preparation of management accounts to address the Group's expanding global operations. Any weakness in the Group's internal controls, systems, accounting or internal audit functions or processes and procedures could result in a disruption of the Group's operations or a delay or instances of inaccuracy in the Group's internal or external reporting. Any such disruption, delay or inaccuracy could adversely affect the Group's business, results of operations and financial condition, or the trading prices of the Group's securities.

The recent financial market and economic crisis could negatively affect demand for the Group's products and the Group's financial condition, as well as that of the Group's customers and suppliers.

For the past four years, the global financial crisis and the recent Euro Zone sovereign debt crisis have materially and adversely affected the global economy, including the economy of PRC. The Group cannot predict whether these adverse conditions will continue and the extent to which the Group may be affected. The financial crisis has had a negative impact on demand for and sales prices of the Group's primary fish products, fishmeal and fish oil. While some economies have resumed growth, there remains the risk that the recovery will be short-lived. In addition, recent events have raised questions about debt levels and potential sovereign and banking defaults in certain countries in Europe, including Greece, Spain, Portugal, Italy and Ireland. Any deterioration in economic conditions, particularly in the Group's largest markets, PRC and Europe, could have a material adverse effect on the Group's business by decreasing the demand for and sales prices of fish products, fishmeal and fish oil.

Furthermore, a deterioration of conditions in the banking system and financial markets could result in a severe tightening in credit and equity markets, which may adversely affect the availability, terms and cost of borrowings for the Group and the Group's customers and suppliers, including financings necessary to complete future acquisitions of quota shares and fishing vessels. If the Group's customers and suppliers experience liquidity or financial problems, they may not be able to fulfill contracts to purchase the Group's products or sell supplies to the Group. Any of these factors may adversely affect the Group's business, prospects, cash flows, financial condition and results of operations.

The Group has a significant amount of debt and face risks associated with the use of debt to fund the Group's operations and acquisitions, working capital and capital expenditures, including refinancing risk and foreclosure risk.

The Group relies on debt financing to fund the Group's operations, acquisitions, working capital and capital expenditures. The Group has a significant amount of debt. As of 28 March 2013, the Group's total financial indebtedness was US$640.8 million. On 17 November 2010, the Group entered into a US$425.0 million club loan facility with a syndicate of lenders in Hong Kong. This agreement provided for a term loan facility of US$340.0 million and revolving loan facility of US$85.0 million. On 30 July 2012, the Group's subsidiary CFG Investment SAC issued US$300 million senior notes due 2019, guaranteed by the Group and certain of the Group's subsidiaries. The Group has increased the Group's indebtedness in recent years in order to fund the Group's continuing expansion plans to acquire additional fishing vessels, fishmeal processing plants and fishing quota for marine resources. The Group is subject to the risks normally associated with debt financing. If principal payments and interest, due at maturity or on a redemption date cannot be refinanced, extended or paid with proceeds of other financing transactions, such as new equity or debt capital, the Group's cash flows may not be sufficient to repay all maturing debt. If prevailing interest rates or other factors at the time of any refinancing result in higher interest rates, increased interest expense would adversely affect the Group's ability to service the Group's debt and the Group's business, financial condition and results of operations.

The Group's substantial indebtedness could have other important consequences to Shareholders. For example, it could:

- make it more difficult for the Group to satisfy the Group's existing debt obligations;

- require the Group to dedicate a substantial portion of the Group's cash flow from operations to servicing and repaying the Group's indebtedness, thereby reducing the availability of the Group's cash flow to fund working capital, capital expenditures, acquisitions and other general corporate purposes;

- limit the Group's flexibility in planning for or reacting to changes in the Group's business and the industry in which the Group operates;

- limit, along with the financial and other restrictive covenants of the Group's indebtedness, the Group's ability to borrow additional funds, declare dividends, make guarantees, sell assets, create liens, issue or sell securities, make acquisitions or capital expenditures, withstand downturns in the Group's business or take advantage of business opportunities;

- place the Group at a competitive disadvantage compared to the Group's competitors that have less debt; and

- increase the cost of additional financing.

In addition, certain of the Group's loans, such as the club loan facility, contain a cross-default provision, or impose on the Group the obligation to maintain certain financial ratios. Although the Group has complied with these financial ratios to date, the Group cannot assure shareholders that the Group will continue to be able to maintain these financial ratios in the future. If the Group is not able to do so within the prescribed grace periods in the Group's loan agreements, the Group would be in default under the agreements, which would have a material adverse effect on the Group's business, financial condition and results of operations.

The Group may require additional financing in the future to fulfill the Group's growth strategies or finance working capital, additional acquisitions or capital expenditures, which may not be available on satisfactory terms or at all.

The Group may need to obtain additional debt or equity financing in the future to fund additional acquisitions, working capital or capital expenditures. The Group's ability to obtain debt or equity financing on acceptable terms depends on a variety of factors that are beyond the Group's control, including market conditions, investors' and lenders' perceptions of, and demand for, securities offered by the Group, credit availability and interest rates. As a result, the Group cannot assure Shareholders that the Group will be able to obtain sufficient funding from external sources as required on terms satisfactory to the Group, or at all, to finance the Group's expansion strategy, working capital or future capital expenditures. Additional debt financing may increase the Group's financing costs and reduce the Group's profitability, and the Group's loan agreements or terms of other debt may contain terms and conditions that may restrict the Group's freedom to operate and manage the Group's business, such as requirements regarding debt service coverage ratios and leverage ratios, restrictions on the use the Group's assets, including the Group's cash balances, as collateral for loans and/or restrictions on the Group's ability to pay dividends or distribute funds to the Group's shareholders. The Group cannot assure Shareholders that the Group will be able to obtain any additional financing, or retain or renew current financing upon expiry, on terms that are acceptable to the Group, or at all.

The Group's financial results may be affected by fluctuations in interest rates and foreign exchange rates.

As the Group conducts business in several different countries, certain of the Group's costs are often denominated in currencies different from the Group's revenue. Most of the Group's revenues and costs are denominated in US$. However, some of the Group's revenue is denominated in other currencies, particularly the sale of fish roe which is denominated in Japanese yen and Alaska pollock fillet which is denominated in Euros. Furthermore, certain of the Group's revenues and costs related to the Group's Peruvian operations are denominated in nuevos soles. The Group is exposed to fluctuations in exchange rates when costs are denominated in a different currency than the related revenue. In addition, any restrictions regarding the conversion or timing of conversion of foreign currencies may also expose the Group to adverse fluctuations in exchange rates. The Group is also exposed to currency fluctuations when calculating the equity of foreign subsidiaries into US$.

Although the Group has hedging arrangements with respect to certain transactions or under certain circumstances, the Group has not established a formal hedging policy with respect to the Group's foreign exchange exposure. A weakening of the Japanese yen, Euro or the nuevos sole, relative to the US$ may have a negative effect on the Group's financial condition and results of operations.

The Group is also exposed to interest rate risk resulting from fluctuations in interest rates. Increases in interest rates would increase expenses relating to the Group's outstanding debt and increase the cost of new debt. Fluctuations in interest rates can also lead to significant fluctuations in the fair value of the Group's debt obligations.

The Group's financial condition may be affected by an impairment charge on the Group's assets.

The Group regularly assesses the value of the Group's assets, which primarily include the Group's fishing vessels and quota shares, fishmeal processing plants, receivables and prepayments. If the value of the assets recorded on the Group's statement of financial position is not supported by the performance of such assets, their capacity to generate earnings, market value or other relevant metric, the Group would incur an impairment charge. In particular, the Group regularly assesses the earning capacity of the Group's vessels, and continues to optimise the deployment of the Group's fleet. Should the Group determine that the earning capacity of any of the Group's vessels, for example the Group's factory vessel and the related catcher trawlers, do not support their current valuation, the Group would have to write down the value of such vessels. Any such impairment charge or write-down would adversely affect the Group's business, financial condition and results of operations.

The Group may be adversely affected by legal proceedings, which include labor, environmental, regulatory and tax disputes with respect to the Group's Peruvian fishmeal operations.

The Group is subject to a variety of legal proceedings arising in the ordinary course of business. As of 28 March 2013, the Group was involved in approximately 981 claims with an aggregate value of approximately US$16.0 million. The Group has made a provision for 216 claims, disputes and proceedings with an aggregate value of US$3.9 million for which the Group has evaluated the Group's risk of loss as probable based on the Group management's industry knowledge and past experience. These legal proceedings include environmental, regulatory and tax disputes related to the Group's fishing operations and the operation of the Group's fishmeal plants, disputes with former and current employees of fishmeal operations in Peru, as well as other miscellaneous claims. With respect to claims filed by current and former employees, these employees allege that their salaries and benefits were not properly calculated according to the requirements of Peruvian law, and certain former employees allege that they were wrongfully terminated. The total amounts claimed by these current and former employees amounted to approximately US$8.0 million including interest and procedural costs, as of 28 March 2013. Uncertainties exist regarding the final outcome of these claims, and the Group expects to continue to experience similar legal proceedings in the future, which may adversely affect the Group's operations in Peru. While the Group currently does not expect any of these labour, environmental, regulatory or tax disputes to result in outcomes that would materially and adversely affect the Group, the Group cannot assure Shareholders that they will not ultimately result in decisions or sanctions that would materially and adversely affect the Group's business, results of operations, financial condition and prospects.

(ii) Risks Relating to the Group's Industry

As a commodity producer of frozen fish, fishmeal and fish oil products, the Group is subject to competition from other fishing operators and processors, as well as from producers of substitute products.

The Group competes with other major fishing operators operating in the waters in which the Group and the Contract Supply Vessels operate. In addition, because the Group and the Contract Supply Vessels process fish on the vessels and the Group processes fishmeal and fish oil at the Group's processing plants, the Group also faces competition from onshore processors. Some of the Group's competitors are larger than the Group is, have greater financial resources, have fishing vessels with larger or more advanced processing facilities than the Group and the Contract Supply Vessels have, or have stronger marketing and distribution channels than the Group does. Furthermore, production and distribution of substitute products for the Group's fish and fishmeal products could reduce the demand for these products and have a significant adverse impact on the Group's sales and profitability. For example, other grain-based materials such as soybean meal, ground nut meal or corn gluten may be used as protein sources in animal and shrimp and fish aquaculture feeds instead of fishmeal. Increases in fishmeal prices or recessionary economic conditions could cause aquaculture farms to use these products as a substitute for fishmeal. Increased competition as to any of the Group's products, in particular Alaska pollock products, fishmeal and fish oil, which represented 62.1% and 29.6% respectively, of the Group's revenues for FY2012, could result in price reductions, reduced margins and loss of market share, which could adversely affect the Group's profitability.

Competition in the areas in which the Group and the Contract Supply Vessels conduct fishing operations could intensify if current quota share systems are modified or repealed, or if the relevant regulatory authorities grant additional licenses to other fishing vessels or fishing operators. With regard to competition posed by fishing operators operating illegally in the areas in which the Group and the Contract Supply Vessels operate, the Group depends in particular upon the effectiveness of the efforts of the relevant governments to enforce fishery laws and regulations and prevent illegal fishing in their territorial waters and exclusive economic zones. Increased competition from other fishing vessels could lead to a decline in the fish stocks in the areas in which the Group and the Contract Supply Vessels operate and adversely affect the Group's catch, which may in turn materially and adversely affect the Group's business, financial condition and results of operations.

Fishmeal processing plants in Peru currently have excess capacity, which results in intense competition among fishmeal producers for anchovy feedstock.

Because of restrictions in the catch of anchovy in Peru and a government-imposed ban on processing fish species other than anchovy into fishmeal, the Group's fishmeal processing plants, like other fishmeal processing plants in Peru, currently have excess capacity and there is intense competition among fishmeal producers in Peru for anchovy feedstock. During FY2010, FY2011 and FY2012, approximately 24.9%, 20.1% and 17.7%, respectively, of the Group's anchovy feedstock was purchased from local fishing companies. The Group closed three of the Group's processing plants in 2009 and 2010 as part of the Group's efforts to increase the utilisation of the Group's plants and reduce the Group's dependence on third-party fishing vessels for anchovy feedstock. The Group cannot assure Shareholders that the Group will be able to obtain sufficient quantities of anchovy feedstock for the Group's fishmeal processing plants, either from the Group's own vessels or from third-party fishing companies, or that third-party fishing companies will offer to sell the Group anchovy feedstock at prices that are acceptable to the Group. In addition, if the Group is required to purchase additional amounts of anchovy feedstock from third-party fishing companies, the Group will likely incur higher costs of sales, which will adversely affect the Group's gross margins. Furthermore, the limited supply of anchovy feedstock due to restrictions in the total allowable catch of anchovy, and the limited period during the fishing season when such feedstock is available, may limit the Group's ability to maintain or increase plant utilization rates. In the event the Group is not able to obtain sufficient quantities of anchovy feedstock for the Group's fishmeal processing plants, the Group's business, financial condition, results of operations and prospects will be materially and adversely affected.

The Group's industry and business operations are subject to many complex laws and regulations, over which regulatory authorities exercise considerable discretion, and failure to comply may result in significant fines, sanctions or other penalties.

The Group's industry is subject to highly complex statutes, rules and regulations, such as regulations and international agreements governing environmental protection of the oceans and fish and other marine species, as well as those governing maritime operations and human health and safety, all of which are subject to changes at any time. As a result, the Group's results of operations have been, and will continue to be, affected by laws and regulations applicable in the Group's primary fishing grounds, particularly those in the Contract Supply Business and Peru. The laws and regulations that are important to the Group's operations include those applicable to fishing licenses, permits and quotas, the total allowable catch of the Group's principal fish species, customs declaration, fishmeal production, by-catch regulations and other matters. The fishing vessels in the Group's fleet and the Contract Supply Business are subject to statutory and contractual limitations on the type and amount of fish they may harvest, as well as restrictions as to where they may fish. If the fishing vessels or members of their crew violate maritime law, the vessels in the Contract Supply Business and the Group's fleet could be subject to forfeiture and various penalties, and their fishing rights could be reduced or revoked. In addition, because the vessels' harvesting and processing activities take place at sea beyond the direct supervision of the Group's senior management, including, in particular, the Contract Supply Business, which are conducted by independent third parties, crew members of the vessels may commit infractions or violations that could subject them and the Group to significant penalties, which could have a material and adverse effect on the Group's business, financial condition and results of operations.

Regulatory authorities exercise considerable discretion in matters of enforcement and interpretation of applicable laws, regulations and standards, the issuance and renewal of licenses and permits and in monitoring licensees' compliance with the terms thereof. Commercial practices and legal and regulatory frameworks differ significantly between jurisdictions and are subject to changes from time to time and at any time. As a result, it may be difficult to ensure compliance with existing or new regulatory requirements in the jurisdictions in which the Group or the Vessel Owning Companies operate, and any failure to comply could subject the Group or the Vessel Owning Companies to fines, sanctions or other penalties.

Contract Supply Business

The Federal Agency for Fishery of Russia, Russian fishery councils and fishery research institutions impose various operational rules and requirements to restrict the ability of fishing vessels to discard unwanted species, or by-catch, in the North Pacific Ocean. If permitted levels of by-catch are exceeded, the fishing vessels are required to release the by-catch back into the sea with minimal damage. Fishing vessels are required to change their nautical position, in order to remove themselves from the area, record that the by-catch limits have been exceeded in the vessel's documents, and report this fact to the applicable governmental agency granting them permission to fish. Regulation regarding by-catch is also debated in various forums, including the United Nations, and is the subject of public campaigns by environmental groups. Any significant change in the by-catch rules resulting from these debates or campaigns could materially increase the Group's costs or reduce the flexibility of the Contract Supply Vessels.

In recent years, a number of changes to Russian regulations have been proposed, including requirements to sell fish and marine catch from Russia's exclusive economic zone, or a portion thereof, on commodity exchanges. These legislative proposals vary in scope of application, with some applying to all sales of catch and others being limited to export sales. For example, the Federal Agency for Fishery of Russia introduced a draft regulation on 13 August 2009 that if adopted by the Russian Government would mandate sales of 25% of all fish and marine catch on Russian commodity exchanges. Although there has been no further development in this proposed legislation, the Group cannot assure Shareholders that it will not eventually be adopted. And if adopted, this regulation and other similar regulations would affect the manner in which the Group conducts the Group's business and may adversely affect the Group's financial condition and results of operations.

In the ordinary course of their operations, the Contract Supply Vessels may become subject to liens imposed by operation of maritime law. These include liens for unpaid crew wages, liens for damages arising from civil tort actions, liens for taxes, liens incurred to secure contractual obligations, liens in relation to supplies and cargo, liens incurred in relation to services provided to the vessels and liens incurred in the ordinary course of business and arising out of the operation, maintenance and repair of the vessels. The holders of these liens may have the right to foreclose on the vessel if the circumstances giving rise to the liens are not adequately addressed.

Further, under the Russian Law on Fishery, foreign persons are prohibited from engaging in commercial fishing operations in Russian internal waters, territorial sea, Russia's exclusive economic zone and continental shelf. The Supply Agreements and Owner Supply Agreements between the Vessel Owning Companies and the Suppliers explicitly provide that the fishing operations in Russia are conducted by the Vessel Owning Companies. However, the Group cannot assure Shareholders that the Federal Agency for Fishery of Russia or a Russian court, if a relevant dispute arises, based on its interpretation of the Supply Agreements and Owner Supply Agreements between the Vessel Owning Companies and the Suppliers, will not take the view that Perun and Alatir, separately or together with the Group, conduct fishing operations in violation of the Russian Law On Fishery.

Under transfer pricing regulations adopted pursuant to Russia's tax and customs law, profits tax and customs duties on fish products are initially calculated based on the sales price and amount declared on export notices. However, both customs and tax authorities can reassess the value of the fish products and impose additional customs duties and taxes, with interest and penalties, if the initial transfer amounts differ from market prices. Although the Group believes that the export prices of all fish delivered under the Supply Agreements reflect market prices as each shipment has cleared customs, along with the payment of the customs duty as assessed by the Russian customs authorities, the Group cannot assure Shareholders that the transfer prices from the Vessel Owning Companies to the Group will not be challenged by Russian customs or tax authorities.

Under the Russia Federal Law No. 13-FZ, dated 26 July 2006, "On Protection of Competition," as amended (the "**Anti-Monopoly Law**"), establishment of control rights and acquisitions of assets require prior approval or subsequent notification of FAS if certain quantitative tests are met. The Group believes that the Group's contractual arrangements do not provide the Group, the Group's subsidiaries, Perun or Alatir with ownership of assets in or control over the Vessel Owning Companies that could require prior approval or subsequent notification of the FAS. The Group believes that the Group's arrangements under the Supply Agreements also do not create any "obstacle" to the Group's competitors' access to fish harvested by the Contract Supply Vessels. The Group further believes the

Group's entry into the Supply Agreements do not create any agreements with other entities in the Group's business which would lead to the formation of a "cartel". Neither the Group nor the Suppliers obtained any approval for these arrangements from the FAS, or made any subsequent notification to this authority. However, because of the uncertainty caused by the lack of an established practice of Russian courts and the FAS, the Group cannot assure Shareholders that the FAS or a Russian court will not find that the Group's and the Suppliers' entry into the Supply Agreements and the Owner Supply Agreements required prior approval of the Russian Federal Anti-Monopoly Service under the Anti-Monopoly Law or subsequent notification of the FAS.

Any determination by a Russian governmental authority or a Russian court that the Group's Contract Supply Business under the Supply Agreements constitutes fishing operations in violation of the Law on Fishery, or requires prior approval or other notification under the Law on Strategic Enterprises or the Anti-Monopoly Law, could subject the Group, the Suppliers and the Vessel Owning Companies to potential civil and administrative penalties under the Russian Civil Code and the Code of Administrative Law Violations of the Russian Federation, and could subject the Directors and employees of the Group, the Suppliers and the Vessel Owning Companies to potential criminal penalties under the Criminal Code of the Russian Federation. Under the Russian Civil Code, the agreements entered into by the Group and/or the Suppliers may be deemed void by a Russian court as entered in violation of statutory requirements, and the Group, the Suppliers and the Vessel Owning Companies may be required to return to each other all the consideration exchanged under the contractual arrangements and cease fishing operations under the contractual arrangements. If this were to occur, the Group would cease to have access to the supply of fish from the Vessel Owning Companies. Under the Code of Administrative Law Violations of the Russian Federation, the Vessel Owning Companies and their officers may be subject to fines and penalties and the confiscation of the fishing vessels. It is currently unclear under Russian law whether the Group would be similarly subject to the imposition of fines and penalties under the Code of Administrative Law Violations of the Russian Federation, given that the fishing operations in Russian waters with respect to the Group's contractual arrangements do not involve the Group's own fishing vessels and are conducted by Russian fishing vessels owned by the Vessel Owning Companies, each with the applicable quota, and a Russian crew. There is a risk that such administrative fines and penalties could be imposed on the Group. Where the activity involves infliction of significant damage in spawning areas or in specially protected natural areas, the imposition of criminal penalties on the individuals involved in the activity is also possible under the Russian Criminal Code. The occurrence of these events would have a material adverse effect on the supply of fish to the Group.

China Fishery Fleet

In November 2010, the Group commenced operations in the Mauritanian waters along the coast of West Africa, which the Group discontinued in July 2012. Fishing activities in Mauritania are primarily regulated by the Fisheries Code, or Law 2000-025, as amended. Other countries in West Africa, such as Namibia, have licensing, monitoring, fishing rights and quota allocation regulatory systems for fishing activities in their exclusive economic zones that are similar to those in other regions where the Group or the Contract Supply Vessels operate.

Peruvian Fishmeal Operations

The Group has been and continues to be involved in a variety of administrative proceedings in Peru for past and alleged violations of Peru's fishery, maritime and environmental laws and regulations committed by the Group's fishing vessels and processing plants. The administrative proceedings relate generally to inadvertent violations of the fishery laws and regulations that occur naturally in fishing operations, despite the institution of measures to prevent the occurrence of the violations. The violations of the Group's fishing vessels include: anchovy catch exceeding the 10% allowable thresholds for juvenile anchovy (those under 12 centimeters in length); using sardine, jack mackerel and chub mackerel in fishmeal production; failure to transmit GPS positioning signals without a justified cause; sailing at fishing speeds and with an unsteady course for two or more hours in reserved or prohibited areas; failure to have legal documents of the vessel during inspection by the Ministry of Production; fishing in closed seasons; registration numbers and holding capacities that did not coincide with information maintained by the Ministry of Production; failure to have complete safety equipment on board the fishing vessel; and submerged load line mark. Possible sanctions under administrative proceedings include payment of fines and the temporary suspension during the fishing season of the vessel or the processing plant that is the subject of the administrative sanction. In the event of a temporary suspension of operations of a fishing vessel, the Group would have to operate one of the Group's spare fishing vessels, or the processing plant would have to purchase additional amounts of anchovy feedstock from third parties, the cost of which, if necessary, will be comparatively higher than the cost of anchovy feedstock harvested by the Group's vessels.

There have been allegations in the media that fishmeal companies in Peru, including the Group, have underreported catch data and harvested and processed fish in excess of the permitted levels. The IFFO, of which the Group is a member, has responded to such allegations, clarifying that there are technical challenges associated with recording weights of fish on board of the fishing vessel and a potential for discrepancies resulting from incidents such as water loss between discharge from the vessel and arrival at the fishmeal plant. The Peruvian government is addressing the need for accurate records and has introduced tighter controls and the requirement for independent inspection. IFFO supports the work being undertaken by the Peruvian authorities and endorses the need for accurate catch records as an important part of collecting fishery management data.

The violations of the Group's processing plants include: discharge of the press liquor from its centrifuges into the drainage channels and then into the sea and discharge of untreated water in a collecting tank directly into the sea in violation of environmental regulations; processing of unauthorised fish species in excess of allowable limits; processing of juvenile anchovy in excess of the 10% maximum thresholds; processing of sardine, jack mackerel and chub mackerel into fishmeal; inaccurate scale weight reporting; obstructing the monitoring, control, inspection, supervision and sampling activities that had to be performed by personnel of the Ministry of Production; having a chart house in the coastal strip in violation of environmental regulations; failure to keep or submit proper records; and providing incorrect or incomplete information to regulatory authorities by mistake.

The Group's industry and business operations are subject to various environmental laws and regulations, and failure to comply with them may result in significant fines, penalties or other sanctions.

The environmental laws and regulations to which the Contract Supply Vessels and the vessels in the China Fishery Fleet are subject include those governing discharges into the water; the management, treatment, storage and disposal of hazardous substances; and the remediation of contamination. The Group's vessels and the Contract Supply Vessels have in place carry insurance pursuant to the International Convention on Civil Liability for Bunker Oil Pollution Damage, and international sewage pollution, air pollution and oil pollution prevention certificates have been acquired for all the Contract Supply Vessels and the Group's vessels in the China Fishery Fleet operating in the Pacific Ocean and West Africa. The purse seiners operating in Peru are subject to local regulations and requirements on environmental protection and are all insured locally according to local requirements. If the Group does not procure full compliance with environmental regulations, or if a release of hazardous substances occurs at or from one of the Group's facilities or the vessels in Contract Supply Vessels and the Group's vessels in the China Fishery Fleet or those used in the Group's Peruvian fishmeal operations, the Group may be required to cease, suspend or otherwise limit the Group's activities. The Group may also be subject to penalties and could be held liable for the cost of remediation. If the Group is subject to these penalties or costs, the Group may not be sufficiently covered or covered at all by insurance. In this regard, the Group has in the past been the subject of administrative fines and penalties for violations, and are currently involved in a variety of pending administrative proceedings in Peru for alleged violations, of Peru's environmental laws and regulations committed by the Group's fishing vessels and processing plants. Moreover, regulatory authorities may modify or implement additional environmental and other regulations regarding such matters as fishing methods or fish processing, and the Group may not be able to comply, or the Group may incur substantial additional costs in order to comply, with such revised or additional laws and regulations.

The Group's business, prospects and results of operations may be affected by a reduction in fish biomass.

Fish biomass, which affects the total achievable catch for all of the species harvested in the Contract Supply Business, China Fishery Fleet and Peruvian fishmeal operations in various locations globally, is subject to natural fluctuations, which are beyond the relevant authorities' or the Group's control. In addition, natural biomass fluctuations may be exacerbated by such factors as weather, pollution, overfishing, disease, reproductive problems or other biological issues. The overall health of a fish biomass is difficult to measure, and fisheries management remains a relatively inexact science. Since the Group is unable to predict the timing and extent of fluctuations in fish biomass, the Group is unable to take any measures that might alleviate the potential adverse effects of these fluctuations.

According to the FAO, certain of the principal fish species the Group or the Vessel Owning Companies catch, including Peruvian anchovy, Alaska pollock and jack mackerel, are fully exploited, meaning that these fisheries are operating at or close to an optimal yield level, and therefore cannot be expected to produce major increases in catches. In the past, catch volumes of various fish species the Group harvest has been adversely affected due to overfishing, natural phenomena such as El Niño and La Niña, or other natural fluctuations. If catch volumes of the Group's principal fish species begin to decline long-term, for these or other reasons, the Group's operations, business, financial performance and prospects would be materially and adversely affected.

Reductions, whether short-term or long-term, in the biomass of the species of fishes the Group utilises in the Group's operations may reduce the total allowable catch set by the relevant regulatory authorities, thereby adversely impacting the allocation of quota shares granted by the authorities and, as a result, adversely affecting the Group's results of operations, business, financial performance and prospects. Moreover, harvest trends are not necessarily indicative of remaining fish stocks. As a result, conclusions about future harvest prospects cannot be drawn upon current harvest data.

The seasonality of the Group's industry may cause fluctuations in the Group's financial condition and results of operations.

The Group's industry and thus, the Group's business is seasonal in nature, and the Group's revenues and results of operations vary from period to period. For example, the Group's revenue per metric ton of fish harvested tends to be higher in the winter season because during this season spawning Alaska pollock produce large quantities of high-value roe, making this season more profitable than the summer/fall season. In addition, the fishing season in Peru that generally runs from April to July commenced later in 2012 than in the prior year. Further, in 2011, sales of Alaska pollock roe, which generally would occur prior to April, were delayed to April in that year as a result of the Great East Japan Earthquake in March 2011. Consequently, results of operations for any particular period may not be indicative of results of operations for future periods, which makes it difficult to forecast the Group's results of operations for an entire financial year. This variability may cause volatility in the market prices of the Group's securities. Although the Group's geographically dispersed operations in the North Pacific Ocean, the South Pacific Ocean, West Africa and Peru have different fishing seasons, which tend to reduce the effect of this seasonality on the Group's overall operations, the Group's operations in specific geographic regions are also seasonal.

In addition, the seasonality of the Group's industry means that at certain times of the year the Group's cash flows from operations are higher than at other times. The Group's fishing seasons also straddle financial years and financial periods from time to time, due to delays in the fishing season by regulatory authorities or other reasons. As a result, the timing of the recognition of revenue from one period to another can be a function of unpredictable factors, such as the timing of fishing seasons, Alaska pollock roe auctions, weather, the timing of shipments of fish products and fishmeal to customers, and fishing vessel utilisation and efficiency, all of which are likely to vary from year to year. Given that the Group is required to make regular interest payments to the Group's lenders and note holders and the Group's intention is to make regular dividend payments as well, there is a risk that the Group will experience cash shortages, which could hinder the Group's ability to make these payments.

(iii) Risks Relating to Conducting Business in the PRC, Russia, Peru and West Africa

As the PRC is the Group's largest market, the Group is subject to risks relating to the PRC.

The principal market for the Group's products is the PRC, which represented 69.6%, 53.8% and 58.6% of the Group's total revenues FY2010, FY2011 and FY2012, respectively. The Group is therefore vulnerable to adverse or uncertain economic, political and social conditions in the PRC, changes in demand for fish and other seafood products, access to this market and other factors that may affect the Group's ability to continue operations in the PRC.

These factors include the following:

- economic, political and social uncertainties in China;

- changes in, and the arbitrary enforcement of, commercial laws, currency controls, import tariffs and duties, customs regulations and taxation laws in China;

- local infrastructure problems, such as electrical power interruptions;

- transportation difficulties that may be encountered in receiving parts or shipping fish products by land or by air;

- an inability to attract and retain sufficient and qualified engineering and management talent and resources;

- measures which may be introduced to control inflation or deflation;

- changes in the rate or method of taxation;

- continuing changes in the value of the Renminbi;

- modifications to fiscal, banking or monetary policies to curb the growth in China; and

- imposition of additional restrictions on currency conversion and remittances abroad.

While China's economy has experienced significant growth in the past 20 years, growth has been uneven, both geographically and among various sectors of the economy. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall economy in China, but may also have a negative effect on the Group. For example, the Group's operating results and financial condition may be adversely affected by governmental control over capital investments or changes in tax regulations applicable to the Group.

The PRC has experienced and continues to experience significant economic and legislative development. However, despite the recent transition from a planned economy to a more market-oriented economy, a substantial portion of productive assets in the PRC is still owned by the Chinese government. In addition, the Chinese government continues to play a substantial role in regulating industry development by imposing industrial policies, and exercises significant control over China's economic growth through allocation of resources, control over payments of foreign currency-denominated obligations, setting monetary and banking policy and providing preferential treatment to particular industries or companies. Furthermore, a number of written statutes, upon which the Chinese legal system is based, remain largely untested and prior court decisions interpreting them may be noted for reference but have limited value as precedents, thus representing an area of uncertainty for the Group and others operating in the Chinese market. In addition, as the Chinese legal system continues to develop, changes in laws and regulations, their interpretation or their enforcement may lead to restrictions on the Group's ability to conduct business in the PRC.

The Group's Contract Supply Business in the North Pacific Ocean is subject to the risks of doing business in Russia.

The Group is involved, through the Supply Agreements, in the purchase of fish harvested in the North Pacific Ocean. Sales of fish products from this area constitute the largest part of the Group's revenues, representing 71.9%, 57.4% and 62.1% of the Group's total revenues in FY2010, FY2011 and FY2012, respectively. Furthermore, certain aspects of the operations under the Supply Agreements are subject to Russian laws and regulations. As a result, the supply of fish to the Group is subject to a variety of risks relating to the Group's Russian operations, including the following:

The Russian Federation is still developing an adequate legal framework required for the proper functioning of a market economy. Several fundamental Russian laws have only recently been enacted. The recent nature of much of Russian legislation and the rapid evolution of the Russian legal system place the enforceability and underlying constitutionality of laws in doubt and may sometimes result in ambiguities, inconsistencies and anomalies in their application. The following aspects of Russia's legal system create uncertainty with respect to certain of the legal and business decisions that the Group's management make. Many of these risks do not exist in countries with more developed legal systems:

- since 1991, Soviet law has been largely replaced by a new legal regime as established by the 1993 Federal Constitution, the Civil Code and by other federal laws, and by decrees, orders and regulations issued by the President, the Russian government and federal ministries, which are, in turn, complemented by regional and local rules and regulations. There may be inconsistencies between such laws, presidential decrees, state resolutions and ministerial orders, and between local, regional and federal legislation and regulations;

- decrees, resolutions and regulations may be adopted by governmental authorities and agencies within the scope of their authority in the absence of a sufficiently clear constitutional or legislative basis and with a high degree of discretion. There is a risk that the Russian governmental authorities may arbitrarily nullify or terminate contracts, withdraw licenses, change taxation policies, conduct sudden and unexpected tax audits, initiate criminal prosecutions and civil actions and use common defects in accounting or share issues and registration as pretexts for court claims and other demands to liquidate companies or invalidate such issues and registrations and/or to void transactions;

- substantial gaps in the regulatory structure may be created by the delay or absence of regulations implementing certain legislation;

- in certain areas, there is a lack of judicial and administrative guidance on interpreting applicable rules and limited precedential value of judicial decisions;

- Russia has a judiciary that has limited experience in interpreting and applying market-oriented legislation and vulnerable to economic and political influence;

- Russia has weak enforcement procedures for court judgments and there is no guarantee that a foreign investor will obtain effective redress in a Russian court; and

- Russian bankruptcy law differs in many respects from comparable law in western European countries and is subject to varying interpretations. There is little precedent to predict how claims by the Group against others would be resolved in case of their bankruptcy.

In addition, there may be uncertainty as to whether the judicial system in Russia is independent and largely immune from economic, political and nationalistic influences in Russia. In addition, some decisions are not readily available to the public. Enforcement of court judgments can in practice be very difficult in Russia. All of these factors make judicial decisions in Russia difficult to predict and effective redress uncertain. Additionally, court claims are often used to further political aims. The Group may be subject to these claims and may not be able to receive a fair hearing. Court judgments are not always enforced or followed by law enforcement agencies. The current status of the Russian legal system makes it uncertain whether the Group would be able to enforce the Group's rights in disputes with any governmental authority or any of the Group's contractual counterparties, and the Group's ability to operate in Russia could be adversely affected by difficulties in protecting and enforcing the Group's rights and by future changes to local laws and regulations.

Further, Russian commercial practices and legal and regulatory frameworks differ significantly from practices in other jurisdictions. It is often difficult to ensure compliance with changing regulatory requirements. The operations of vessels under the Supply Agreements are subject to regulation by various government authorities, in connection with obtaining and renewing various licenses and permits, as well as with on-going compliance with existing laws and regulations. Regulatory authorities exercise considerable discretion in matters of enforcement and interpretation of applicable laws, regulations and standards, the issuance and renewal of licenses and permits and in monitoring licensees' compliance with the terms thereof.

The current status of the Russian legal system makes it uncertain whether the Group would be able to enforce the Group's rights in disputes with any governmental authority or any of the Group's contractual counterparties, and the Group's ability to operate in the Russian Federation could be adversely affected by difficulties in protecting and enforcing the Group's rights and by future changes to local laws and regulations.

The Group's operations in Peru subject the Group to the risk of doing business in Peru.

Since 2006, the Group has acquired significant operations in Peru through several acquisitions of entities and assets in the country. As a result, the Group's business, financial condition and results of operations are affected by changes in economic or other policies of the Peruvian government or other political, regulatory or economic developments in Peru.

Peru's economy has historically experienced considerable fluctuations in growth, proving to be vulnerable to external factors, including volatility in interest rates in global financial markets, changes in international prices of commodities, low growth affecting the United States and other trading partners, and changes in the credit ratings of Peruvian sovereign bonds. Peru's economy is also affected by internal factors, including general current economic, business or political events in the country, the depreciation or revaluation of the national currency, the ability of the Peruvian government to enact key economic reforms, the levels of domestic debt and domestic inflation, the level of foreign direct and portfolio investment, and natural occurrences such as El Niño, earthquakes and floods. In general, changes in Peru's economic indicators, such as per capita income, levels of private consumption, exchange rates, employment rates and inflation, would indirectly affect the Group's results of operations.

During the past several decades, Peru has had a history of political instability that has included military coups and a succession of regimes with differing policies and programs. Past governments have frequently intervened in the nation's economy and social structure. Among other actions, past governments have imposed controls on prices, exchange rates and local and foreign investment, as well as limitations on imports, have restricted the ability of companies to dismiss employees, have expropriated private sector assets and have prohibited the remittance of profits to foreign investors. Because the Group has significant operations in Peru, although in the last ten years Peru has had political and social stability and inflation levels of 2.1% and 4.8% in 2010 and 2011, the Group cannot assure Shareholders that political developments and economic conditions in Peru and/or terrorist activity will not have a material adverse effect on market conditions, prices of the Group's securities, the Group's ability to obtain financing and the Group's financial condition and results of operations.

In 2009, the Peruvian government adopted the individual quota system for the anchovy fishery industry, under which each vessel owner is allocated quota shares representing its maximum percentage catch. In addition, the Peruvian government also has introduced a variety of regulations applicable to fishmeal processing activities. A license is required to operate a fishmeal production plant, and the Peruvian government has introduced a variety of regulations designed to minimise the environmental impact from operations of fishmeal processing plants. As part of government policy to introduce clean technologies, the Peruvian government set maximum permissible limits on effluents in 2008 and on emissions in 2009. The Peruvian government has recently adopted new regulations that require the use of steam dryers in fishmeal production. Although the Group, indirectly through the Group's subsidiaries in Peru and Singapore, are able to take advantage of certain protections against changes in Peruvian law pursuant to the stability agreements with the Peruvian government and the Ministry of Production, future Peruvian governmental actions may still have an adverse effect on the Group's business. Further, the Peruvian Ministry of Production has the authority to bring administrative proceedings against violations of the Peruvian fishery laws and regulations and to impose sanctions against violators, including the imposition of fines and the temporary suspension of the fishing permits of fishing vessels and the operating licenses of the processing plants. Any such administrative proceedings against the Group, or imposition of sanctions, for violations of Peruvian laws and regulations, or any increase in governmental regulation of the Group's operations in Peru, could increase costs or have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

The Group's operations in West Africa subject the Group to the risk of doing business in West Africa.

The Group's fishing operations along the coast of West Africa are currently conducted by the Contract Supply Vessels and vessels from the China Fishery Fleet pursuant to an agreement with a quota license holder. In addition, the Group sells a portion of the Group's fish products to certain countries in West Africa, including Nigeria and Namibia. Deterioration in the political, economic and social conditions or changes in government policies of West African countries, such as significant changes in government policies with respect to local economies; changes in laws or regulations; implementation of import-export quotas, wage and price controls, or imposition of trade barriers; forced repudiation, nullification, renegotiation or modification of the Group's existing contracts; and/or terrorist acts, armed hostilities, political unrest, war and civil disturbances, could have a material adverse impact on the local economy, the fish demand in West Africa and the Group's fishing operations along the coast of West Africa, which would in turn materially and adversely affect the Group's business, financial condition and results of operations.

APPENDIX D

SUMMARY OF RELEVANT NORWEGIAN LAWS AND REGULATIONS

1 INTRODUCTION

Below is a summary of relevant Norwegian company, securities and tax laws and regulations which should be taken into consideration in connection with an investment in a Norwegian public limited liability company such as Copeinca.

2 COMPANY LAW

2.1 Shareholder Rights

Under Norwegian law, all limited liability company shares of the same class provide equal rights. Norwegian law permits a company's articles of association to provide for different types of shares (e.g., several classes of shares). In such case, the company's articles of association must specify the different rights, preferences and privileges of the classes of shares and the total nominal value of each class of shares.

2.2 Restriction on Foreign Shareholdings

As a main rule there are no foreign investor restrictions in Norway, even if special ownership restrictions of a general nature apply to some industries, such as the financial sector, mining business etc. Within certain industry sectors, in particular companies owning fishing vessels, there are however certain foreign ownership restrictions or requirements for a minimum holding by persons from within the European Economic Area.

2.3 General Meetings

Under Norwegian law, a company's shareholders exercise supreme authority through the general meeting. A shareholder may attend the general meeting either in person or by proxy.

In accordance with Section 5-6 of the Norwegian Public Limited Companies Act (the "**Norway Companies Act**"), the annual general meeting is required to be held within six months from the end of each financial year. The following business must be transacted and decided at the annual general meeting:

- approval of the annual accounts and annual report, including the distribution of any dividend; and

- any other business to be transacted at the general meeting by law or in accordance with the company's articles of association.

Pursuant to Section 5-6 of the Norway Companies Act, the annual general meeting of shareholders shall also deal with the board of directors' declaration concerning the determination of salaries and other remuneration to senior executive officers pursuant to Section 6-16a of the Norway Companies Act.

Norwegian law requires that written notice of general meetings be sent to all shareholders with known addresses at least three weeks prior to the date of the meeting, unless the company's articles of association stipulate an earlier deadline. A shareholder is entitled to have an issue discussed at a general meeting if such shareholder provides the board of directors with notice of the issue so that it can be included in the written notice of the general meeting.

In addition to the annual general meeting, extraordinary general meetings of shareholders may be held if deemed necessary by the company's board of directors. An extraordinary general meeting must also be convened for the consideration of specific matters at the written request of the company's auditors or shareholders representing a total of at least 5% of the share capital.

2.4 Voting Rights

Each share in a company carries one vote, unless otherwise provided for in the articles of association. As a general rule, resolutions that shareholders are entitled to make pursuant to Norwegian law or the company's articles of association require approval by a simple majority of the votes cast. In the case of election of directors to the board of directors, the persons who obtain the most votes cast are deemed elected to fill the positions up for election. However, as required under Norwegian law, certain decisions, including, but not limited to, resolutions to waive preferential rights (if applicable) in connection with any share issue, to approve a merger or demerger, to amend the company's articles of association, to authorise an increase or reduction in the share capital, to authorise an issuance of convertible loans or warrants or to authorise the board of directors to purchase the company's shares, or a decision to dissolve the company, must receive the approval of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at the general meeting. Norwegian law further requires that certain decisions which have the effect of substantially altering the rights and preferences of any shares or class of shares, receive the approval of all holders of such shares or class of shares as well as the majority required for amendments to the company's articles of association. Decisions that (i) would reduce any shareholder's right in respect of dividend payments or other rights to the assets of the company or (ii) restrict the transferability of shares already issued, require a majority vote of at least 90% of the share capital represented at the general meeting in question as well as the majority required for amendments to the company's articles of association. Certain types of changes in the rights of shareholders require the consent of all shareholders affected thereby as well as the majority required for amendments to the company's articles of association.

All shareholders who are registered in the register of shareholders maintained by the Norwegian Central Securities Depository ("**VPS**") as of the date of the general meeting, or otherwise have reported and documented their ownership of shares, are entitled to attend and vote at the general meeting without any requirement for pre-registration. It should however be noted that there are restrictions in respect of the right to vote for nominee-registered shares (shares held in a nominee account by a custodian on behalf of the beneficial owner). In order to vote for such shares, the beneficial shareholder should instruct its custodian to transfer the shares from a nominee account to a shareholder account in advance of the general meeting. For more information about nominee accounts, see Section 3.4 below.

2.5 Additional Issuances and Preferential Rights

If the company issues any new shares, including bonus share issues (i.e. issuance of new shares by a transfer from the company's share premium reserve or distributable equity to the share capital), the company's articles of association must be amended. As stated above, this requires a two-third majority of the capital represented and the votes cast at a general meeting of shareholders. If the company's share capital is to be increased by an issue of new shares against cash consideration, Norwegian law gives the company's existing shareholders a preferential right to subscribe the new shares on a pro rata basis in accordance with their then-current shareholdings in the company.

This preferential right may be waived by a resolution in a general meeting passed with a two-third majority of the votes and capital represented at the general meeting.

The general meeting may, with a vote as described above, authorise the board of directors to issue new shares. Such authorisation can be effective for a maximum of two years, and the nominal value of the shares to be issued may not exceed 50% of the nominal share capital as at the time the authorisation was granted. The preferential right to subscribe for shares against consideration in cash may be set aside by the board of directors only if the authorisation from the general meeting confers such authority to the board.

Preferential rights may be unavailable to foreign shareholders who are resident in jurisdictions where the issuance of preferential rights and/or shares triggers registration requirements or similar obligations pursuant to local securities rules and regulations.

Under Norwegian law, bonus shares may be issued pursuant to shareholder approval and provided, among other things, the company does not have an uncovered loss from a previous accounting year. Bonus shares are issued by transferring equity from the company's distributable equity or from the company's share premium reserve and allocating it to share capital. Any bonus issues may be effected either by issuance of new shares or by increasing the nominal value of issued shares. If the increase in done by way of issuing new shares, the new shares must be allotted to the shareholders of the company in proportion to their current shareholdings in the company.

2.6 Related Party Transactions

Under Norwegian law, an agreement between the company and a shareholder, or a related party of such shareholder (e.g. a company controlled by a shareholder, or a shareholder's spouse, partner or other family members) where the consideration to be paid by the company exceeds 5% of the company's share capital is not binding on the company unless the agreement has been approved by a majority of the company's shareholders in a general meeting. However, a number of exceptions apply, including for (i) agreements which are entered into in the normal course of the company's business on terms and conditions (including pricing terms) which are normal for such agreements, and (ii) the purchase of securities at a price that is in accordance with an official quotation. Also, following a legislative amendment which came into force on 1 July 2013, an express exception also applies to credit or security agreements between group companies where the parent company owns all shares in the company granting the credit or security. Any performance of an agreement that is not binding on the company must be reversed.

2.7 Minority Rights

Norwegian law contains a number of protections for minority shareholders against abuse of corporate power by the majority.

Any shareholder may petition the courts to declare a resolution of the company's board of directors or general meeting invalid on grounds that it unreasonably favours certain shareholders or third parties to the detriment of other shareholders or the company itself. In certain grave circumstances, shareholders may require the courts to liquidate the company as a result of such behaviour.

Further, any shareholder or group of shareholders holding in aggregate 5% or more of the company's share capital have a right to demand that the company holds an extraordinary general meeting to discuss or resolve specific matters. In addition, any shareholder may demand that the company places an item on the agenda for any general meeting if the company is notified in time for such item to be included in the notice of the meeting.

2.8 Rights of Redemption and Repurchase of Shares

A company's share capital may be reduced by reducing the nominal value of the shares. Such a decision requires the approval of two thirds of the capital represented and votes cast at the general meeting. Redemption of individual shares requires the consent of the holders of the shares to be redeemed.

A company may purchase its own shares if the board of directors has been duly authorised to do so by the company's shareholders at a general meeting. The aggregate nominal value of treasury shares so acquired and held by the company may not exceed 10% of the company's share capital, and treasury shares may only be acquired if the company's distributable equity, according to the latest adopted balance sheet, exceeds the consideration to be paid for the shares. The authorisation from the shareholders at the general meeting cannot be given for a period exceeding two years.

2.9 Requirements for Board of Directors and General Manager

Requirements under the Norwegian Companies Act

Pursuant to the Norway Companies Act, a company must have a board of directors with minimum three directors (minimum five if the company has a corporate assembly). Board members are elected by the general meeting with a simple majority of the votes. If a company has a certain number of employees, the employees may be entitled to elect one or more directors to the board. The chairman of the board is elected either by the general meeting or by the board itself.

At least 50% of the board members must either be resident in Norway, or be citizens of and resident in a country comprised by the EEA ("**European Economic Area**" (i.e. all EU ("**European Union**") countries plus Norway, Iceland and Lichtenstein) agreement.

Further, the board of directors must consist of both men and women in accordance with a formula that it designed to ensure that at least 40% of the directors are either men or women. Note that this rule only applies to public limited liability companies, meaning that if a company is de-listed and converted into a private limited liability company the rule of equal representation of the sexes no longer applies.

In addition to a board of directors, the company is required to appoint a general manager who oversees the day-to-day operations of the company. The general manager must be resident in Norway, or be a citizen of and resident in a country comprised by the EEA agreement. The general manager cannot be elected to the board of directors.

Best practice recommendations published by the Norwegian Corporate Governance Board

In addition to the mandatory rules in the Norway Companies Act, the Norwegian Corporate Governance Board has published a set of non-binding guidelines for good corporate governance (the "**Code**"). The objective of the Code is to ensure that companies listed on regulated markets in Norway will practice corporate governance that regulates the division of roles between shareholders, the board of directors and executive management more comprehensively than what is strictly required by legislation. The Code is intended to strengthen confidence in listed companies among shareholders, the capital market and other interested parties.

Although the Code is not binding, companies listed on the Oslo Børs must either comply with the Code or explain how and why they do not comply with the recommendations set out therein.

The Code includes the following recommendations for composition of the board of directors:

- The composition of the board of directors should ensure that the company can operate independently of any special interests. The majority of the shareholder-elected members of the board should be independent of the company's executive personnel and material business contacts. At least two of the members of the board elected by shareholders should be independent of the company's main shareholder(s).

- The board of directors should not include executive personnel. If the board does include executive personnel, the company should provide an explanation for this and implement consequential adjustments to the organisation of the work of the board, including the use of board committees to help ensure more independent preparation of matters for discussion by the board.

- The chairman of the board of directors should be elected by the general meeting so long as the Norway Companies Act does not require that the chairman must be appointed either by the corporate assembly or by the board of directors.

- The term of office for members of the board of directors should not be longer than two years at a time.

- The annual report should provide information to illustrate the expertise of the members of the board of directors, and information on their record of attendance at board meetings. In addition, the annual report should identify which members are considered to be independent.

- Members of the board of directors should be encouraged to own shares in the company.

2.10 Liability of Directors and General Manager

A company's board of directors and general manager are in charge of the company's affairs, and owe a fiduciary duty to the company and thereby its shareholders. Such fiduciary duty requires the board members and the general manager to act in the best interests of the company, and to observe a general duty of loyalty and care towards the company in connection with the performance of their tasks. Each of the directors and the general manager may be held liable for any damage or loss they cause the company by negligence or wilful misconduct.

Norwegian law permits the general meeting to exonerate directors or the general manager from liability, provided that correct and complete information is provided to the general meeting before such exoneration is resolved. If a resolution to exonerate or refrain from pursuing claims against a director and/or the general manager has been passed in a general meeting by less than two thirds of the capital represented and votes cast at the meeting, then shareholders representing more than 10% of the share capital or, if there are more than 100 shareholders, more than 10% of the total number of shareholders, may nevertheless pursue the claim on the company's behalf and in its name. The cost of any such action must be covered by the suing shareholders, but can be recovered from any proceeds the company receives as a result of the action. If however a decision to exonerate or refrain from pursuing claims against directors and/or the general manager has been passed by the general meeting with a two-third majority, or if a settlement has been reached, the minority shareholders are unable to pursue the claim in the company's name. A resolution by the general meeting to exonerate directors or general managers from liability does not protect them from claim or lawsuits filed by non-shareholder third parties, for example a creditor of the company.

2.11 Dividends

Procedure for Declaration of Dividends

Dividends in respect of a fiscal year, if any, will be declared at the company's annual general meeting in the following year. Under Norwegian law, dividends may only be paid in respect of a fiscal year for which audited financial statements have been approved by the annual general meeting, and any proposal to pay a dividend must be recommended by the company's board of directors and approved by its shareholders at a general meeting. The shareholders at the company's annual general meeting may vote to reduce, but not increase, the amount of dividend proposed by the company's board of directors. Dividends declared and approved pursuant to this procedure are due and payable to those shareholders who were shareholders at the time the resolution was adopted, unless otherwise is stated in the dividend resolution. Dividends may be paid in cash or (subject to certain limitations) in kind.

Legal Restrictions on the Distribution of Dividends

The Norway Companies Act provides several restrictions on the distribution of dividends:

Section 8-1 of the Norway Companies Act provides that dividends may be declared up to an amount equal to the book value of the company's equity according to its latest adopted balance sheet, after making deductions for (i) funds credited to the company's reserves for valuation variances and unrealized gains, (ii) the amount of registered share capital at the time when the dividend is declared, (iii) the total nominal value of treasury shares which the Company had acquired for ownership or security as at the date of the last balance sheet, (iv) credit and security which pursuant to Sections 8-7 to 8-9 of the Companies Act fall within the limits of distributable equity, and which is outstanding at the time when the dividend is declared, and (v) the value of transactions which may only be undertaken within the limits of the dividend distribution rules (e.g. credit to shareholders, purchase price for acquisition of own shares, etc.) and which have been completed after the date of the latest adopted balance sheet.

Dividends can in any event only be distributed if such distribution is in accordance with sound and careful business practice, having due regard to any losses incurred by the company since the end of the prior fiscal year or which the company expects to incur.

Once lawfully declared, the shareholders are entitled to demand payment of their amount of dividend from the company. The claim is not subject to any particular time limitations other than ordinary statute of limitations provisions. Further, the Norway Companies Act contains no dividend restrictions or specific procedures for non-Norwegian resident shareholders. However, withholding tax may apply for dividend distributions to shareholders resident in certain jurisdictions.

Foreign exchange controls

Under Norwegian foreign exchange controls currently in effect, transfers of capital to and from Norway are not subject to prior government approval. However, all payments to and from Norway must be registered with the Norwegian Currency Registry. The responsibility for such registration lies with the payee, i.e. the company for dividend payments. Any physical transfer of payments in currency must be notified to the Norwegian Customs Authority. A non-Norwegian shareholder may accordingly receive dividend payments without consent from the Norwegian authorities if the dividend is paid through a bank which is licensed or passported to conduct banking business in Norway.

3 SECURITIES LAW

3.1 Trading and Settlement of financial instruments on Oslo Børs

Oslo Børs is the principal marketplace where shares, bonds and other financial instruments are traded in Norway. Oslo Børs is incorporated as a public limited liability company. As of 31 December, 2011, the total capitalisation of companies listed on Oslo Børs amounted to approximately NOK1,557 billion. Shareholdings of non-Norwegian investors as a percentage of total market capitalisation on December 31, 2011 amounted to approximately 35%.

As of 6 August 2012, continuous trading takes place on Oslo Børs between 09:00 hours and 16:30 hours (CET) each trading day, with pre-trade between 08:15 hours and 09:00 hours (CET).

The settlement period for trading on Oslo Børs is three days (T+3).

3.2 Information, Control and Surveillance

Under Norwegian law, Oslo Børs is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of Oslo Børs monitors all market activity on a continuous basis. Market surveillance systems are largely automated, promptly warning department personnel of abnormal market developments.

The Norwegian Financial Supervisory Authority ("**NFSA**") oversees the issuance of securities in both the equity and bond markets in Norway, and is in charge of reviewing and approving prospectuses and similar documentation required to be furnished to prospective investors in securities.

Listed companies must deliver to Oslo Børs copies of all reports and communications sent to its shareholders. Each company must also promptly, unless there are valid reasons for postponement, publicly disclose in an efficient and non-discriminatory manner any inside information (i.e. precise information about the financial instruments, the company or other matters which is likely to have a significant effect on the price of financial instruments issued by the company or related financial instruments, and which is not publicly available or commonly known in the market). Oslo Børs may levy fines on companies that violate the requirement to disclose inside information in a timely manner.

3.3 The VPS and Transfer of Shares

The VPS is the Norwegian paperless centralised securities registry. It is a computerised bookkeeping system in which the ownership of, and all transactions relating to, Norwegian listed shares must be recorded. All transactions relating to securities registered with the VPS are made through computerised book entries. The VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, the Bank of Norway, authorised securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account agents.

The entry of a transaction in the VPS is prima facie evidence in determining the legal rights of parties as against the issuing company or a third party claiming an interest in the given security.

The VPS is strictly liable for any loss resulting from an error in connection with registering, altering or cancelling a right, except in the event of contributory negligence, in which event compensation owed by the VPS may be reduced or withdrawn.

A transferee or assignee of shares may not exercise shareholder rights with respect to such shares until the transfer has been recorded in VPS, unless the transferee/assignee has reported and provided evidence of the acquisition and the acquisition of shares is not prevented by law, the articles of association or otherwise.

3.4 Share Register

Under Norwegian law, shares are registered in the name of the owner of the shares. As a general rule, there are no arrangements for nominee registration. Shares may nevertheless be registered in the VPS by a fund manager (bank or other nominee), approved by the NFSA, as the nominee of foreign shareholders. An approved and registered nominee has a duty to provide information about beneficial shareholders to the company and to the Norwegian authorities upon request. In case of registration by nominees, the registration with the VPS must show that the registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions but cannot vote at general meetings on behalf of the beneficial owners. Beneficial owners must register with the VPS or provide other sufficient proof of their ownership to the shares in order to vote at general meetings.

3.5 Foreign Investment in Norwegian Shares

Foreign investors may trade in shares listed on Oslo Børs through any broker that is a member of Oslo Børs, whether Norwegian or foreign.

3.6 Disclosure Obligations

Pursuant to Section 4-2 of the Norwegian Securities Trading Act (the "**Securities Trading Act**"), a person, entity or group acting in concert that acquires shares, options for shares or other rights to shares resulting in its beneficial ownership, directly or indirectly, in the aggregate meeting or exceeding the respective thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 or 90% of the share capital or the corresponding voting rights in the company has an obligation under Norwegian law to immediately notify Oslo Børs and the company. The same applies to disposal of shares (but not options or other rights to dispose of shares) resulting in a beneficial ownership, directly or indirectly, in the aggregate meeting or falling below said thresholds.

3.7 Insider Trading

It is illegal for anyone who has inside information to engage in the subscription for, purchase, sale or exchange of shares which the inside information relates to, or to incite others to make such dispositions. The same applies to entry into, purchase, sale or exchange of options or futures/forward contracts or equivalent rights connected with such shares.

3.8 Transfers and Other Changes in Ownership of the company's Securities by Primary Insiders

Under Norwegian law, a company's directors and general manager, as well as other key employees and the company's auditor are considered to be primary insiders of the company, and must in such capacity notify the company's board of directors and Oslo Børs about any sale or acquisition of the company's shares or other securities made by themselves or any related party. Following such notice, Oslo Børs will promptly publish the details of the transaction through its information system.

3.9 Takeover Rules

Overview

Norway has implemented the EU Takeover Directive (Directive 2004/25/EC) through rules in the Securities Trading Act which applies to Norwegian and (subject to certain exemptions) foreign companies listed on a Norwegian regulated marketplace (Oslo Børs or Oslo Axess).

The takeover rules distinguish between voluntary and mandatory offers. A voluntary offer is an offer that, if accepted by the recipients of the offer, triggers a mandatory offer obligation for the offeror. A mandatory offer for the remaining shares in the target is triggered if the offeror (either through a voluntary offer or otherwise) becomes owner of more than 1/3 of the voting rights in the target (with repeat triggers at 40% and 50%).

If the consideration offered in a takeover consists of securities or a combination of cash and securities, additional requirements will apply in addition to the takeover rules. In particular there could be a requirement to prepare a prospectus for the securities that are being offered as (partial) consideration for the shares of the target company.

Rules applying both to voluntary and mandatory offers

With respect to a voluntary or mandatory offer being made, the following requirements should be taken into account, in addition to the requirements specific for a voluntary or mandatory offer that are described separately below.

Offer document

An offer document for the offer must be prepared in accordance with requirements set out in the Securities Trading Act. The offer document must be approved by Oslo Børs before publication, and shall be published prior to start of the acceptance period in the offer. In practice the approval process takes approximately five business days. In the case of a share exchange offer, the approval process must be aligned with the prospectus approval rules and may take significantly longer to complete due to increased disclosure requirements.

Once approved by Oslo Børs, the offer document must be distributed to all shareholders of the target company and be made known to employees of the target. In this respect, the target is obliged to co-operate irrespective of whether the bid is recommended or hostile.

Statement by the Board of the Target

The board of the target company is required to issue a statement on the offer not later than one week before the offer period expires. This requirement applies irrespective of whether the bid is recommended or hostile.

Certain directors may for legal reasons be disqualified from participating in issuing the statement. If the board due to such disqualifications is not able to form a quorum, then Oslo Børs is likely to require that the target company appoints a financial institution to make an independent evaluation. Also, Oslo Børs could require a third party to issue the statement on behalf of the target company if the takeover offer is made by someone who is a director of the target or it is made in agreement with the board of the target.

Frustration Attempts by the Target

After the target company's board has been informed that a bid will be made pursuant to the takeover rules and until the bid has expired and the result is clear, the board and management of the target may not make decisions in regard to issuance of shares or other financial instruments; mergers; sales or acquisitions of significant business areas or other material dispositions; or purchases of treasury shares. There are however two exemptions from these restrictions: (a) for matters that are within ordinary course of business, and (b) where the target's shareholders' meeting has authorised the board or management to take such actions in a takeover situation.

Equal treatment

There is a requirement for the offeror to treat all shareholders equally in a voluntary and mandatory offer, although different classes of shares may be treated differently. This implies among other things that within the same share class all shareholders have to be offered the same consideration (both in value and form) for their shares.

Employee consultation

There are no requirements for the offeror to consult the target company's employees in a takeover offer for shares in the target. The offeror and the target are however required to make the bid known to the employees once the offer document has been approved by Oslo Børs. If the board of the target receives a statement from employees regarding the effect of the bid on the employees' situation, such statement shall be included in the statement from the board mentioned above.

Voluntary Offer Rules

A decision to make a voluntary offer must be notified to Oslo Børs and the target company's board of directors once the decision is made, and shall thereafter be published by Oslo Børs. The voluntary offer must be made within reasonable time following a decision to make the offer.

The acceptance period in a voluntary offer shall be between two and ten weeks, and the offeror is free to offer consideration in the form of cash, securities, a combination of cash and securities or other forms of consideration.

Completion of a voluntary offer is usually made subject to certain conditions. Among other things, such conditions could include reaching a certain level of acceptances (often 2/3 or 90%); all mandatory filings having been made to the relevant authorities and all necessary consents obtained; no material adverse change having occurred in the Target's activity or financial situation; and completion of satisfactory due diligence (unless due diligence has already been completed prior to launch of an offer).

Settlement in a voluntary offer shall be made as soon as reasonably possible after expiry of the acceptance period for the offer and any conditions for completing of the offer having been met or waived.

If completion of a voluntary offer triggers a mandatory offer obligation for the offeror, then a mandatory cash offer for the remaining outstanding shares must be made. However, if the offeror holds more than 90% of the shares and votes in the target company following a voluntary offer, a squeeze-out of the remaining minority shareholders can be carried out without a preceding mandatory offer as further explained below.

Mandatory Offer Rules

Pursuant to Chapter 6 of the Securities Trading Act, any person, entity or a consolidated group that becomes the owner of shares representing more than 1/3 of the voting rights of a Norwegian company whose shares are quoted on a Norwegian regulated market, is obliged to make an unconditional general offer to acquire all outstanding shares of that company within four weeks of acquiring more than 1/3 of the voting rights of the company, unless the shareholding is reduced to less than 1/3 before the end of the four week period. When a mandatory offer obligation is triggered, the person triggering the obligation must immediately notify Oslo Børs and the company. The notification shall state whether a bid will be made to acquire the remaining shares in the company, or whether a reduction of shareholding to less than 1/3 will take place. The offeror must draft a mandatory offer document and submit it to Oslo Børs for approval before the mandatory offer acceptance period can commence.

The price per share offered in a mandatory offer must be at least equal to the highest price paid or agreed by the offeror (or any related party of the offeror) in the six month period prior to the date the mandatory offer obligation was triggered. However, if the market price for the shares was higher than this when the mandatory offer obligation was triggered, the bid price must at least match the market price. If the acquirer acquires or agrees to acquire additional shares at a higher price prior to the expiration of the mandatory offer period, the acquirer is obliged to restate his bid and offer the higher price to all shareholders. A mandatory offer must be in cash or contain a cash alternative at least equivalent to any other consideration offered.

In case of failure to make a mandatory offer or sell the portion of the shares that exceeds the relevant threshold within four weeks, Oslo Børs may force the acquirer to sell the shares exceeding the 1/3 threshold through a public auction. Moreover, an acquirer who fails to make an offer may not, as long as the mandatory bid obligation remains in force, exercise rights in the company, such as voting in the general meeting of shareholders, without the consent of a majority of the remaining shareholders. However, dividend rights are not affected. If the shareholder neglects his duties to make a mandatory offer, Oslo Børs may impose a cumulative daily fine which runs until the violation has been rectified.

A shareholder or consolidated group that owns shares representing more than 1/3 of the votes in a listed company, and which has not previously made an offer for the purchase of the remaining shares in the company in accordance with the provisions concerning mandatory offers, is, as a main rule, obliged to make a mandatory offer in the case of a subsequent acquisition of shares. There are, however, exceptions from this rule, including for a shareholder or a consolidated group, which, upon admission of the company to listing on a stock exchange, owed more than 1/3 of the shares in the company.

Pursuant to Section 6-6 of the Securities Trading Act, a shareholder who represents more than 1/3 of the votes of a listed company is obliged to make an offer to purchase the remaining shares of the company (repeated bid obligation) where the shareholder through acquisition exceeds an ownership of 40% of the votes in the company. The same applies correspondingly where the shareholder through acquisition exceeds an ownership of 50% or more of the votes in the company. The mandatory bid obligation ceases to apply if the person, entity or a consolidated group sells the portion of the shares which exceeds the relevant threshold within four weeks of the date when the mandatory bid obligation was triggered.

Pursuant to the provisions of the Securities Trading Act and the Norwegian Securities Regulations, the above-mentioned rules also apply in part or in whole to purchases of shares of certain non-Norwegian companies whose shares are quoted on a Norwegian regulated market.

Compulsory Acquisition (“**squeeze-out**”)

Pursuant to Section 4-25 of the Norway Companies Act, a shareholder who, directly or indirectly, acquires shares representing 90% or more of the total number of shares issued by a company, as well as 90% or more of the total voting rights of a company, has the right (and each remaining minority shareholder of that company has the right to require the majority shareholder) to effect a compulsory acquisition for cash of any shares not already owned by the majority shareholder.

Upon effecting the compulsory acquisition, the majority shareholder must offer the minority shareholders a specific redemption price per share. The price offered is at the majority shareholder’s discretion, but if the squeeze-out takes place in lieu of a mandatory offer (i.e. the majority shareholder has reached 90% or greater ownership as a result of a voluntary offer) the offered redemption price is subject to the same minimum pricing rule as applies to mandatory offers. In such scenarios, the aggregate offered price must be backed by a bank guarantee similarly to when a mandatory offer is made.

Minority shareholders cannot object to being squeezed out, but may object to the offered redemption price within a deadline of minimum two months. Absent such objection, minority shareholders are deemed to have accepted the offered price after expiry of the deadline. If an objection is made, however, the parties may petition the Norwegian courts to determine what the price per share should be. The cost of such court procedure will, as a general rule, have to be borne by the majority shareholder.

If valuation proceedings are initiated before the courts, the court is not bound by the price previously offered by the majority shareholder but has full discretion in respect of determining an appropriate redemption price for the squeeze-out. However, if the squeeze-out is completed within three months after the expiry of the acceptance period for a preceding voluntary or mandatory offer made by the majority shareholder, the redemption price shall be fixed on the basis of the bid price, absent specific reasons indicating another price.

Free-float requirements for listing on Oslo Børs

In order to be listed on Oslo Børs, a company’s shares needs to meet the following minimum free-float requirements:

At least 25% of the shares must be distributed among the general public.

The shares must be held by at least 500 shareholders each holding shares with a value of at least NOK10,000 at the time of admission to stock exchange listing.

However, these requirements only apply at the time when the company’s shares are listed. Accordingly, a company whose shares are already listed can remain listed even if the company’s shares no longer comply with the above-mentioned free-float requirements.

There are no clear rules or practice guidelines to determine how few individual shareholders a listed company can have before Oslo Børs decides that is must be delisted. However, if a majority shareholder acquires 90% or more of the shares, the squeeze-out rules discussed in Section 3.10 above will apply. If the minority shareholders decide to use their right to be "squeezed out" (i.e. have the majority shareholder take over their shares), the majority shareholder will have to acquire their shares. If this results in the majority shareholder owning 100% or close to 100% of the company's shares, Oslo Børs will most likely de-list the shares unless the majority shareholder sells a portion of the shares which is at least sufficient to fall below 90% share ownership.

If the intention after a takeover is the continued listing of the company, this should in any event be discussed with Oslo Børs to determine what free-float requirements Oslo Børs will specify for the target company in question following completion of the acquisition.

APPENDIX E

SUMMARY OF RELEVANT PERUVIAN LAWS AND REGULATIONS

This summary is a summary of regulations generally applicable to companies that are incorporated in Peru or that have a class of securities listed in the Lima Stock Exchange. Not all of the descriptions below apply to Copeinca S.A.C. as certain of the following provisions may have been modified pursuant to Peruvian law by the bylaws of Copeinca.

1. GENERAL CORPORATION LAW

General characteristics of a closely held corporation

Copeinca SAC is a closely held corporation (sociedad anónima cerrada "**SAC**"), a specific type of corporation that cannot list shares in the stock market. According to the Peruvian Corporation Law, the SAC differs from the general type of corporation (sociedad anónima) in the following aspects:

(i) Number of shareholders: The number of shareholders of a SAC cannot be less than two or more than twenty, and the shares of the SAC cannot be registered in the stock market unless the corporation is first converted into a *sociedad anónima*.

(ii) Capital: The capital is represented by nominative shares and it is formed by shareholders' contributions. The shares may be divided into classes, each of which may grant different rights and obligations.

(iii) Transfer of shares: According to the Peruvian Corporation Law, unless provided otherwise by the bylaws, the transfer of shares to third parties or to other shareholders is subject to a first refusal right in favor of the other shareholders of the company. The bylaws may also establish that all transfers of shares or shares of a certain class must be previously approved by the SAC.

(iv) Corporate bodies: The general shareholders' meeting is the supreme body of the SAC. The administration of the SAC is delegated to the board of directors and the managers. However, the SAC may choose not to have a board of directors if so established in its bylaws. When there is no board of directors, the general manager assumes all the functions established in the Peruvian Corporation Law for the board of directors.

(v) Meetings: It is possible, in the case of the SAC, to hold virtual shareholders' meetings (without the actual presence of the shareholders), through any means, written, electronic or otherwise, so long as actual communications and authenticity are guaranteed. Also, the shareholders' meetings can be communicated to the shareholders by any means of notification with acknowledgement of receipt, including facsimile, e-mail or similar. The bylaws may establish that the shareholders may be represented at a shareholders' meeting by any person.

All other aspects of a closely held corporation are regulated by the same rules applicable to general corporations.

Rights and liabilities of shareholders

Preemptive Rights

Upon an increase of a company's share capital, holders of common shares have the right to: (i) subscribe for shares of their respective classes on a pro rata basis and (ii) subscribe for bonds or other convertible securities or securities with the right to be converted into shares, on a pro rata basis.

Voting Rights

Holders of common shares have the right to attend and vote at general shareholders' meetings. Each common share has the right to one vote at general shareholders' meetings. In the election of the board of directors, each holder is entitled to one vote per share per nominee. Each holder's votes may be cast for a single nominee or distributed among the nominees at the holder's discretion. To that effect, common shares give the holder the right to as many votes as there are directors to be elected. Shareholders may pool votes in favor of one person or distribute them among various persons. Those candidates for the board who receive the most votes are elected directors. Holders of common shares may attend and vote at shareholders' meetings either in person or through a proxy.

Holders of common shares also have the right to participate, vote and exercise their veto over decisions during special shareholders' meetings affecting their class of common shares. Such meetings take place in companies with more than one class of shares and are held when decisions to be approved at general shareholders' meetings affect the rights of any of the other class of shares. Special shareholders' meetings held to discuss decisions made at a general shareholders' meeting that affect the rights of a certain class of common shares will be exclusively held among shareholders of that class of shares.

Share capital may be increased by a decision of holders of common shares at a shareholders' meeting. Capital reductions may be voluntary or mandatory and must be approved by holders of common shares at a shareholders' meeting. Capital reductions are mandatory when accumulated losses exceed 50% of the capital and to the extent such accumulated losses are not offset by accumulated earnings and capital increases within the following fiscal year.

Right to Net Equity from Liquidation

Upon liquidation for a corporation, shareholders have the right to receive net assets resulting from the liquidation, after compliance with the corporation's obligation to pay all creditors and after discounting any existing dividend liabilities.

Withdrawal Rights

Under Article 200 of Peruvian Corporation Law, shareholders have withdrawal rights if any of the following decisions are approved: (i) change in core business; (ii) change of headquarters to a foreign country; (iii) any transformation, merger or spin-off; and, (iv) other cases set forth under the law or bylaws.

Share Buyback

Under Article 104 of Peruvian Corporation Law, if a company intends to acquire its own outstanding shares and reduce its share capital by fully paying for such shares, it must obtain shareholders' approval to reduce its share capital. Payments above the nominal value of the shares should be paid out of profits and excess reserves.

A company may purchase its own shares to fully pay them and not reduce its share capital through an exchange of fully paid shares for certificates of participation that grant shareholders the right to receive a percentage of distributions during a certain period.

In addition, a company may also purchase its own outstanding shares using its profits or excess reserves: (i) to fully pay them and not decrease the share capital, in which case a previous approval at shareholders' meeting is required to increase the price per share of the other shares, on a pro rata basis; (ii) to fully pay them and not decrease the share capital, through delivery of títulos de participación that grant to shareholders the right to receive distributions; (iii) with no need to fully pay them, when the purchase occurs to prevent serious damage to the company (in this case, the shares must be sold within a period no longer than two years); or, (iv) with no need to fully pay them, through a previous decision approved at a general shareholders' meeting, whenever the shares purchased are maintained in its portfolio for a period no longer than two years and in an aggregate amount not higher than 10% of the subscribed share capital.

In addition, a company may choose to buy its own shares without consideration and decide to fully pay them or not. If a company purchases its own shares for consideration, such shares must be fully paid, except if such purchase is made to prevent serious damage.

Purchase by a company of its own shares must be made on a pro rata basis among all its shareholders, unless: (i) it is made to prevent a serious damage to the company; (ii) it is made without consideration; (iii) it is made in the stock exchange (not applicable to closely held corporations); or (iv) another type of acquisition is unanimously approved at a general shareholders' meeting.

When a company holds its own shares, any shareholders' rights on those shares are suspended. Such shares are not eligible for quorum and their price must be reflected in a special balance sheet account.

Management Structure

Companies are managed by different bodies:

(i) General Shareholders' Meeting

(ii) Board of Directors

(iii) General Manager

General Shareholders' Meeting

The general shareholders' meeting of a company is the supreme governing body and makes decisions based on majority votes. All shareholders, including those who opposed the decision or did not participate in the meeting must comply with the decisions adopted by the general shareholders' meeting.

The quorum for holding a meeting consists of shareholders representing at least 50% of common shares with the right to vote on the first call or, if that quorum is not reached, any percentage representing shares with the right to vote on the second call. However, for shareholders' meetings in order to adopt decisions in connection with the items listed below, the "qualified" quorum is of shareholders representing at least 2/3 of the total subscribed voting shares on the first call or, if that quorum is not reached, shareholders representing at least 3/5 of the total subscribed voting rights on second call. A qualified quorum is required in order to reach decisions regarding:

Amendment of a corporation's bylaws;

(a) Increase or decrease in capital;

(b) Issuance of debt securities;

(c) Transfers, in a single transaction, assets with an accounting value that exceeds 50% of the corporation's share capital;

(d) Reorganisation of the corporation in any way, including merger, spinoff, transformation, dissolution and liquidation.

Ordinary decisions are adopted with the majority of the voting shares represented at a shareholders' meeting. However, decisions on matters (a) to (d) listed above require the majority of all voting shares in the corporation. The corporation's bylaws can establish higher thresholds for the adoption of decisions, but not lower thresholds.

In accordance with Peruvian Corporation Law, only those holders of common shares whose names are registered in the company's stock ledger not less than two days in advance of a meeting will be entitled to attend the shareholders' meeting and to exercise their rights.

Pursuant to Peruvian Corporation Law, the annual shareholders' meeting must be held during the three-month period after the end of each fiscal year. Additional shareholders' meetings may be held during the year. Other shareholders' meetings are convened by the board of directors when deemed convenient by the corporation or when it is requested by the holders of at least 20% of common shares. If, at the request of the holders of 20% of the common shares, the shareholders' meeting is not convened by the board of directors within 15 business days of the receipt of such request, or the board expressly or implicitly refuses to convene the shareholders' meeting, a public notary or a competent judge will, pursuant to Law N° 29560, call for such meeting at the request of holders of at least 20% of the common shares. If a public notary or competent judge calls for a shareholders' meeting, the place, time and hour of the meeting, the agenda and the person who will preside shall be indicated on the meeting notice. If the meeting called is other than the annual shareholders' meeting or a shareholders' meeting required by the Peruvian Corporation Law or the bylaws, the agenda will contain those matters requested by the shareholders who called for the meeting.

The first call or summons is the first date established for the meeting in the corresponding announcement. If the quorum is not fulfilled, then a second meeting must be "called" or summoned, usually to be held within a few days of the first call.

Board of Directors

Closely held corporations are not required to have a board of directors, when so established by its bylaws. In that case, the boards of directors functions are assumed by the general manager.

The board has the power to legally represent the corporation and direct the management, within the limits provided by law and the corporation's bylaws. Agreements adopted by the board will be approved by a majority vote of the directors present in the session, unless the bylaws establish a higher requirement. Directors are appointed by the general shareholders' meeting and its numbers set forth in the bylaws, but in no case can be less than three. Unless objected by a director, the board can convene virtually, as long as any written or similar means to guarantee communication and authenticity of the agreement is used.

General Management

The managers are appointed by the board of directors, unless the corporation's bylaws attribute this power to the general shareholders' meeting.

Limitations on the rights of non-residents or foreign shareholders

There are no limitations under Peruvian Corporation Law on the rights of nonresidents or foreign shareholders to own securities or exercise voting rights with respect to securities.

Conflicts of interest and related party transactions

Under Peruvian Corporation Law, shareholders cannot participate in discussions in matters on which they have a conflict of interest. In addition, pursuant to Article 139 of the Peruvian Corporation Law, resolutions passed at a shareholders' meeting that directly or indirectly benefit on or more shareholders may be declared judicially null and void at the request of such shareholders who (i) were not present at the shareholders' meeting where such resolution was passed or (ii) voted against the passing of such resolution.

Under Article 133 of Peruvian Corporation Law, a shareholder that votes for a resolution while having a conflict of interest with the company will be liable for damages and losses if the relevant resolution had not been approved but for the vote of the shareholder in conflict. Decisions approved that violate provisions of Article 133 may be challenged in court.

Under Article 179 and 180 of Peruvian Corporation Law, board members and executive officers of a company may not (i) engage in transactions with the company or any related party of the company, except for transactions entered into in the ordinary course of business and on an arm's length basis, except when this transaction has been previously approved by the board of director with a favorable vote of at least 2/3 of its members, (ii) appropriate for their own benefit or for the benefit of a related party, a business opportunity that belongs to the company, or (iii) participate in any transaction or decision that presents a conflict of interest with the company, unless expressly approved by the latter. In the deliberation of any matter in which a director has a conflict of interest, the conflict of interest must be communicated and abstain from participating in the discussion and adoption of the decision on the matter. Directors and executive officers who fail to comply with this requirement may by liable to the company for damages.

2. LIMA STOCK EXCHANGE RULES

This section is only applicable to Copeinca because its shares are listed on the Lima Stock Exchange and not to Copeinca S.A.C.

Disclosure of shareholdings

According to Article 10 of CONASEV Resolution No 090-2005-EF-94.10, as amended, publicly-held corporations must inform the Superintendence of the Capital Markets (Superintendencia del Mercado de Valores or "**SMV**") of the members of its economic group and a list of the holders of its common shares owning more than a 5% share interest, as well as any change to such information. Such information is publicly available.

In addition, Article 13 of the same resolution establishes that publicly-held corporations that list shares on the stock exchange must present to the SMV a list of its shareholders holding more than 0.5% share interest each month.

Tender offer regulations

The Peruvian Securities Market Law *(Decreto Legislativo 861: Texto Unico Ordenado de la Ley del Mercado de Valores)* and the tender offer regulations require any person who directly or indirectly acquires in one or a series of transactions a "substantial interest" in a company that has at least a class of shares with voting rights registered with the SMV and listed on the Lima Stock Exchange, to launch a tender offer *(oferta pública de adquisición)* (a "**Subsequent Mandatory Tender Offer**"). In addition, a person who directly or indirectly intends to acquire in one or a series of transactions a "substantial interest" is also required to launch a tender offer prior to acquiring the "substantial interest" unless such person acquires the substantial interest (i) indirectly, (ii) in a public secondary offering of securities, (iii) in a single transaction, or (iv) in no more than a series of four consecutive transactions in a period of three years (any tender offer launched prior to acquiring a substantial interest and described in items (i), (iii) or (iv) is referred to as a "**Voluntary Tender Offer**").

Except for Voluntary Tender Offers and cases where the Subsequent Mandatory Tender Offer is launched prior to acquiring the substantial interest, the tender offer is required to be launched at the earlier to occur between (i) four months from the date on which the requirement to launch the tender offer is triggered (i.e., the date on which the substantial interest is acquired) and (ii) within five calendar days from the date the valuation entity files the valuation report referred to below.

A "substantial interest" in a company is acquired when a person acquires or intends to acquire a number of common shares that (i) will result in such person beneficially (directly or indirectly) owning a 25%, 50% or 60% of the outstanding shares with voting rights of a company in one or a series of transactions or (ii) allows such person to (a) appoint a majority of the directors of a company or (b) amend the by-laws of a company.

Procedure

Regardless of the type of tender offer (Mandatory or Voluntary Tender Offer), the offeror must notify the target company, the SMV and the Lima Stock Exchange of the tender offer prior to launching the tender offer by filing a tender offer notice. The tender offer period is deemed to begin the day following the date notice is filed. In addition to the tender offer notice, the offeror is required to file a prospectus and evidence that a guarantee is being provided to a local broker dealer for purposes of settling the offer. The guarantee may be offered in cash or such other readily available form (such as a bank bond (*carta fianza*)). The amount of the guarantee should be at least equivalent to the aggregate purchase price.

Once the above documents are filed with the SMV, the SMV may make comments to the information filed within five (5) business days from the filing date. The offeror has three (3) business days to amend the information.

Number of securities

Subsequent Mandatory Tender Offers must be launched for at least the number of shares resulting from the following formula:

[x/y] x [1-z] = minimum number of shares to be tendered

Where:

x = Percentage of securities acquired in the target company in the last three (3) years.

y = Percentage of securities owned by third parties before the transaction(s) which triggered the tender offer was carried out.

z = percentage of securities owned, after the transaction which triggered the tender offer was carried out.

In any other tender offer that is not a Subsequent Mandatory Tender Offer there are no restrictions as to the number of shares being offered.

Consideration offered

In any other tender offer that is not a Subsequent Mandatory Tender Offer there are no restrictions as to the number of shares being offered, the price offered for the tender of securities must be the greater of (x) the actual price paid in the acquisition of the substantial interest and (y) the price determined by a valuation entity appointed by SMV. There is no regulatory period for the appointment of the valuation entity by the SMV, however, in practice the SMV takes approximately one month to appoint the valuation entity. The valuation entity is required to value the target company for purposes of determining the purchase price per share and file a valuation report with SMV within 30 calendar days from its appointment.

In determining the minimum price of the shares, the valuation entity must use international valuation practices and the following criteria: (i) the book value of target company; (ii) the liquidation value of the target company; (iii) the target company's value as an ongoing business; (iv) the average price of the target company's shares during the immediate previous semester; and (v) in case there has been a public tender offer during the previous year, the price offered in that public tender offer. After applying the above criteria, the valuation entity must provide the purchase price for purposes of the Subsequent Mandatory Tender Offer.

In cases where the tender offer is a Voluntary Tender Offer or is otherwise not a Subsequent Mandatory Offer, there are no minimum prices that must be complied with and there no is no requirement to appoint a valuating entity for purposes of valuating the shares.

Tender Offer Period

If the tender offer is a Voluntary Tender Offer or is otherwise not a Subsequent Mandatory Tender Offer, the period during which the offer is open can be determined by the person who launches the offer, provided it is not less than twenty (20) business days. This period can be renewed with no less than four (4) business days' prior notice. If the tender offer is Subsequent Mandatory Tender Offer, the tender offer period must of at least twenty (20) business days and not more than forty (40) business days.

Board of Director's Report

During the first seven (7) days following commencement of the tender offer, the board of directors of the target company is required to issue a report describing the advantages and disadvantages of tendering shares and disclosing any information regarding agreements between the offeror and the target company or with the members of the board or with the shareholders.

Settlement

Settlement of the offer is required to take place in accordance with the rules that are applicable to stock exchange transactions, which is usually three business days following the acceptance period.

Exemptions

Notwithstanding the above, the SMV is entitled to grant exemptions to any of the requirements described above. As of the date hereof, the Offeror has applied with the SMV for a number of exemptions in connection with certain Peruvian tender offer regulations mainly referring to the following requirements: (i) to post a guarantee to secure the Offeror's obligations; (ii) the Lima VGO will not be irrevocable; and (iii) any other requirement that differs from those required by the Oslo Børs, so long as they have been previously approved by the Oslo Børs. However, no assurance can be given as to whether any or all of such exemptions will be granted.

Corporate governance

The SMV publishes a set of guidelines known as the Principles of Good Corporate Governance for Peruvian Companies ("**Principios de Buen Gobierno Corporativo para las Sociedades Peruanas**"). Compliance with these guidelines is not mandatory. However, each corporation that has a class of securities registered in the Securities Market Public Registry must inform their degree of compliance with the Principles of Good Corporate Governance when presenting their annual report.

In addition, the Lima Stock Exchange has a Good Corporate Governance Index ("**Índice de Buen Gobierno Corporativo**"), an instrument which awards visibility to corporations with listed shares that voluntarily adopt good corporate governance practices and undergo the validation process. Certain consulting companies certified by the Lima Stock Exchange validate a questionnaire filled out by participating corporations regarding their level of compliance with the Principles of Good Corporate Governance. Top ten corporations are awarded the chance to form part of the Index for a year.

Responsibility for directors

Pursuant to article 3 of Law 29720 ("**Law that promotes the issuance of securities and strengthens the Securities Market**"), recently amended by Law 30050 ("**Law that promotes the Securities Market**"), directors of issuers having shares listed in a stock exchange are civilly liable before the issuing corporation and its shareholders for any damages caused by approving any agreement which is not in the benefit of the corporation's interests but in their own interest or of a related party, in respect to a transaction which fulfills with the following characteristics:

1. One of the parties involved in the transaction is a corporation with shares listed in a stock exchange;

2. The controlling shareholder of the referred corporation is also the controlling shareholder of the corporation which is the counterparty in such transaction; and

3. The transaction does not comply with arm's length principle, and it involves at least 10% of the referred corporation's assets.

Directors who opposed the transaction and whose opposition was recorded in the minutes of the corresponding meeting, are exempted from any liability.

Related party transactions

Article 6 of Law 29720 has also established that transactions involving 5% or more of the issuer's assets carried out with parties related to their directors, managers or shareholders who directly or indirectly represent more than 10% of the issuer's share capital require prior approval from the board of directors, without the participation of the related director. Those transactions in which the issuer's controlling shareholder also controls the related party involved in the transaction, an external entity approved by the SMV must audit the terms of the aforementioned transaction.

3. RELEVANT LAWS AND REGULATIONS AFFECTING BUSINESS AND OPERATIONS OF COPEINCA

Fishery Regulation

Article 54 of the Peruvian Constitution asserts Peru's exercise of jurisdiction over the exclusive economic zone extending up to 200 nautical miles from the baselines from which its territorial sea is measured. Decree Law No. 25977, which includes the General Fishing Law of December 7, 1992 and its Regulations, principally, Supreme Decree No. 012-2001-PE of 13 March, 2001, contains the primary laws regulating the fishery industry in Peru (collectively, "**General Fishing Law**"). The General Fishing Law controls the industry by requiring, among other things, permits to operate fishing vessels under Peruvian or foreign flags and licenses to operate processing plants. In addition, it establishes that each species may be regulated by specific rules. Peru has different fishing regimes applicable to specific species, such as the individual quota system and the Olympic system, among others.

Government control of fisheries in Peru is managed by the Ministry of Production and the Vice-Ministry of Fisheries. These entities receive all the necessary technical information and advice regarding fisheries in Peruvian waters by a local marine research institute, the Sea Institute of Peru ("**Instituto del Mar del Perú**"). The Vice-Ministry of Fisheries uses information provided by the research institute to regulate fishing in Peruvian waters. Many of the regulations and decrees apply specifically to Peruvian anchovy and its fishing control, e.g., fishing periods, fishing areas and total allowable catches.

The Ministry of Production is responsible for administering permits to operate fishing vessels, licenses to operate plants for processing fishmeal, fish oil and other human consumption products and individual quotas for the fishery industry. The Ministry of Production also approves fishing seasons, grants environmental certifications for the fishery industry and imposes administrative sanctions.

Rules Related to Fishing Activity

In the context of industrial fishing activities, the General Fishing Law expressly prohibits the expansion of fishing vessel fleets and processing capacity. Authorisations to add fishing vessels and fishing permits can only be granted under administrative responsibility of the competent authority for substitute vessels with storage capacities equal to the existing vessels being replaced and for the same fisheries. These authorisations are granted in the event a vessel with a fishing permit sinks or becomes obsolete, and only for the purpose of replacing such vessel. This rule only applies to those species decreed as plenty harvested.

The General Fishing Law also prohibits industrial fishing in designated reserved or prohibited areas, which include the coastal area within ten miles from shore. In addition, fishing vessels are prohibited from sailing at certain fishing speeds (i.e., less than two knots per hour) and in an unsteady course for two or more hours in the reserved or prohibited areas. The Ministry of Production enforces these provisions through satellite monitoring.

The General Fishing Law and its regulations also prohibit anchovy fishing in sizes or weights under established limits. With respect to anchovy, the fishing regulations provide that anchovy with a total length of less than 12 centimeters must not exceed 10% of the total catch of each vessel. Historically, Peru used the Olympic system for fishing for anchovy and other raw materials used in producing fishmeal and fish oil. The ITQ system was adopted in 2009 for the anchovy fishery industry.

Before the adoption of the ITQ system, an “Olympic race” took place at the start of each fishing season whereby vessels rushed out and caught the entire quota for the year in less than 50 days, which resulted in congestion at ports and fishmeal plants. The adoption of the ITQ system was intended to increase the operational efficiency of the oversized fleet in Peruvian waters, improve the distribution of fishing efforts throughout the fishing seasons and reduce stress on the stock. Further objectives are to promote artisan fishing, increase safety and the quality of fishmeal and reduce the environmental impact of industrial fishing. The regulations are also designed to promote investment and competitiveness and increased supply for human consumption. The regulations also provide parachute payments and pension for crew members who retire from fishing.

The Ministry of Production determines the start and the duration of each fishing season, as well as the total allowable catch for the fishing season. The Ministry of Production also determines the individual anchovy quota for each fishing vessel. Hence, the Peruvian quota system distributes the total allowable catch among all the vessels that compose the national fleet.

The current ITQ system permits each ship owner to distribute its total vessels’ maximum percentage catch among certain of its vessels, which are known as “nominated vessels.” Thus, not all the vessels owned by a ship owner must work in each fishing season. The Peruvian quota system divides anchovy stock into two zones: the northern and central region and the southern region. Each vessel receives a separate quota per zone, which has different fishing seasons. The northern and central region has two fishing seasons during each year, which generally occur between April to July and November to December, while the fishing season for the southern region extends year round. The individual fishing quotas have no expiration date, and quota shares may be increased or reduced as a consequence of a change in or recalculation of the maximum percentage catch per vessel. The right under the quota shares may also be affected by changes of law.

Pursuant to legislative Decree No.1084, the Ministry of Production can enter into quota stability agreements with any fishing company with nominated vessels under Peru's ITQ system. Under such agreements, the Ministry of Production guarantees the Peruvian government's recognition of the individual fishing quotas granted to the covered vessels as of the respective dates of the agreements for at least ten years. Even though the Peruvian government expressly reserves the right to amend fishing laws and regulations during the interim, the recognition of the quota shares protected by stability agreements will not be affected. Upon the expiration of the stability agreements, or the termination of a quota stability agreement at a company's election, its fishing activities will be regulated by legislation then in effect.

In addition, fishing activities in Peru can only be performed by vessels with valid fishing permits for anchovy. Fishing companies must pay a variable fee to the Peruvian government representing 0.25% of the aggregate Free On Board ("**FOB**") price of its monthly catch. Vessels are also required to have a satellite monitoring system installed on board which provides continuous Global Positioning System ("**GPS**") positioning signals.

The individual fishing quota system is not applicable to jack mackerel and chub mackerel, and fishing for these species can take place during fishing seasons established by the Ministry of Production. In September 2002, the Peruvian government banned the harvesting of jack mackerel and chub mackerel and sardines to use as feed stock for fishmeal production. These species are now only permitted to be used for human consumption. As a result, currently the only species allowed for fishmeal production in Peru is anchovy.

Rules Related to Processing Activity

Individuals or enterprises must obtain authorisation to install a plant for processing marine biological resources for direct or indirect human consumption or industrial purposes or to increase its capacity. A license is required to operate these plants. Companies are prohibited from relocating existing fishmeal processing plants to ports, bays or areas served by these ports in Paita, Sechura, Chimbote, Huacho, Chancay, Coishco, Samanco, Callao, Malabrigo and Pisco (Paracas) as the Peruvian government has deemed that any addition of plants to these areas could have a damaging environmental impact. The high concentration of production units at different ports may cause environmental problems. This prohibition also applies to the plants established from the parallel 16°00´00" to the south limit of the country.

The Ministry of Production has the authority to bring administrative proceedings against violations of the General Fishing Law and related regulations and to impose sanctions against violators, including the imposition of fines and the temporary suspension of the fishing permits of fishing vessels and the operating licenses of processing plants. In January 2004, as a result of a plan named the Fishery Discharge Control Program, the Peruvian government contracted with Societé Generale de Surveillance ("**SGS**"), a Swiss company, to monitor, supervise and enforce Peruvian fishing regulations. SGS has established offices along the Peruvian coast, recruited and trained inspectors, implemented procedures to control fishing, and collected daily statistical data for the Ministry of Production. The private fishing sector producers agreed to pay for this service and company contributions vary according to the amount of tonnage caught. SGS inspectors monitor fishing in the fishing regions and the fishmeal processing plants, especially during the fishing seasons. SGS inspects catch quantities, the percentage of undersize fish caught and, to a limited extent, by-catch levels. In addition, inspectors register and verify a fishing vessel's data, the license of the vessel and species being caught. On the quays, inspectors control and report the discharged tonnage and verify the performance of the weighing instruments in use.

Currently, SGS and Certificaciones del Perú S.A. have been authorised to perform these activities.

Environmental Regulations

According to the General Fishing Law and its regulations, each company engaged in the production of fishmeal and fish oil must obtain an environmental certification authorised by the Ministry of Production. The environmental certification contains all the measures with which a company must comply to prevent environmental damage. The majority of the measures are related to the treatment of effluents and emissions generated in fishmeal and fish oil processing, and also include measures to prevent environmental damage to the sea.

The Peruvian government requires environmental impact assessment reports for new fishing activities and environmental management programs for those companies already operating. A producer interested in engaging in fishing activities by building a factory in replacement of an existing one has to appoint an independent entity, approved by the government, to perform this assessment.

As part of government policy to introduce clean technologies, the Peruvian government set maximum permissible limits on effluents in 2008 and on emissions in 2009. All fishmeal plants must comply with these environmental standards as set forth in schedules in applicable regulations.

In relation to preventing oil contamination, each company must register under the Direct Oil Consumer Record, which is administrated by an independent authority. This registration describes, among other things, the authorised infrastructure for oil storage and its maximum capacity. However, there is no specific permit or authorisation, other than the environmental certification, that contains the measures with which a company must comply in order to prevent oil spills. With respect to oil spills by vessels, each fishing company has to obtain a Prevention of Oil Pollution National Certification granted by the maritime authority for each vessel. This certification declares that the vessels structure, systems and equipment meet the standards set forth in the International Convention for the Prevention of Pollution from Ships.

Labour and Employment Regulation in the Peruvian Fishery Industry

Employment and labour relationships in the Peruvian fishery industry are subject to extensive regulation. Employees in the fishing and fishmeal processing operations are entitled to various statutory benefits and bonuses, and each employer is responsible for providing and making contributions in connection to the below benefits for their employees in Peru.

Processing plant employees

Employees at the processing plants are entitled to receive a monthly base salary as compensation for their services. In addition, these employees are entitled to receive the following benefits, among others: (i) two legal bonuses calculated based on the employee’s monthly remuneration (paid in July and December, provided that the employee was employed the complete semester); (ii) a seniority bonus representing 8.33% of the employee’s remuneration during the semester (inclusive of legal bonuses) made in semiannual deposits; (iii) eligibility to participate in a profit sharing plan consisting of 10% of the income before taxes generated by their employer during the financial year; and (iv) 30 days of paid vacation for each complete year of service. Each month, the employer must contribute an amount equal to 9% of each employee’s salary to a government-administrated health-care program.

Fishing vessel crew employees

As compensation for their services, crew employees receive a base salary calculated using a formula which considers the weight and sales price of fish harvested by their respective fishing vessels. In addition, crew employees are entitled to receive (i) paid vacation equal to 8.33% of the employee's salary during the month, (ii) a seniority bonus equal to 8.33% of the employee's remuneration during the month and (iii) legal bonuses equivalent to 16.66% of the employee's salary during the month. All of the foregoing benefits and the base salary are paid on a monthly basis. Each month, the employer must contribute an amount equal to 9%, 4.84% and 2.55% of each employee's salary to a government-administrated health-care program, the Fisherman's Social Welfare and Security Fund and worker's compensation insurance, respectively.

Following the implementation of the ITQ system, former crew employees of the fishing vessels that became inactive are entitled to severance compensation.

Exchange Rates

The Peruvian nuevo sol is freely traded in the exchange market. Current Peruvian regulations on foreign investment allow foreign equity holders of Peruvian companies to receive and repatriate 100% of the cash dividends distributed by these companies. Non-Peruvian equity holders are allowed to purchase foreign currency at free market currency rates through any member of the Peruvian banking system and transfer such foreign currency outside Peru without restriction. Peruvian law in the past, however, has imposed restrictions on the conversion of Peruvian currency and the transfer of funds abroad, and we cannot assure that Peruvian law will continue to permit such payments, transfers, conversions or remittances without restrictions.

Regulation of the Peruvian securities market

The Peruvian Securities Market Law regulates certain securities matters, such as transparency and disclosure, corporate takeovers, capital market instruments and operations, the securities markets and broker-dealers, and credit-rating agencies. In 1996, the SMV was given additional responsibilities relating to the supervision, regulation and development of the securities market, while the Lima Stock Exchange was granted the status of a self-regulatory organisation. Additionally, a unified system of guarantees and capital requirements was established for the Lima Stock Exchange.

Pursuant to Law N° 29782, published in the Peruvian Official Gazette, El Peruano, on 28 July, 2011, the SMV is now a governmental entity reporting to Peru's Ministry of Economy and Finance with functional, administrative, economic, technical and budgetary autonomy.

The SMV is governed by the Superintendent and a five board-members conformed by the Superintendent (who acts as President of the board) and four members appointed by the Peruvian Executive Power (one suggested by the Ministry of Economy and Finance, one suggested by the Peruvian Central Reserve Bank, one suggested by the Peruvian Superintendence of Banking, Insurance and Private Pension Funds and one independent member). The SMV has broad regulatory powers, including reviewing, promoting, and making rules regarding the securities market, supervising its participants, and approving the registration of public offerings of securities.

The SMV supervises the securities markets and the dissemination of information to investors. It also (i) governs the operations of the Public Registry of Securities, (ii) regulates mutual funds, publicly placed investment funds and their respective management companies and broker-dealers, (iii) monitors compliance with accounting regulations by companies under its supervision as well as the accuracy of financial statements and (iv) registers and supervises auditors who provide accounting services to those companies registered with the SMV.

Pursuant to the Peruvian Securities Market Law, broker-dealers must maintain a guarantee fund. This guarantee fund must be managed by an entity supervised by the SMV. Contributions to the guarantee fund must be made by the 26 broker-dealers that are members of the Lima Stock Exchange and are based on the volume traded over the exchange. As of December 31, 2010, the fund has approximately Peruvian nuevo sol 35 million (approximately US$12.6 million). In addition to the guarantee fund managed, each broker-dealer is required to maintain a guarantee in favor of the SMV to guarantee any liability that broker-dealers may have with respect to their clients. Such guarantees are generally established through letters of credit issued by local banks.

Disclosure obligations

Issuers of securities registered with the SMV are required to disclose material information relating to the issuer. Pursuant to the Peruvian Securities Market Law and relevant regulations enacted thereunder, all material information in connection with the issuer of registered securities (such as common shares and investment shares), its activities or securities issued or secured by such issuer which may influence the liquidity or price of such securities must be disclosed. Accordingly, issuers must file with the SMV mainly two types of information: (a) financial information, including interim unaudited financial statements on a quarterly basis (which are not required to be subject to limited review), and annual audited consolidated financial statements on an annual basis, and (b) material information relating to the issuer and its activities that may significantly affect the price, offering or negotiation of the issued securities, and in general, all the information that may be relevant for investors to be able to make investment decisions. In order to comply with the foregoing disclosure obligations, issuers must disclose reaffirmation to the securities market superintendence and, if the securities are listed, with the Lima Stock Exchange as soon as practicable but not later than one business day after having become aware of such information.

APPENDIX F

SUMMARY OF RELEVANT SPANISH LAWS AND REGULATIONS

1. INTRODUCTION

The aim of this summary is to provide a general overview of the main legal regime applicable to Copeinca International S.L.U. (España) ("**Copeinca Spain**") a wholly owned company of Copeinca. Copeinca Spain is a Limited Liability Company (Sociedad de Responsabilidad Limitada) hereinafter ruled by the Spanish Act 1/2010, 2nd July (Ley de Sociedades de Capital) (the "**Spanish Act**").

2. GENERAL OVERVIEW OF SPANISH COMPANIES

Under Spanish law there are five (5) basic forms of business organisation: general partnerships (Sociedad Regular Colectiva), limited partnerships (Sociedad en Comandita Simple), limited partnerships with shares (Sociedad en Comandita por Acciones), limited liability companies (sociedad de Responsabilidad Limitada) and corporations (Sociedad Anónima).

Each one of the five (5) forms is an independent legal entity and each becomes a separate entity to its members, partners or shareholders at the time the public deed of incorporation, which must include the by-laws among other information, are filed with the Commercial Registry.

The first three (3) forms are less common, particularly partnerships while Corporations (Sociedad anónima) ("**S.A.**") and limited liability companies (Sociedad de Responsabilidad Limitada) ("**S.L.**") are the standard forms of doing business in Spain and have a unified legal regime contained in the Act and in the Corporate Re-structuring Act 3/2009, 9th April 2009 which rules the applicable regime to mergers, de-mergers, transformations and other structural aspects of both types of companies.

The public deed of incorporation of any of the abovementioned forms of business organisations, are an essential corporate document which must contain at least the names of the founders, a statement of intent to create a corporation, the contribution in cash or in kind made as consideration for the issuing of shares/quotas and the corporation by-laws.

The by-laws of the relevant organisation must mainly have ruleson the following: name of the company; corporate purpose; duration; the date of commencement of business operations; registered address in Spain; capital, stating the number of shares/quotas, their value and class and whether they are to be issued to the bearer and/or registered (depending on the corporate form); the amount of capital subscribed and paid in, the balance not paid in (if it is a corporation) and form of payment of the non-paid in balance; appointment of the members of the management body, indicating who has the power to represent the corporation; the dates and manner of calling general shareholder/quotaholder meetings/assembly; and the deliberation and voting procedure.

Based on section 1 above, this summary will analyse the main legal regimen of an S.L.

3. LEGAL CORPORATE REGIMEN OF COPEINCA SPAIN

3.1 Quotaholders: rights and liabilities

(a) *Corporate capital and quotas*

S.L. companies are commercial entities with a minimum capital of EUR3,000. The capital must be divided into equal quotas (known as participaciones sociales). According to the provisions of the Spanish Act, the units into which the company capital is divided must not be called "shares", but rather referred to as "quotas". Quotas may not be represented by certificates nor by book entries. Quotas may not be called negotiable quotas. They must be fully paid-in upon incorporation of the company.

A quotaholder is only liable for the capital contribution made and there is no restricted maximum or minimum number of quotaholders. Furthermore, the Spanish Act expressly acknowledges and regulates the companies incorporated with one sole quotaholder and those in which all the quotas have come to be held by one sole quotaholder.

Unless otherwise stated in the by-laws, voting rights are proportional to the capital contribution. A quotaholder has as many votes as quotas, unless the relevant by-laws provide for a different voting system. Decisions of quotaholders are taken by majority vote.

(b) *Transfer of the quotas*

Unless otherwise stated in the by-laws, quotas are freely transferable amongst quota-holders, their spouses, relatives in lineal consanguinity (to two degrees) or companies belonging to the same group. The transfer of quotas to persons other than existing quotaholders is subject to the provisions established in the by-laws or, if the absence thereof, to the provisions of the Spanish Act.

A provision in the by-laws allowing the free inter vivos transfer of quotas is null and void. The Spanish Act authorises the inclusion in the by-laws of restrictions on the transfer of quotas to outsiders, provided that such restrictions do not amount to a total restraint on disposal. The Spanish Act also states that the transferor must give notice to the company of his intention to transfer his/her quotas to outsiders and the conditions of such transfer. The transfer will be subject to the consent of the company that shall have the right to offer the transferor's quotas first to the other quotaholders. If the existing quotaholders do not make use of the right to purchase the quotas within three (3) months as of the notice to the company, the transferor is free to sell and transfer them to any third party.

The transfer of quotas must be executed by public deed. An S.L. may purchase its own quotas under certain very restrictive conditions, however must immediately amortise them.

(c) *Sole Partner/Quotaholder companies*

One of the main provisions of the Spanish Act is the express recognition and full regulation of sole partner companies, i.e. companies incorporated by only one partner and companies in which, at some point in time after incorporation, all the quotas have come to be held by one person or entity.

Sole Partner companies must be recorded by public deed identifying the sole quotaholder. The deed must in turn be registered with the Commercial Registry of the province in which the company has its registered address. Any subsequent change or loss of sole quotaholder status must also be recorded in the same way. In our particular case, Copeinca Spain is a sole quotaholder company, being the Norwegian entity, Copeinca, its sole quotaholder. This information is publicly disclosed in the Commercial Registry.

A Sole Partner company must include the words Sociedad Unipersonal ("**Sole Partner company**") in all its commercial documents and stationary, next to the tax identification number and company registration data already required.

Agreements between a sole partner and a wholly owned subsidiary must be signed in writing and recorded in a special intercompany agreements registry, which must have been legalised in the same manner as all other official corporate books of the subsidiary.

(d) *Rights of the quotaholders*

The main rights of the quotaholders under Spanish company law can be summarised as follows:

(i) Economic rights:

- o Right to participate in the distribution of the profit;
- o Right to receive proceeds of liquidation in case of winding up;
- o Right of first refusal in the acquisition of new shares by means of capital increase (corporations); and
- o Pre-emptive right in the acquisition of new quotas.

(ii) Political rights:

- o Right to attend and be represented at the general meeting of quotaholders;
- o Right to seek the court's assistance to call the general meeting of quotaholders;
- o Right to take the floor and to vote at the general meeting of quotaholders;
- o Right to obtain information from the directors about the items of the agenda of a general meeting before it is held;
- o Right to request the company to exercise the social liability action against the directors;
- o Right to exercise the individual liability action against the directors;
- o Right to request the removal of certain directors;
- o Right to cease being a shareholder upon certain events, i.e. change of the corporate purpose, change of the registered address, transformation of the company or change of the procedure of transfer of the quotas in an S.L., among others;

- Right to contest corporate resolutions;

- Right to request the convening of a general meeting of quotaholders to resolve upon the winding up of the company or the request of an insolvency procedure; and

- The right of minority quotaholders (those holding at least 1% of the shares in a corporation or 5% of the quotas in an S.L.) to request the attendance of a notary public at the general meeting of quotaholders to raise the minutes by means of public deed.

3.2 Management Bodies

(a) The General Meeting of Quotaholders. Voting rights and Majority requirements

(i) General Meeting of Quotaholders

Quotaholders meetings are either annual or special and must be held in the city in which the corporate registered address is located. Basically, all quotaholder meetings that are not annual are special. Except for the intervals of annual meetings, there are no differences as to the issues, calling or majority rules.

Regardless of whether the meeting is annual or special, notice of the meeting must be published on the web page of the corporation is there is one created under the legal regime specify in the Act. It there is not a web page created under the legal conditions required by the law, publicity must be given in the Commercial Registry Official Gazette and also in a major reputable newspaper in the province where the corporation is domiciled. Notice must be published one (1) month in advance and should state the agenda of the matters to be put to vote, as meetings are limited to the matters included in the agenda except in the case of the revocation of a member of the board. As an exception, a general meeting may be held anywhere in Spain without due notice, provided all the quotaholders are present and agree to hold a meeting at that time (this is known as the universal meeting -Junta Universal-).

Annual or special meetings are called by the governing body. Special meetings may be called by the management body at the request of a minority of quotaholders representing at least 5% of the paid-in capital. The request must state the business to be discussed and be included in the notice of the meeting. If the managing body fails to call an annual general meeting, any quotaholder may request a Court to do so.

(ii) Quorum and voting rights

An S.L. company is not subject to quorum requirements.

Unless otherwise stated in the by-laws, voting rights are proportional to capital contribution. A quotaholder has as many votes as quotas, unless the by-laws provide for a different voting system.

The by-laws may require, in addition to the voting systems established, the vote of a specific number of quotaholders.

(iii) Majority requirements

General Meeting decisions are passed by majority vote. Majority is deemed as a number of quotaholders representing more than one-third (1/3) of the corporate quotas. Blank ballots are not counted.

Notwithstanding the above, the increase or reduction of capital or amendment of the by-laws must be passed by more than one-half (1/2) of the corporate quotas.

Moreover, the (i) authorisation of the directors to engage in an activity that is the same, similar or supplementary to the company's corporate purpose; (ii) cancellation or limitation of pre-emptive rights in capital increases; (iii) transformation; (iv) merger; (v) spin off; (vi) global assignment of assets and liabilities; (vii) transfer of the registered office abroad or; (viii) exclusion of partners, must be passed by a numerical majority of the quotas representing two-thirds (2/3) of the corporate quotas.

These voting requirements may be stricter if provided for by the by-laws with, the exception of the decision to demand directors' liability, the winding up of the company or the cease of directors. However, a unanimous vote requirement is not permitted. The by-laws could also require, in addition to majority requirements, the vote by a specific number of quotaholders.

(b) The Management Body

(i) General notions

An S.L. may be managed by a sole director, several directors acting jointly or jointly and severally or by a board of directors.

In the case of a board of directors, the by-laws must provide for a maximum and minimum number of directors that cannot be fewer than three (3) or greater than twelve (12). Furthermore, the by-laws must govern the organisation and functioning of the board.

The company may choose between a unitary approach (i.e. a sole board of directors) or a disperse structure (a supervisory board of directors and one or more executive committees or managing director(s)). The managing director(s) and the members of the executive committees must also be members of the board of directors.

At the case at hand, the management body is entrusted to a board of directors comprised of five (5) members. In this sense, our analysis will be tailored to the main legal regimen for such form of management body.

Once appointed, the board members must divide several board positions amongst themselves. The board of directors has broad powers to determine its own structure and generally includes a chairman, a managing director ("**Consejero Delegado**"), and a company secretary. The only two positions required by law, however, are those of chairman and secretary. Unlike the chairman, who must be elected by the board members from among themselves, the secretary need not be a board member.

Spanish companies do not have corporate officers as in other countries (e.g. the United States). Instead, the board of directors generally delegates its authority to one or more managing directors who, in turn, may delegate their authority to one or more general managers ("**Directores Generales**").

(ii) Appointment and removal

Directors may be appointed either in the memorandum of association or at the first general meeting of quotaholders. A director need not be a quotaholder, unless the by-laws so require. Directors may be re-elected indefinitely, but the term of office must not exceed six (6) years, including possible extensions, for corporations. Directors of an S.L. may be appointed for an indefinite term.

Directors may be removed by a resolution passed at a general quotaholders' meeting. The system of proportional representation may also be applied with respect to the removal of directors. When the removal of a director is based on a cause such as wilful misconduct, ultra vires activity or gross negligence, the removal is automatic as soon as the quotaholders' meeting decides to bring legal action against the director.

(iii) Quorum and majority requirements

The quorum for board of directors meetings in an S.L. is determined by the by-laws, however in any event, may not require less than the majority of the board members.

Moreover, the board resolutions are passed by the majority of the members attending the meeting.

The law does not require reinforced majority votes for the adoption of corporate resolutions by the board.

In this regard, the by-laws may call for stricter majorities than those specified in the preceding paragraph, but not unanimous approval, the right to veto or approval by certain directors.

(iv) Activity

Board meetings may be held anywhere, even outside Spain, provided the directors so agree and a simple majority of the board members is present. Resolutions may also be passed without holding a meeting, as long as each and every director grants written consent to the procedure, as proposed by the secretary of the board.

The board may delegate some of its duties to executive committees. Nevertheless, the presentation of balance sheets and statements of account to shareholder meetings is considered a duty that cannot be delegated. Special powers granted at shareholder meetings to the board may be delegated by the board, provided authorisation to do so is granted at the quotaholders' meeting.

(v) Prohibitions and incompatibilities of directors

Generally speaking, anyone of legal age can serve as a director of an S.L. As a general rule, company law allows foreigners and non-residents of Spain to sit on boards, provided that the company's by-laws do not require Spanish citizenship or residency.

Notwithstanding the above, persons who (i) are involved in bankruptcy proceedings, (ii) have forfeited their civil rights as a result of a criminal conviction, (iii) have been convicted of a serious offence and (iv) are unable to carry out business activities given the nature of their position, are disqualified from serving as a director. Public servants whose positions are related to a company's business are similarly precluded from serving as directors.

(vi) Directors' duties

The directors' duties are owed to the company and not to individual quotaholders. The directors' duties can be classified as follows:

Duties provided by law:

- Duty of filing the company's financial statements within the month following their approval by the general meeting of quotaholders;

- Duty of calling the general meeting of quotaholders within the two months following the date on which any of the grounds for dissolution listed in Spanish company law occurs; and

- Duty of filing for the dissolution of the company with the court when the general meeting of quotaholders' resolution is against the dissolution or where no resolution has been adopted.

Duties arising from the by-laws:

Spanish by-laws frequently provide at least the requirements for the summoning of the general meetings of quotaholders, the intervention of the directors in the transfer of the company's quotas (i.e., in the event such transfer is limited by means of a right of first refusal), and the limits to the exercise of the directors' activities.

(vii) General duty of administering and representing the company with skill and care:

The general duty imposed on directors of Spanish companies is to act honestly and in good faith at all times. Directors must perform their duties with the requisite degree of skill and care expected of "a competent businessman and a loyal representative" ("**ordenado empresario y representante leal**"). Directors must not disclose any confidential information, even after ceasing in the performance of their duties as directors.

The above encompasses:

- Duty of obedience of the by-laws in the performance of their managerial duties;

- Duty of skill and care of a "competent businessman' so that directors' business decisions cannot be questioned unless they are made in a negligent manner, or they are tainted by fraud or conflict of interest;

- Duty of loyalty so that directors refrain from engaging in personal activities in such manner as to injure or take advantage of their position;

- Duty of confidentiality and not to disclose confidential information which, if disclosed, could be harmful to the interests of the company;

- Prohibition of competition in the sense of engaging in a business that is the same as or analogous or supplementary to the business constituting the corporate purpose, without explicit authorisation from the general meeting of quotaholders.

Additionally, the Spanish Act and the Stock Exchange Act of Spain contain a number of specific duties only applicable to directors of listed companies which do not apply to the case at hand.

(viii) Directors' liability

Directors are liable to the corporation, quotaholders and creditors for wilful misconduct, gross negligence or ultra vires activities in the discharge of their duties, provided damage has been caused to the company, quotaholders or creditors. Directors who do not participate in the wrongdoing are not liable. Legal action against a director is ex contractu, for breach of a duty of care and may be brought by a majority decision at a quotaholders' meeting or, in the absence of a majority, by a minority of quotaholders representing at least 5% of the corporate capital. The same action is also available to corporate creditors if the quotaholders fail to bring such an action. In addition, an individual action is available to any quotaholder or third person against a director whose acts directly cause a detrimental effect on the quotaholder or third person's interest.

There is also a specific regime governing the civil liability of listed company directors under the Stock Exchange Act of Spain nevertheless this summary does not foresee such topic given that it does not apply to the case at hand.

3.3 Distribution of Profits

(a) Approval of the annual accounts and allocation of results

The general meeting of quotaholders which resolves upon the approval of the annual accounts also adopts a resolution about the allocation of results. If the results are positive, the company can distribute dividends, subject to the following requirements:

(i) The mandatory reserves need to be sufficiently covered in first place. This includes the legal reserve (at least 20% of the share capital) and any other reserves contemplated by the company's by-laws.

(ii) The net equity must be at least equal to the share capital amount both before and after the distribution.

(iii) The amount of the distributable reserves must be equal or higher than the amount of research and development expenses included in the balance sheet.

(iv) There must also be a reserve equivalent to 5% of the amount allocated as goodwill. In case that it cannot be covered with the profits, it must be covered with the voluntary reserves.

(v) If the company as incurred in losses in previous fiscal years, the profit must be allocated first to set off such losses.

(vi) There are additional requirements if the reserves are to be distributed upon resolution of the general meeting/board of directors at a later stage, as interim dividends.

(vii) A statement of accounts whereby the directors state that there is enough cash flow for the distribution.

(viii) The distributable reserves cannot exceed the results obtained since the closing of the last fiscal year, losses from previous years must be deducted together with the amounts to be allocated as mandatory reserves as well as the estimate amount to be paid as Companies' Revenue Tax.

Concerning the different types of securities, the quotaholders of an S.L. are entitled to dividends in proportion to its stake in the corporate capital.

(b) *Non-voting quotas and preferred dividends*

A Spanish company may issue non-voting quotas only for a par value amount that does not exceed 50% of the capital. Holders of non-voting quotas are entitled to receive a given annual minimum dividend. This minimum dividend must be specifically determined in the company's by-laws.

Upon declaration of the minimum dividend, the owners of the quotas shall be entitled to the same dividend as that payable on ordinary quotas.

With respect to the payment of a minimum dividend, the law states that an S.L. must pay such a dividend from distributable profits. In the event the company does not have enough distributable profits to pay 100% of the minimum dividend, the law grants non-voting quotaholders a right to receive their dividend within the five (5) immediately following years. During this period, if the minimum dividend is not paid in full, the owners of non-voting quotas become entitled to vote.

As far as share capital reductions are concerned, the law states that when a company is obliged to reduce its capital as a result of corporate losses, non-voting quotas shall be affected by the reduction only to the extent that the amount of the capital reduction exceeds the par value of regular quotas. In cases where the capital reduction is equal to or less than the par value of regular quotas, non-voting quotas are not affected whatsoever by the reduction. As a result of a capital reduction, it is possible for the par value of non-voting quotas to exceed 50% of the regular share capital. In such case, the situation must be brought into line with the original rule, i.e. non-voting quotas cannot exceed 50% of the regular share capital. This must take effect within a maximum period of two (2) years. Failure to do so within the above-mentioned period automatically produces the winding up of the company.

Technically speaking, it is conceivable that in a capital reduction, all regular quotas be paid up. In such event, the law states that the holders of non-voting quotas shall be entitled to vote until the above-mentioned proportion between regular and non-voting quotas is restored.

In the case of liquidation, non-voting quotaholders are entitled to a preferential right to receive the amount originally paid into the company in consideration for the issue of the non-voting quotas, before any other amount is distributed to regular quotaholders.

The law established that non-voting quotas shall have all the rights inherent to regular quotas, except for the right to vote. The only exception to this general rule is the prohibition against non-voting quotas to pool together with other quotas in order to appoint directors.

Finally, the law states that any amendment to the by-laws that may directly or indirectly impair the vested rights of non-voting quotaholders requires the consent of the holders of the majority of affected quotas.

APPENDIX G

TAXATION

The following is a discussion of certain tax matters arising under the current tax laws in Norway, Spain and Peru and is not intended to be and does not constitute legal or tax advice. While this discussion is considered to be a correct interpretation of existing laws in force as of the date of this Circular, no assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with this interpretation or that changes in such laws will not occur. The discussion is limited to a general description of certain tax consequences in Norway, Spain and Peru and does not purport to be a comprehensive nor exhaustive description of all of the tax considerations relating to the ownership of the Shares. Prospective investors should consult their tax advisers regarding Singapore and other tax consequences of owning and disposing the Shares. It is emphasised that neither the Company, the Directors nor any other persons involved in the Acquisition accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Shares.

NORWAY TAXATION

The following discussion describes the material Norway tax laws and regulations.

Taxation of Limited Liability Companies

The corporate income tax rate in Norway is 28%, but will be reduced to 27% with effect from the fiscal year 2013. For limited liability companies, tax is not imposed at a different rate upon distributed profits. However, dividends received may be taxable for a shareholder, see below.

The tax base for limited liability companies is the sum of operating profit/loss, financial revenues and net capital gains minus tax depreciation. In principle, there is no link between the financial accounts and the tax base of the company. This means that the question as to which items constitute taxable income or deductible costs/losses, and the question of timing of income and expenditure for tax purposes, are solely based on Norwegian tax law.

Interest on debts is fully deductible, regardless of whether the debt is to third party or to a related party, typically a group company. The interest rate must comply with the arm's length principle (i.e. the interest rate that would have been paid to an unrelated third party). The Norwegian government has issued a white paper proposing a new rule limiting the deductibility of interest paid on intra group loans from the fiscal year 2014. The proposal would limit the deductibility of net interest expenses on intra group loans to 25 % of the company's EBITDA. At present time this is still a white paper, meaning that the final outcome of the proposal is still uncertain.

Taxation of Capital Gains and Losses

The main rule is that capital gains and losses are included in the taxpayer's ordinary income and taxed at a rate of 28%. However, special rules apply to gains and losses on *inter alia*, shares. To the extent that gains are taxable, the applicable tax rate will be the same as for business profits (28%).

Capital gains and losses on shares are taxable under a special regime, called the Tax Exemption Method ("**TEM**"). The main rule under TEM is that a company's income in the form of dividends and gains on shares are exempt from taxation, whereas corresponding losses are not deductible. However, 3% of dividends received are still subject to taxation at the rate of 28%, resulting in an effective taxation of 0.84%. Capital gains are fully exempted from taxation. Furthermore, dividends paid within a tax group (see 4.3 below) are fully exempt, while 3% of dividends received by other corporate shareholders will still be subject to tax (resulting in an effective taxation of 0.84%).

For capital gains and losses on investments in limited liability companies genuinely established and performing genuine business activities within the European Union or the European Economic Area (the "**EEA**"), TEM applies without any holding or participation requirements.

For share income from non-EEA investments, TEM is only applicable if the investment is not made in a low tax jurisdiction, and the investment represents an ownership interest and a voting right of 10% or more for a period of at least two years.

When TEM is not applicable, companies' capital gains on shares are subject to taxation at 28%, while corresponding losses will be deductible.

Taxation of Group of Companies

Each limited liability company is a separate taxable unit, and there is no joint taxation of groups of companies. However, if a parent company owns (directly or indirectly) more than 90% of another company, a loss in one company may be offset against the profits of the other company through a group contribution. Group contributions are tax deductible for the paying entity and taxable income for the receiving entity. Both the transferring and the receiving company must, as a starting point, be limited liability companies resident in Norway for tax purposes. The Norwegian group contributions rules do as the main rule not apply to losses of foreign subsidiaries.

Dividends distributed within a tax group will be fully exempted under the TEM. This will also apply to dividends distributed from a company resident within the EEA. However, if the distributing company is resident in a low tax country within the EEA, the company must be genuinely established and performing genuine business activities within the EEA in order for the dividends to be comprised by the exemption.

Controlled Foreign Company rules

Norway has "controlled foreign company" rules ("**CFC-rules**").

According to the CFC-rules, Norwegian shareholders will be taxed on their proportionate part of the profits of the controlled foreign company, irrespectively of whether the profit is distributed to the shareholders or not. The CFC-rules apply if the foreign company is a tax resident in a low tax country and is controlled by Norwegian shareholders. A company is considered resident in a low tax country if the tax imposed on this type of company in the foreign country is less than 2/3 of the tax levied on such companies in Norway. A company is always deemed to be Norwegian-controlled if 50% or more of the shares in the foreign company are owned by Norwegians.

However, the Norwegian shareholders will not be subject to CFC taxation if (i) Norway has entered into a tax treaty with the low tax country in question and the foreign company's income is not mainly of a passive character, or (ii) if the foreign company is genuinely established and carries out a genuine economic activity within the EEA.

Anti-avoidance

The Norwegian Supreme Court has developed an anti-avoidance doctrine whereby a transaction may be disregarded for tax purposes, provided that:

- the major purpose of the transaction was clearly to reduce taxes; and
- the impact of respecting for tax purposes such transaction would be contrary to the objectives behind the tax provision in question.

The anti-avoidance doctrine is wide-ranging and may be applied to all types of transactions.

Furthermore, pursuant to Section 14-90 in the Norwegian Income Tax Act, if a company is party to a transaction, and it is likely that the main objective of the transaction is to utilise a general tax position (i.e. a tax position not connected to an asset or debt), the general tax position will:

- lapse if it represents a tax advantage (for instance a loss carry forward); or
- be entered as a taxable income if it represents a tax liability.

There is no requirement to make special disclosure of avoidance schemes. However, generally there is a requirement that companies give complete and accurate information to the tax authorities in their tax returns. Omission of this obligation may result in penalty tax for the company and penal liability for both the company and its advisers.

Stamp Duty and Transfer Taxes

There is no stamp duty on transfer of shares. Further, there are no transfer taxes on transfer of shares (save for certain registration fees in the VPS).

Taxation of Non-Norwegian Shareholders

Distribution of dividends – withholding tax

Non-resident shareholders are liable to tax in Norway on dividends from Norwegian companies, and such tax will be withheld by the distributing company. The ordinary withholding tax rate is 25%. However, in a number of tax treaties the tax rate has been reduced to 15% or lower. Further, dividends distributed to corporate shareholders genuinely established and carrying out genuine business activities within the EEA are not liable to withholding tax on dividends paid by a company resident in Norway.

Capital gains on shares

Non-resident shareholders are not liable to tax in Norway on capital gains realised on shares in Norwegian limited liability companies, save for situations where the non-resident shareholder has a fixed place of business in Norway, and the shares are connected to this fixed place of business.

SPANISH TAXATION

The following discussion describes the material Spain tax laws and regulations.

Taxation applicable to a corporate quotaholder

Introduction

This section addresses the Spanish tax issues related to the taxation in Spain of dividends and capital gains derived from the transfer of quotas.

Please note that our comments are made under the following assumptions:

– The Norwegian company "Copeinca" ("**Norwegian Co**") will remain being the sole quotaholder of Copeinca Spain.

– The 50% or more of the assets of Copeinca Spain do not consist, directly or indirectly, of real estate property located in Spain that is not assigned to business activities.

Spanish Corporate Income Tax

Spanish companies are subject to Spanish Corporate Income Tax ("**SCIT**") on their worldwide income. The taxable income is generally computed on the basis of the profit and loss account as adjusted for tax purposes. The SCIT general tax rate amounts to 30%.

(a) Dividends received by a Spanish tax resident company

(i) Dividends received by a Spanish company from another Spanish company:

Dividends paid by Spanish companies to Spanish substantial corporate quotaholders are generally included in the recipient's taxable income.

Under the affiliation privilege regime, however, substantial corporate quotaholders may qualify for a credit of 100% (equal to an exemption) of the gross dividend derived. To qualify for the 100% credit, the parent company must have had a direct or indirect participation of at least 5% in the capital of the resident subsidiary for an uninterrupted period of at least one (1) year. It is possible to complete such period after the distribution. However, dividends on quotas that are acquired within two (2) months before the distribution and disposed of within two (2) months after the distribution do not benefit from any relief. If this relief is not applicable, 50% of the corporate income tax attributable to the gross dividend may be credited against the recipient's final tax liability.

(ii) Dividends received by a Spanish company from foreign subsidiaries:

Foreign-source dividends derived by Spanish companies are generally taxable in Spain.

However article 21 of the Spanish Corporate Income Tax Act grants a full exemption (Spanish participation exemption), for foreign source dividends, provided that the following requirements are met:

- The Spanish company holds, directly or indirectly, a participation of at least 5% in the non-resident company for a holding period of, at least, one year.

- The non-resident company is subject to a tax comparable to Spanish Corporate Income Tax with no possibility of being exempt. There is a presumption that this condition is fulfilled if the subsidiary is located in a country with which Spain has signed a tax treaty that contains an exchange information clause.

- At least 85% of the profits of the non-resident company have been derived from the performance of business activities in a foreign country. The definition of business activity is very broad and encompasses dividends and capital gains derived from other qualifying foreign subsidiaries (i.e. those that meet in turn these three requirements).

(b) Capital gains obtained by Spanish tax resident company from the transfer of quotas

(i) Capital gains derived from the sale of quotas held in a Spanish company:

Capital gains obtained by a Spanish company from the transfer of quotas held in another Spanish company are generally included in the recipient's taxable income. Spanish substantial corporate quotaholders may qualify for a tax credit in respect of the gain derived from the transfer of securities representing the capital or equity of entities resident in Spain. The credit is calculated by multiplying the applicable tax rate by the net increase in undistributed income generated by the investee during the period of ownership of the company, or by the amount of computed taxable income, if the latter is lower. In order to qualify for the credit, the parent company must have had a direct or indirect participation of at least 5% in the capital of the resident subsidiary for an uninterrupted period of at least one (1) year.

(ii) Capital gains derived from the sale of quotas held in foreign subsidiaries:

Capital gains obtained by a Spanish company from the transfer of quotas held in foreign subsidiaries are generally included in the recipient's taxable income. However, as stated above for foreign source dividends, article 21 of the Spanish Corporate Income Tax Act grants a full exemption (Spanish participation exemption), for foreign capital gains, provided the requirements mentioned in section 1.b) above for foreign source dividends are met. Please note that in order to apply the exemption on capital gains, requirement indicated in paragraph (i) must be met on the date on which the transfer takes place and requirements indicated in paragraph (ii) and (iii) in every year during the holding period.

However, effective for tax periods beginning 1 January 2012, partial exemption of capital gains is allowed when the abovementioned requirements (i) and (ii) have not been met in all financial years.

Non Resident Income Tax

(a) Dividends paid by Spanish companies to non-Spanish quotaholders

In general, and unless otherwise is provided by a Tax Treaty, the withholding tax rate on Spanish-source dividends and other profit distributions is 19%. However, for tax years 2012 and 2013, the withholding tax rate is increased to 21%. Under the Spanish implementing the provisions of the EU Parent-Subsidiary Directive (90/435), dividends paid to qualifying parent companies in other EU Member States are exempt from withholding tax (WHT) provided certain requirements are met. Since Norway is not a Member State of the EU this exemption will not be applicable.

Please note that in accordance with the Tax Treaty signed between Spain and Norway (article 10), dividends paid by a Spanish company to a Norwegian company that is the beneficial owner of the dividends and holds directly or indirectly at least 25% of the capital in the Spanish company paying the dividends will be subject to a 10% WHT in Spain. This WHT will be 15% in all other cases. In order to apply this reduced WHT rates, the Norwegian Co must obtain a tax certificate issued by the Norwegian tax Authorities stating that it is tax resident in Norway within the meaning of the Tax Treaty. This tax certificate has one (1) year of validity.

(b) Dividends paid by Spanish companies to non-Spanish shareholders Capital gains derived from a Non Spanish quotaholder from the transfer of quotas held in a Spanish company

As a general rule, and unless otherwise is provided by a Tax Treaty, capital gains derived by non-resident companies without a permanent establishment are taxed at the rate of 19%. For tax years 2012 and 2013, the tax rate is increased to 21%. However, gains from quotas realised by residents of other EU Member States or by EU-situs permanent establishments of EU residents are exempt provided (i) the assets of the assets of the Spanish company do not consist mainly (directly or indirectly) of Spanish-situs immovable property (i.e. the value of its immovable property assets is greater than the value of its movable property assets); or the transferor (or his spouse or close relative) has not had a substantial interest (25% or more) in that company or entity (directly or indirectly) at any moment during the previous 12 months.

In accordance with the Tax Treaty signed between Spain and Norway (article 13), income from the transfer of quotas, forming part of a substantial participation in the capital of a Spanish company, may be taxed in Spain. A person is considered to have a substantial participation when he owns, alone or with associated persons, directly or indirectly, quotas or other rights, the totality of which gives the right to 25% or more of the corporate capital in that company or has the right to 25% or more of the profits of that company.

Given the above, capital gains to be obtained by Norwegian Co from the transfer of quotas of Copeinca Spain will be subject to tax in Spain at a 21% tax rate.

Transfer tax in the transfer of quotas

The transfer of Spanish quotas is exempt for VAT and Transfer Tax.

Capital Duty

The increase of capital of Spanish company is exempt from Spanish Capital duty.

PERUVIAN TAXATION

The following summarises the material Peruvian tax consequences currently in effect with respect to the purchase, ownership and disposition of shares. Legislative, judicial or administrative changes or interpretations may be forthcoming; any of these changes or interpretations could affect the tax consequences to holders of the shares and could alter or modify the conclusions set forth herein. The summary does not address the tax treatment of certain investors that may be subject to special tax rules, such as banks, securities dealers, pension funds, insurance companies and tax-exempt entities. This summary is not intended to be a comprehensive description of all the tax considerations that may be relevant to a decision to make an investment in the shares and does not describe any tax consequences arising under the laws of any taxing jurisdiction other than Peru.

As used herein, the term "**Peruvian Holder**" means an owner of the shares that is (i) an individual domiciled in Peru, (ii) a business entity incorporated in Peru under the laws of such country or (iii) a Peruvian branch, agency or permanent establishment of a non-Peruvian individual or entity; and the term "**Foreign Holder**" means an owner of the shares that is (i) an individual non-domiciled in Peru, or (ii) a business entity created under foreign laws.

Capital Gains

Pursuant to Article 6 of the Peruvian income tax law, Peruvian Holders are generally subject to Peruvian income tax on their worldwide income, regardless of the country from which it derives, from which payments are made or the currency in which income is received, while Foreign Holders are subject to Peruvian income tax on Peruvian source income only. Foreign individuals are deemed domiciled in Peru for tax purposes if they have been present in Peru, continuously or alternately, for more than 183 days within a 12 month period. In this event, the individual will be treated as a Peruvian Holder as of the fiscal year following the one in which such condition was met.

Peruvian income tax law provides that income derived from the disposal of securities issued by non-Peruvian entities is considered foreign source income, unless the transaction is within the scope of the indirect transfer of Peruvian shares, as explained below.

Peruvian income tax law also provides that taxable income resulting from the disposal of securities is determined by the difference between the sale price of the securities at market value and the tax basis, called the "*costo computable*". Under the Peruvian income tax law, "*costo computable*" for transfers of shares for Peruvian Holders is: (i) for individuals, the cost of the acquisition of the shares, which will be (x) the purchase price paid or (y) if the shares were acquired without consideration, will be the last quotation of the shares at the Lima Stock Exchange or if the shares are not listed on the Lima Stock Exchange will be the nominal value (effective 1 January, 2013, if the shares were acquired without consideration, the "*costo computable*" will be zero or the actual cost of acquisition if the transferor can provide evidence of such cost); and (ii) for business entities, the purchase price, or if the shares were acquired by without consideration, will be the cost of acquisition as determined in accordance with the specific rules and regulations in the Peruvian income tax law rules (effective 1 January, 2013, if the shares were acquired without consideration, the "*costo computable*" will be the market value of such shares at the time of acquisition).

Accordingly, the income resulting from the disposal of shares by Foreign Holders will be exempt from Peruvian income tax, even if the transfer occurs through the Lima Stock Exchange, because under Peruvian income tax law, only income obtained by Foreign Holders resulting from disposal of securities issued by Peruvian entities is considered Peruvian source income, unless the provisions set forth in the following paragraphs are applicable to such transfer[1].

On 15 February, 2011, the Peruvian congress enacted Law 29663. On 21 July, 2011 Law 29663 was amended by Law N° 29757, which partially modifies the Peru's income tax regime by subjecting to taxation in Peru capital gains derived from an indirect transfer of shares and expanding the type of income that will qualify as Peruvian source income. Under the new law, a Peruvian Holder or a Foreign Holder will be subject to taxation in Peru in connection with the transfer of shares issued by a non-Peruvian entity if:

- at any given day within the twelve months prior to such transfer fifty percent (50%) or more of the fair market value of the equity interests of the issuer is derived from Peruvian assets; and

- the aggregate number of shares transferred by such transferor during the prior twelve month period represent at least ten percent (10%) or more of the equity capital of the issuer.

A transfer of shares by a Foreign Holder that qualifies as an indirect transfer under Peruvian income tax laws is subjected to a 30 percent Peruvian capital gains tax. However, pursuant to current tax regulations, the applicable capital gains tax rate may be reduced to 5 percent, if the transaction takes place within the Lima Stock Exchange.

In the case of Peruvian Holders, the applicable income tax treatment for shares will be as follows:

- A capital gain or loss deriving from the transfer of shares issued by a non-Peruvian entity will be regarded as a foreign source income or loss;

- Foreign source income and losses should be netted abroad. However, losses arising from transactions carried out with tax havens are not deductible for tax purposes. If the result after such netting is net taxable income, it should be added and included in the Peruvian Holder's taxable income. In no event shall net losses from foreign sources be offset, carried forward or taken into account in determining taxable income.

- In the case of a resident individual, the foreign source income determined as established in the preceding paragraph shall be added to the income derived from independent and dependent personal services, respectively ("**rentas de trabajo**") and be levied pursuant to the following cumulative progressive scale:

Cumulative Progressive Scale	**Cumulative Tax Rate**
Up to 27 tax units(1)	15%
In excess of 27 tax units and up to 54 tax units	21%
Any excess	30%

(1) Tax unit ("**Unidad Impositiva Tributaria**") is equivalent to S/. 3,700 (with effect from 1 January 2013). It is annually updated by the Peruvian Government.

Notwithstanding the foregoing, if:

- a Peruvian Holder that is an individual transfers shares issued by a non-Peruvian entity and such shares have been (i) registered with the *Registro Público del Mercado de Valores*, and (ii) transferred through the Lima Stock Exchange, then any capital gains derived from such transfer will only be subject to a tax rate of 6.25%.

- A Peruvian Holder that is an individual transfers shares issued by a non-Peruvian entity and such transfer also qualifies as an indirect transfer of shares, then any capital gains derived from such transfer will only be subject to an effective tax rate of 5%.

[1] So if Copeinca Spain disposes Copeinca S.A.C. shares, will the former be taxed? Yes. In addition, if Copeinca Spain disposes of Copeinca ASA shares, it will be taxed if and only if it is considered an indirect transfer under Peruvian income tax law, as explain in the subsequent paragraphs.

Financial Transactions Tax

Any payments made to or from a Peruvian bank account, will be levied with the tax on financial transactions at a rate of 0.005%.

Impuesto General a las Ventas

Peruvian sales tax *(impuesto general a las ventas)* is not applicable to the transfers of securities.

Cash Dividends and Other Distributions

Cash dividends paid by Peruvian companies with respect to shares are currently subject to a Peruvian withholding income tax, at a rate of 4.1% over the dividend paid, when the dividend is paid to Foreign Holders or Peruvian Holders that are individuals. As a general rule, the distribution of additional shares representing profits, distribution of shares which differ from the distribution of earnings or profits, as well as the distribution of preemptive rights with respect to shares, which are carried out as part of a pro rata distribution to shareholders, will not be subject to Peruvian tax or withholding taxes.

Accordingly, any dividend payments made by Peruvian companies to a parent company that is a Foreign Holder will be subject to a withholding tax at a rate of 4.1%.

APPENDIX H

EXCHANGE CONTROLS

The following is a discussion of foreign exchange controls under the current tax laws in Norway, Spain and Peru and is not intended to be and does not constitute legal or tax advice. While this discussion is considered to be a correct interpretation of existing laws in force as of the date of this Circular, no assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with this interpretation or that changes in such laws will not occur. The discussion is limited to a general description of certain exchange control laws and regulations in Norway, Spain and Peru and does not purport to be a comprehensive nor exhaustive description of all of the exchange control laws and regulations.

NORWEGIAN EXCHANGE CONTROLS

Under Norwegian foreign exchange controls currently in effect, transfers of capital to and from Norway are not subject to prior government approval. However, all payments to and from Norway must be registered with the Norwegian Currency Registry. The responsibility for such registration lies with the payee, i.e. the company for dividend payments. Any physical transfer of payments in currency must be notified to the Norwegian Customs Authority. A non-Norwegian shareholder may accordingly receive dividend payments without consent from the Norwegian authorities if the dividend is paid through a bank which is licensed or passported to conduct banking business in Norway.

SPANISH EXCHANGE CONTROLS

Foreign Investment Restrictions

In general, there is a liberal regime in Spain in respect of foreign investment with the exception of certain special sectors mentioned below.

Following the completion of any investments in Spain, however, non-residents must notify the investment to the authorities for statistical, administrative or economic purposes. Such monitoring does not unduly hinder or delay an investor's freedom to make payments or to transfer currency or other assets. It should be noted, however, that Spanish authorities are also entitled to request reasonable information relating to a transaction and to require that the relevant payments or transfers are carried out through licensed financial institutions.

Failure to comply with the relevant requirements set out below is subject to relevant administrative penalties.

Types of foreign investments

A foreign investment in Spain may qualify under any of the following categories:

(a) Investment in a Spanish company, incorporation of a Spanish company, subscription and acquisition, whether total or partial, of quotas, and acquisition of securities, such as pre-emptive rights, convertible bonds or any other securities that grant the right to participate in the share capital or any other legal transaction by virtue of which political rights are acquired;

(b) Investment in a branch: incorporation or increase of its share capital allocation;

(c) Subscription and acquisition of bonds issued by residents;

(d) Participation in investment funds registered with the Spanish Stock Exchange Commission (Comisión Nacional del Mercado de Valores, "**CNMV**");

(e) Investment in real estate assets whenever the transaction amounts to more than €3,005,060.52 or, regardless of the amount, when the investments comes from a tax-haven;

(f) Participation in accounts, property communities, foundations, economic interest grouping and co-operatives when the foreign investment contribution exceeds €3,005,060.52 or when the investment comes from a tax haven.

Any foreign investments in Spain must be reported to the registry of foreign investments (Dirección General de Comercio e Inversiones, "**DGCI**") for statistical, administrative or economic purposes.

Reporting obligations

Depending on the specific type of foreign investment, different forms have to be filed with the DGCI.

(a) Prior reporting

In general, foreign investments in Spain only have to be declared to the DGCI after the investment has been made. As an exception, any projected foreign investment in Spain from territories which qualify as a tax haven under Spanish law must be declared by the holder of the investment, prior to the investment. The prior reporting has a validity of six months; should the investment is not carried out within that period, a new reporting must be done.

However, the following cases are exempted from prior reporting requirements:

- Investment in listed securities or in securities that have been object of a public offering;

- Investment in investment funds registered with the CNMV;

- If the foreign investment in a Spanish company does not exceed 50% of its share capital, neither prior nor after the projected investment;

(b) Ex-post reporting

With the exceptions mentioned in item (a) above, in general, foreign investments in Spain only have to be declared to the DGCI after the investment has been made and within certain term (generally, within one month).

The investment must be reported by the non-resident investor together with the document that provides evidence of such non-residence and supporting documentation on the investment. However, broadly, in the case of foreign investment in Spanish listed securities, the reporting is usually done by the relevant intermediary (e.g., securities broker).

Special reporting requirements

In addition, investment in listed companies is subject to additional ex-post reporting requirement (regardless of the nationality or residence of the investor). Any investor who acquires or transfers shares which attribute voting rights in a company listed on a Spanish official secondary market or on another regulated market of the European Union, provided that Spain has the condition of State of Origin, is required to file a notification with the company and with the CNMV when the voting rights held by it, as a result of the relevant transaction, reach, exceed or is reduced below the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 35%, 40%, 45%, 50%, 60%, 70%, 75%, 80% or 90%. In addition, investments in listed companies above certain threshold are subject to Spanish take-over bids regulations.

Restricted industries

Foreign investment remains subject to special regulations in certain industries. These are, among others: radio and television, air transportation, national defence (which includes the exploitation of minerals of strategic interest and telecommunication services), gambling, telecommunications and minerals and raw materials of strategic interest.

In addition, the acquisition of a relevant shareholding in Spanish financial institutions (banks, insurance companies, securities investment firms, management companies, etc.) above certain thresholds is subject to prior authorisation or, as the case may be, non-opposition by the relevant supervisory authority (Bank of Spain, General Directorate of Insurance and Pension Funds or CNMV).

PERUVIAN EXCHANGE CONTROLS

Exchange Rates

The Peruvian nuevo sol is freely traded in the exchange market. Current Peruvian regulations on foreign investment allow foreign equity holders of Peruvian companies to receive and repatriate 100% of the cash dividends distributed by these companies. Non-Peruvian equity holders are allowed to purchase foreign currency at free market currency rates through any member of the Peruvian banking system and transfer such foreign currency outside Peru without restriction. Peruvian law in the past, however, has imposed restrictions on the conversion of Peruvian currency and the transfer of funds abroad, and we cannot assure that Peruvian law will continue to permit such payments, transfers, conversions or remittances without restrictions.

APPENDIX I

FINANCIAL INFORMATION OF THE COPEINCA GROUP

INDEX

Pages

I **Financial Information of the Copeinca Group**

- Unaudited Financial Statement at Copeinca for the First Quarter Ended 31 March 2013 I-2
- Audited Financial Statements of Copeinca for the Year Ended 31 December 2012 I-14
- Audited Financial Statements of Copeinca for the Year Ended 31 December 2011 I-82
- Audited Financial Statements of Copeinca for the Year Ended 31 December 2010 I-156

II **Management Discussion and Analysis of Copeinca Group** I-230

I. FINANCIAL INFORMATION OF THE COPEINCA GROUP

UNAUDITED FINANCIAL STATEMENTS OF COPEINCA FOR THE FIRST QUARTER ENDED 31 MARCH 2013

The following is an extract of the unaudited financial statements of Copeinca for the first quarter ended 31 March 2013, which was prepared in accordance with IFRS, from the first quarter report 2013 of Copeinca (pages 11-21).

Specific page/section references mentioned in the unaudited financial statement of Copeinca for the first quarter ended 31 March 2013 are referred to in Copeinca's result announcements for the financial period ended 31 March 2013 and are available on the Oslo Børs website (http://www.oslobors.no_eng/).

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
STATEMENT OF INCOME

	For the quarter ended March 31,		For the year ended December 31,	
	2013	2012	2012	2011
	(Unaudited)	(Restated)	(Audited)	(Audited)
	18,429 MT	**77,734 MT**	**220,685 MT**	**183,835 MT**
FISHMEAL SD	**16,952 MT**	**65,431 MT**	**178,753 MT**	**148,049 MT**
FISHMEAL FD	**–**	**–**	**–**	**540 MT**
FISH OIL	**1,477 MT**	**12,303 MT**	**41,932 MT**	**35,246 MT**
	USD 000	*USD 000*	*USD 000*	*USD 000*
Sales	36,063	99,068	314,219	254,478
Cost of goods sold	(27,843)	(57,666)	(196,862)	(143,085)
Gross profit	**8,220**	**41,402**	**117,357**	**111,393**
Selling expenses	(1,721)	(5,835)	(17,271)	(12,596)
Administrative expenses	(3,606)	(3,131)	(13,863)	(13,780)
Other income	378	85	1,844	5,362
Other expenses	(2,102)	(2,231)	(12,965)	(16,120)
Operating profit	**1,169**	**30,290**	**75,102**	**74,259**
Financial expenses	(6,079)	(5,247)	(21,097)	(21,007)
Financial income	681	317	2,586	608
Exchange differences, net	(1,257)	2,482	14,764	10,375
(Loss) profit before Income tax	**(5,486)**	**27,842**	**71,355**	**64,235**
Income tax expense	1,729	(7,622)	(21,758)	(16,466)
(Loss) profit for the period/year	**(3,757)**	**20,220**	**49,597**	**47,769**
Operating Profit (*)	2,893	32,871	94,414	91,469
Depreciation and Amortization	1,626	1,331	9,393	14,997
EBITDA	**4,519**	**34,202**	**103,807**	**106,466**

(*) Excludes other income & expenses (Non-recurring items) and workers' profit sharing.

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
STATEMENT OF COMPREHENSIVE INCOME

For the period ended	31 March 2013 (Unaudited) *USD 000*	31 March 2012 (Unaudited) *USD 000*
Net (loss) profit	(3,757)	20,220
Currency translation differences	(8,382)	2,405
Comprehensive (loss) income for the period	(12,139)	22,625
Attributable to:		
Equity holders of the parent	(12,139)	22,625

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
BALANCE SHEET

	As of March		As of December 31,	
	2013	2012	2012	2011
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
	USD 000	*USD 000*	*USD 000*	*USD 000*
ASSETS				
Non-current Assets				
Property, Plant and Equipment	274,817	263,152	276,726	258,525
Licenses	232,063	225,361	235,705	222,936
Other Intangible Assets	935	757	980	792
Goodwill	150,754	146,400	153,119	144,824
	658,569	635,670	666,530	627,077
Current Assets				
Prepaid Expenses	1,640	1,530	263	902
Inventories	20,159	27,899	19,686	63,886
Trade Accounts Receivable	5,276	21,213	15,037	24,103
Other Accounts Receivable	25,567	10,783	13,584	17,056
Cash and cash equivalents	75,851	63,383	39,090	60,490
	128,493	124,808	87,660	166,437
Total assets	**787,062**	**760,478**	**754,190**	**793,514**
EQUITY				
Share Capital	55,004	55,004	55,004	55,589
Share Premium	282,358	282,358	282,358	285,648
Other Reserves	10,230	5,145	5,145	–
Cummulative Translation Adjustment	8,442	3,474	16,824	1,069
Retained Earnings	45,704	41,192	1,192	(1,432)
(Loss) profit for the period/year	(3,757)	20,220	49,597	47,769
Total equity	397,981	407,393	410,120	388,643
LIABILITIES				
Non-current Liabilities				
Long-Term Borrowings	259,589	215,324	201,919	218,488
Deferred Income Tax	83,015	81,274	86,006	82,270
Long-Term Provisions	6,726	6,560	6,921	6,057
	349,330	303,158	294,846	306,815
Current Liabilities				
Short-term borrowings	14,348	–	–	25,355
Trade Accounts Payable	5,657	9,575	10,181	15,907
Other Accounts Payable	7,588	20,124	17,123	34,361
Current Portion of Long-term Borrowings	12,158	20,228	21,920	22,433
	39,751	49,927	49,224	98,056
Total liabilities	389,081	353,085	344,070	404,871
Total equity and liabilities	**787,062**	**760,478**	**754,190**	**793,514**

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
CASH FLOW STATEMENT

USD Million	For the quarter ended		For the year ended	
	31 March 2013	31 March 2012	31 December 2012	31 December 2011
CF from operations	(20.9)	37.5	84.1	12.0
CF from investment	(4.0)	(3.6)	(18.8)	(33.0)
CF from financing	61.7	(31.0)	(86.7)	47.3
Net change in cash	36.8	2.9	(21.4)	26.3
Opening balance	39.1	60.5	60.5	34.2
Cash and Cash equivalents	**75.9**	**63.4**	**39.1**	**60.5**

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Legal reserves	Cumulative translation adjustment	Retained earnings	Total Equity
	USD 000	*USD 000*	*USD 000*	*USD 000*	*USD 000*	*USD 000*
Balances as of 31 December 2011	**55,589**	**285,648**	**–**	**1,069**	**46,337**	**388,643**
Legal reserve	–	–	5,145	–	(5,145)	–
Share buy-back program	(585)	(3,290)	–	–	–	(3,875)
Dividends	–	–	–	–	(40,000)	(40,000)
Exchange difference	–	–	–	15,755	–	15,755
Net profit for the year	–	–	–	–	49,597	49,597
Balances as of 31 December 2012	**55,004**	**282,358**	**5,145**	**16,824**	**50,789**	**410,120**
Legal reserve	–	–	5,085	–	(5,085)	–
Exchange difference	–	–	–	(8,382)	–	(8,382)
Net loss for the period	–	–	–	–	(3,757)	(3,757)
Balances as of 31 March 2013	**55,004**	**282,358**	**10,230**	**8,442**	**41,947**	**397,981**

Major Shareholders as of May 15th 2013

Investor	**Shares**	**%**
Dyer Coriat Holding	19,098,000	27.21%
Cermaq ASA	13,482,495	19.21%
Euroclear Bank SA	6,393,936	9.11%
Grand Success Investment	5,773,000	8.22%
Weilheim Investments SL	3,485,930	4.97%
Ocean Harvest SL	2,345,075	3.34%
South Winds AS	1,489,750	2.12%
Skandinaviska Enskilda	1,377,671	1.96%
Stenshagen Invest AS	1,082,793	1.54%
State Street Bank & Trust	1,058,771	1.51%
State Street Bank & Trust	666,172	0.95%
JP Morgan Chase Bank	615,453	0.88%
Verdipapirfondet ALF	608,198	0.87%
UBS AG	601,378	0.86%
Verdipapirfondet Han Norge	550,000	0.78%
Morgan Stanley & CO	545,523	0.78%
Storebrand Optima	428,130	0.61%
JP Morgan Chase Bank	403,000	0.57%
Arctic Funds Plc	401,581	0.57%
JP Morgan Chase Bank	396,237	0.56%
Top 20	**60,803,093**	**86.61%**
OTHERS	9,396,907	13.39%
TOTAL	**70,200,000**	**100.00%**

SELECTED DISCLOSURE NOTES

Note 1: Basis of presentation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union.

Note 2: Significant accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended December 31st 2012, as described in those annual financial statements. Income taxes in the interim periods are accrued using the effective tax rate that would be applicable to the expected total annual earnings.

Note 3: Segment information

The chief operating decision-maker has been identified as the Chief Executive Officer (CEO). The CEO reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined one operating segment based on these reports. Management considers the business from a product perspective. From a product perspective, Management assesses the performance of fishmeal and fish oil in a consolidated basis. These products are sold in worldwide markets. Other products sold by the Group include raw material (anchovy) and other minor fish.

The CEO assesses the performance of one operating segments based on a measure of a management's EBITDA formula that considers earnings before interest, tax (including workers' profit sharing), depreciation and amortization. This measurement basis excludes the effects of non-recurring expenditures from the operating segments, such as deferred income taxes, workers' profit sharing, legal expenses and goodwill impairments.

Note 4: Borrowings and loans

As of March 31st 2013, the company subscribed contracts for:

- Inventory financing by the amount of USD 24.4 million, with diverse local banks (Interbank, Santander and Scotiabank) with an average rate of 3%. In addition Copeinca paid inventory financing in the amount of USD 10.1 million.

- Short term financing was obtained in the amount of USD 3.5 million with Multibank.

- Senior notes were issued in the amount of USD 75.0 million.

- During the first quarter 2013, the company paid USD 30.6 million of long-term borrowings.

The movement of the borrowings is analyzed as follows:

Borrowings and loans	**31 March 2013**	**As at 31 December 2012**	**31 March 2012**
	USD 000	*USD 000*	*USD 000*
Non-current	259,589	201,919	215,324
Current	26,506	21,920	20,228
Total	**286,095**	**223,839**	**235,552**

Movements in borrowings are analysed as follows:

Three months ended 31 March 2012	
Opening amounts as at 1 January 2012	266,276
Payment of borrowings and inventory financing	(25,355)
Repayments of borrowings	(5,369)
Closing amount as at 31 March 2012	**235,552**
Three months ended 31 March 2013	
Opening amounts as at 1 January 2013	223,839
Bonds	75,000
Inventory financing obtained	24,377
Borrowings obtained	3,500
Payment of borrowings and inventory financing	(10,058)
Repayments of borrowings	(30,563)
Closing amount as at 31 March 2013	**286,095**

Note 5: Use of NON-GAAP measures

The CEO assesses the performance of the Company based on a measure of a management's EBITDA formula that considers earnings before interest, tax (including workers' profit sharing), depreciation and amortization. This measurement basis excludes the effects of non-recurring expenditures, such as deferred income taxes, workers' profit sharing, legal expenses and goodwill impairments.

Although EBITDA is a widely used financial indicator of a company's ability to service and incur debt, you should not consider it in isolation, as an alternative to net income, as an indicator of our operating performance or as a substitute for analysis of our results as reported under IFRS, since, among others:

- it does not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments;

- it does not reflect changes in, or cash requirements for, our working capital needs;

- it does not reflect our interest expense or the cash requirements to service the interest or principal payments of our debt;

- it does not reflect any cash income taxes or employees' profit sharing we may be required to pay;

- it does not reflect the effect of non recurring expenses or gains;

- it is not adjusted for all non-cash income or expense items that are reflected in our statements of changes in financial position.

Because of the above, our EBITDA measure should not be considered a measure of discretionary cash available to us to invest in the growth of our business or as a measure of cash that will be available to us to meet our obligations. EBITDA is not a recognized financial measure under IFRS and it may not be comparable to similar titled measures presented by other companies in our industry because not all companies use the same definition. As a result, you should rely primarily on our IFRS results and use our EBITDA measurement only as a supplement.

Appendix

Table 1 – Key Figures

Key figures	**For the quarter ended March 31,**		**For the year ended December 31,**	
	2013	**2012**	**2012**	**2011**
Volume Sold	*MT*	*MT*	*MT*	*MT*
Fishmeal and fish oil	18,429	77,734	220,685	183,835
Mackerel and Jack mackerel	5,942	4,858	11,869	9,887
Results	*USD 000*	*USD 000*	*USD 000*	*USD 000*
Sales	36,063	99,068	314,219	254,478
Gross profit	8,220	41,402	117,357	111,393
Operating profit	1,169	30,290	75,102	74,259
Loss/Profit before Income Tax	(5,486)	27,842	71,355	64,235
Loss/Profit for the period/year	(3,757)	20,220	49,597	47,769
EBITDA	4,519	34,202	103,807	106,466
Percentages	%	%	%	%
EBITDA Margin	12.5	34.5	33.0	41.8
Gross Margin	22.8	41.8	37.3	43.8

Table 2 – Administrative Expenses for the first quarter 2013

Administrative Expenses	**Q1-2013** **(1)** *USD 000*	**Q1-2012** **(2)** *USD 000*	**Variation** **2013-2012** **(1)-(2)** *USD 000*
Personnel	2,119	1,243	876
Services rendered by third parties	1,192	1,413	(221)
Taxes	21	19	2
Depreciation and amortization	76	60	16
Other management charges	198	106	92
	3,606	2,841	765
Workers' profit sharing	–	290	(290)
Total	**3,606**	**3,131**	**475**

Table 3 – Selling Expenses for the first quarter 2013

Selling Expenses	**18,429 MT** **Q1'13** **(1)** *USD 000*	**77,734 MT** **Q1'12** **(2)** *USD 000*	**–59,305 MT** **Variation** **2013-2012** **(1)-(2)** *USD 000*
Shipment expenses and certification	1,095	4,853	(3,758)
Payroll	354	273	81
Assorted expenses	263	470	(207)
Transportation	9	94	(85)
	1,721	5,690	(3,969)
Workers' profit sharing (*)	–	145	(145)
Total selling expenses	1,721	5,835	(4,114)
Total SE / MT excluding WPS (*)	93	73	20
Total SE / MT	93	75	18

Table 4 – Production Cash Costs

	NORTH ZONE			
	II F. Season 2012	**II F. Season 2011**	**I F. Season 2012**	**I F. Season 2011**
Own Fleet RM	72.0%	75.2%	70.8%	81.9%
Third Party RM	28.0%	24.8%	29.2%	18.1%
Production	*MT*	*MT*	*MT*	*MT*
Fishmeal	29,639	85,090	93,827	111,683
Fishoil	3,687	22,065	25,844	24,811
Total Production	**33,326**	**107,155**	**119,671**	**136,494**
Production Yield (FM & FO)	27.8%	30.4%	29.9%	28.4%
	USD/MT	*USD/MT*	*USD/MT*	*USD/MT*
Production Cost Own Fleet	1,107	501	659	513
Production Cost Third Party	1,849	979	1,207	1,127
Total Production Cost	1,314	620	819	624

AUDITED FINANCIAL STATEMENTS OF COPEINCA FOR THE YEAR ENDED 31 DECEMBER 2012

The following is an extract from the board of director's report 2012 of the audited financial statements of Copeinca for the year ended 31 December 2012, which were prepared in accordance with IFRS (pages 63-142).

Specific page/section references mentioned in the audited financial statements of Copeinca for the year ended 31 December 2012 are referred to in Copeinca's board of directors' report 2012 which is available on the Oslo Børs website (http://www.oslobors.no_eng/).

COPEINCA ASA AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

		As of 31 December	
	Note	**2012**	**2011**
		US$000	*US$000*
ASSETS			
Non-current assets			
Property, plant and equipment	*6*	276,726	258,525
Fishing licenses	*7*	235,705	222,936
Goodwill	*7*	153,119	144,824
Other intangible assets	*7*	980	792
		666,530	627,077
Current assets			
Inventories	*10*	19,686	63,886
Trade accounts receivable	*11*	15,037	24,103
Other accounts receivable	*12*	13,847	17,958
Cash and cash equivalents	*13*	39,090	60,490
		87,660	166,437
Total assets		754,190	793,514

	Note	As of 31 December **2012** *US$000*	 **2011** *US$000*
EQUITY			
Attributable to owners of the parent			
Share capital	*14*	55,004	55,589
Share premium	*14*	282,358	285,648
Legal reserve	*15*	5,145	–
Cumulative translation adjustment	*15*	16,824	1,069
Retained earnings	*15*	50,789	46,337
Total equity		410,120	388,643
LIABILITIES			
Non-current liabilities			
Long-term borrowings	*16*	201,919	218,488
Deferred income tax	*17*	86,006	82,270
Other accounts payable	*18*	6,921	6,057
		294,846	306,815
Current liabilities			
Bank loans and short-term debt	*16*	–	25,355
Trade accounts payable	*18*	10,181	15,907
Other accounts payable	*18*	17,123	21,141
Current income tax payable	*29*	–	13,220
Current portion of long-term borrowings	*16*	21,920	22,433
		49,224	98,056
Total liabilities		344,070	404,871
Total equity and liabilities		754,190	793,514

The notes on page I-21 to I-70 of this circular are an integral part of these consolidated financial these financial statements.

COPEINCA ASA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME

	Note	For the year ended, 31 December **2012** *US$000*	 **2011** *US$000*
Sales	*19*	314,219	254,478
Cost of goods sold	*20*	(196,862)	(143,085)
Gross profit		117,357	111,393
Selling expenses	*21*	(17,271)	(12,596)
Administrative expenses	*22*	(13,863)	(13,780)
Other income	*23*	1,844	5,362
Other expenses	*23*	(12,965)	(16,120)
Operating profit		75,102	74,259
Finance income	*26*	2,586	608
Finance costs	*26*	(21,097)	(21,007)
Exchange difference, net	*3*	14,764	10,375
Profit before income tax		71,355	64,235
Income tax expense	*29*	(21,758)	(16,466)
Profit for the year		49,597	47,769
Attributable to:			
Equity holders of the company		49,597	47,769
Earnings per share attributable to the equity holders of the company during the year (US$ per share):			
Basic and diluted earnings per share	*30*	0.8602	0.8187

COPEINCA ASA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the year ended, 31 December	
	Note	**2012**	**2011**
		US$000	*US$000*
Profit for the year		49,597	47,769
Currency translation adjustment with no tax effect	*15*	15,755	11,511
Total comprehensive income for the year		65,352	59,280
Attributable to:			
Equity holders of the company		65,352	59,280

The notes on page I-21 to I-70 of this circular are an integral part of these consolidated financial these financial statements.

COPEINCA ASA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2011

	Note	**Share capital**	**Share premium**	**Legal reserve**	**Cumulative translation adjustment**	**Retained earnings**	**Total equity**
		US$000	*US$000*	*US$000*	*US$000*	*US$000*	*US$000*
Balances as of 1 January 2011		55,717	286,462	–	(10,442)	–	331,737
Profit for the year		–	–	–	–	47,769	47,769
Cumulative translation adjustment	*15*	–	–	–	11,511	–	11,511
Total comprehensive income		–	–	–	11,511	47,769	59,280
Value of employee services payable	*14-c*	–	–	–	–	217	217
Reclassification to liabilities	*18-c*	–	–	–	–	(1,649)	(1,649)
Share buy–back program	*14*	(128)	(814)	–	–	–	(942)
Balances as of 31 December 2011	*14-15*	55,589	285,648	–	1,069	46,337	388,643
Balances as of 1 January 2012		55,589	285,648	–	1,069	46,337	388,643
Profit for the year		–	–	–	–	49,597	49,597
Cumulative translation adjustment	*15*	–	–	–	15,755	–	15,755
Total comprehensive income		–	–	–	15,755	49,597	65,352
Dividends distribution related to 2011 profits	*15-b*	–	–	–	–	(40,000)	(40,000)
Transfer to legal reserve	*15-a*	–	–	5,145	–	(5,145)	–
Share buy–back program	*14*	(585)	(3,290)	–	–	–	(3,875)
Balances as of 31 December 2012	*14-15*	55,004	282,358	5,145	16,824	50,789	410,120

The notes on page I-21 to I-70 of this circular are an integral part of these consolidated financial these financial statements.

COPEINCA ASA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the year ended, 31 December 2012 US$000	 2011 US$000
Cash flows from operating activities			
Cash generated from operations	27	122,617	33,128
Interest paid		(18,089)	(19,943)
Income tax paid	29-e	(21,279)	(1,679)
Net cash generated from operating activities		83,249	11,506
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(20,414)	(36,353)
Proceeds from sale of property, plant and equipment	27	2,000	3,677
Purchase of intangible assets	7	(350)	(347)
Net cash used in investing activities		(18,764)	(33,023)
Cash flows from financing activities			
Buy-back of shares	14-d	(3,875)	(942)
Repayment of bank loans and short-term loans	16	(95,747)	(58,722)
Proceeds from bank loans and short-term loans	16	70,403	83,056
Repayment of long-term borrowings	16	(17,515)	(11,056)
Proceeds from long-term borrowings	16	–	35,000
Dividends paid	15	(40,000)	–
Net cash (used in) generated from financing activities		(86,734)	47,336
Net (decrease) increase in cash and cash equivalents		(22,249)	25,819
Cash and cash equivalents at beginning of the year		60,490	34,201
Exchange gains on cash and cash equivalents		849	470
Cash and cash equivalents at end of the year	13	39,090	60,490

The notes on page I-21 to I-70 of this circular are an integral part of these consolidated financial these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2012 AND 31 DECEMBER 2011

1 GENERAL INFORMATION

a) Operations

Copeinca ASA (“the Company”) and its subsidiaries (together “the Group”) are mainly engaged in the extraction of anchovy and its subsequent transformation into fishmeal and fish oil, for direct or indirect human consumption. Its products are mainly sold to China, Germany, Japan, Vietnam, Taiwan, Belgium, Denmark and Chile, among other foreign markets.

The Company is a limited liability company incorporated and domiciled in Norway. The address of its registered office is Haakon VII gate 10, 0106 Oslo.

The Company has its primary listing on the Oslo Børs stock exchange and a secondary listing on the Lima stock exchange.

The Group consolidated financial statements were approved for issue by the Board of Directors on 19 February 2013. Final approval of these Group consolidated financial statements will be given at the Annual General Meeting scheduled to be held on 19 March 2013.

Copeinca ASA is the ultimate parent company of the Group. Copeinca ASA owns Corporación Pesquera Inca S.A.C. (hereinafter Copeinca S.A.C.), a Peruvian limited company incorporated in July 1994 under the laws of Peru. Copeinca S.A.C. is the main operating company in the Group. Upon its incorporation in 1994, Copeinca S.A.C. was owned by D&C group S.A.C. and Acero Holding S.A.C. prior to the establishment of Copeinca ASA and Copeinca Internacional S.L.U. on November/December 2006.

As of 31 December 2012, Copeinca S.A.C. is a wholly owned subsidiary of Copeinca ASA which has a direct interest of 45.36% of its shares (43.38% in 2011) and indirect interests through Copeinca Internacional S.L.U (located in Spain) which has a 54.64% interest (52.26% in 2011). Until 2011, PFB Fisheries B.V. owned 4.36% interest in Copeinca S.A.C.

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 2011) 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	160
3. Chimbote ACP	250
4. Chancay	168
5. Ilo	90

As of 31 December 2012, the Group owns 36 vessels with a storage capacity of 14,690 M3 which corresponds to 35 purse seiner vessels with a capacity of 14,557 M3 and 1 trawling vessels with a storage capacity of 133 M3, holding a quota of 10.7% (as of 31 December 2011 the Group had 36 vessels with storage capacity of 14,754 M3 which corresponded to 36 purse seiner vessels with a capacity of 14,621 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 28 vessels (30 in 2011), as Management continuous evaluating the most efficient use of the Company´s fleet. During 2011, 3 new vessels were built, Incamar I, II and III with a capacity of 800 M3 each.

During 2012, the maximum allowable catch limit of anchovy for indirect human consumption was 3,500,000 MT out of which 2,700,000 MT was awarded for the first fishing season (3,675,000 MT in 2011) and 810,000 MT was awarded for the second fishing season (2,500,000 MT in 2011). In 2012, out the total of 810,000 MT only 410,000 MT was permitted to catch until 31 December 2012; the remainder was authorized to be caught in January 2013.

In 2012, the Group processed 509,453 MT of raw materials (876,408 MT in 2011) of which 371,950 MT (660,001 MT in 2011) were extracted by its own fleet and 137,504 MT (216,406 TM in 2011) were acquired from third parties.

In 2012, the Group produced 121,037 MT of fishmeal SD and 30,927 MT of fish oil. (205,983 MT of fishmeal SD and 47,173 MT of fish oil in 2011). During 2010 and 2011, Copeinca converted all its plants into new Steam dried (SD) technology.

The Company owns directly and indirectly the following entities:

Subsidiaries	**Location**	**Ownership**
		%
Copeinca Internacional S.L.U.	Spain	100
PFB Fisheries B.V.	Netherlands	100
Corporación Pesquera Inca S.A.C.	Peru	100

b) Regulatory framework

Fishing Industry is regulated in Peru 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 Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention.

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 Peru (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 and amended standards adopted by the Group*

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that would be expected to have a material impact on the Group.

b) *New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2012 and not early adopted*

Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Group is yet to assess IFRS13's full impact and does not intend to early adopt this standard. IFRS 13 is effective for periods beginning on or after 1 January 2013.

IAS 19, 'Employee benefits' was amended in June 2011. This standard has no impact on the Group´s financial statements since it does not have any defined benefit pension plans granted to their employees.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statement of income, unless this creates an accounting mismatch. The Group is yet to assess IFRS 9's full impact and does not intend to early adopt this standard. IFRS 9 is effective for periods beginning on or after 1 January 2015. The Group will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

IFRS 10, 'Consolidated financial statements', builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group is yet to assess IFRS 10's full impact and does not intend to early adopt this standard. IFRS 10 is effective for periods beginning on or after 1 January 2013.

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group is yet to assess IFRS 12's full impact and does not intend to early adopt this standard. IFRS 12 is effective for periods beginning on or after 1 January 2013.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.2 Consolidation

a) *Subsidiaries*

Subsidiaries are all entities (including special purpose entities) over which Copeinca ASA has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date control ceases.

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.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

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.

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 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.

2.4 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.

2.5 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 Fishing Vessels and Plants is calculated using the units of production depreciation method. Depreciation of Fishing Vessels relates to ship's permissible quantity of tons and Plants' production capacity. 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
Buildings and other constructions	33
Fishing vessels and equipment of fleet	4-36
Machinery and equipment	4-30
Vehicles	5
Furniture and fixtures	10
Other equipment	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.

2.6 Intangible assets

a) *Goodwill*

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over Copeinca ASA'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 purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

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.

2.7 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 (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Financial assets

2.8.1 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 2.12 and 2.13).

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.

2.8.2 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.

2.9 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.

2.10 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.

b) *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 below 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.

2.11 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 at the end of each year to the cost of inventories based on the actual normal operating capacity for each year based on the corresponding assigned quota granted by the Peruvian regulator (note 1-b-ii). 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.

2.12 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-a).

2.13 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.

2.14 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.

2.15 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.

2.16 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.

2.17 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.

2.18 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 Peru 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.

2.19 Share-based payments

The Group operates a cash-settled, share-based compensation plan, under which the entity (Copeinca ASA) 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.

2.20 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.

2.21 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.

2.22 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.

2.23 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.

2.24 Reclassifications

The Group reclassified US$3,776 thousand from other expenses to other income for the year ended 31 December 2011 in order to improve the presentation of the financial statements and show the net gain on sale of diesel and supplies (note 23).

In addition, certain figures in the balance sheet, statement of income and the cash flow of 2012 have been reclassified or grouped in order to improve presentation of financial statements; therefore the corresponding figures in 2011 have been amended.

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 United States dollar and Euro. 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. As of 31 December 2012, Copeinca S.A.C. has signed forward contracts amounting to US$7,500 thousand to reduce the risk of adverse exchange rate fluctuations (as of 31 December 2011, Copeinca S.A.C. has not signed any forward contracts). The fair value of these forward contracts amounts to US$365 thousand, which is not recognized in the financial statements since it is considered immaterial.

The Group has no specific policy for entering into forward foreign exchange contracts to hedge foreign currency exposures. In 2012 and 2011, management's strategy is buying foreign currency in the spot market. The Group does not have any forward foreign currency contracts outstanding at the reporting date, other than that disclosed in the paragraph above.

The balances in foreign currency (US$) as of 31 December are as follows:

	2012 *US$000*	2011 *US$000*
Assets –		
Trade receivables	15,037	24,103
Other accounts receivable	5,160	3,524
Cash and cash equivalents	15,889	43,428
	36,086	71,055
Liabilities –		
Long-term borrowings (including current portion)	(223,839)	(240,921)
Bank loans and short term debt	–	(25,355)
Trade accounts payable	(4,183)	(8,135)
Other accounts payable	(1,170)	(1,878)
	(229,192)	(276,289)
Net liabilities	(193,106)	(205,234)

As of 31 December 2012, consolidated assets and liabilities in United States dollars have been expressed at the exchange rates of S/.2.549 per US$1 for assets and S/.2.551 for liabilities per US$1 (S/.2.695 per US$1 for assets and S/.2.697 for liabilities per US$1 in 2011).

As of 31 December 2012, Copeinca ASA and its subsidiaries recorded net exchange gains amounting to US$14,764 thousand (exchange gains amounting to US$10,375 thousand in 2011) shown in the statement of income. Exchange difference is generated mainly by the long-term debt held in United States dollars.

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$9,879 thousand (US$10,534 thousand in 2011).

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 2012 and 2011, 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 2012, 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$888 thousand lower/higher (US$909 thousand in 2011).

b) Credit risk

The Group only sells on a cash basis or on a confirmation letter basis. 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.

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.

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	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	US$000	*US$000*	*US$000*	*US$000*	*US$000*
31 December 2012					
Borrowings	15,546	21,385	213,766	–	250,697
Finance lease liabilities	12,383	12,872	8,289	–	33,544
Trade and other payables	34,225	–	–	–	34,225
	62,154	34,257	222,055	–	318,466
31 December 2011					
Borrowings	41,896	16,228	67,734	176,750	302,608
Finance lease liabilities	14,669	13,091	19,829	–	47,589
Trade and other payables	43,105	–	–	–	43,105
	99,670	29,319	87,563	176,750	393,302

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 Copeinca ASA 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 2012 and 2011, the Company's strategy was to continue reducing bank debt. The gearing ratios at 31 December were as follows:

	2012	**2011**
	US$000	*US$000*
Total borrowings *(note 16)*	223,839	266,276
Less: Cash and cash equivalents *(note 13)*	(39,090)	(60,490)
Net debt	184,749	205,786
Total equity	410,120	388,643
Total capital	594,869	594,429
Gearing ratio (%)	31	35

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$16 thousand (US$18 thousand in 2011) (note 8) 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*

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.6. The recoverable amounts of cash-generating units have been determined based on fair value less cost of sales calculation. These calculations require the use of estimates (note 7).

If the estimated pre-tax discount rate applied to the discounted cash flows for the vessels CGU had been 1% higher than management's estimates (for example, 7.72% instead of 6.72%), the Group would not had to recognize any additional adjustment against goodwill. To recognize an additional impairment the discount rate should have been 13.53%.

If the estimated pre-tax discount rate applied to the discounted cash flows for the plants CGU had been 1% higher than management's estimates (for example, 7.72% instead of 6.72%), the Group would not had to recognize any additional adjustment against goodwill. To recognize an additional impairment the discount rate should have been 13.86%.

b) Income taxes

The Group is subject to income taxes in numerous jurisdictions, but mainly in Peru. 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$49 thousand and the deferred tax liability by US$97 thousand, if unfavorable; or

– decrease the income tax liability by US$49 thousand and the deferred tax liability by US$97 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.

c) Book value of fishing licenses

The Group assesses the book value of licenses each year based on discounted cash flows determined using the methodology of value in use.

d) Book value of property, plant and equipment

The Group assesses the carrying value of property, plant and equipment each year based on discounted cash flows to determine the fair value less cost to sell of the assets and their value in use. If the asset is inoperative, it is tested for impairment using the fair value of the asset determined by independent appraisers.

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 the calendar year independently of the ban periods imposed by the Peruvian fishing authorities. In this regard, Management understands that the Group's yearly costs of production correspond to all expenditures incurred in the calendar year. Consequently, non-fishing expenses incurred during the year are allocated to the cost of inventories based on the actual normal operating capacity for each year, which contemplates the corresponding assigned quota granted by the Peruvian regulator to Copeinca S.A.C. As of 31 December 2012, fishing ban expenses amounting to US$3,167 thousand are capitalized as part of the cost of inventories (US$7,102 thousand in 2011).

5 SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Chief Executive Officer (CEO). The CEO reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined one operating segment based on these reports. Management considers the business from a product perspective. From a product perspective, Management assesses the performance of fishmeal and fish oil in a consolidated basis. These products are sold in worldwide markets. Other products sold by the Group include raw material (anchovy) and other minor fish.

The CEO assesses the performance of one operating segments based on a measure of a management's EBITDA formula that considers earnings before interest, tax (including workers' profit sharing), depreciation and amortization. This measurement basis excludes the effects of non-recurring expenditures from the operating segments, such as deferred income taxes, workers' profit sharing, legal expenses and goodwill impairments.

A reconciliation of management's EBITDA to profit before income tax is provided as follows:

	2012 *US$000*	2011 *US$000*
EBITDA	103,807	106,466
Depreciation *(note 6)*	(9,205)	(14,106)
Amortization *(note 7)*	(188)	(891)
Impairment of fixed assets *(note 23)*	–	(4,991)
Workers' profit sharing *(note 28)*	(8,191)	(6,452)
Exchange difference *(note 3)*	14,764	10,375
Finance income and costs, net *(note 26)*	(18,511)	(20,399)
Other expenses, net	(11,121)	(5,767)
Profit before income tax	71,355	64,235

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 2011					
Opening net book amount	72,173	91,780	33,904	40,096	237,953
Exchange differences	2,796	3,653	1,366	1,660	9,475
Reclassification	36,420	17,222	19,045	(72,687)	–
Additions	–	–	–	36,353	36,353
Disposals, net	(1,511)	(2,656)	(1,977)	(15)	(6,159)
Impairment charge	(2,485)	(2,313)	(193)	–	(4,991)
Depreciation charge	(6,600)	(5,618)	(1,552)	(336)	(14,106)
Closing net book amount	100,793	102,068	50,593	5,071	258,525
At 31 December 2011					
Cost	140,370	175,822	64,619	9,490	390,301
Accumulated depreciation and impairment	(39,577)	(73,754)	(14,026)	(4,419)	(131,776)
Net book amount	100,793	102,068	50,593	5,071	258,525
Year ended 31 December 2012					
Opening net book amount	100,793	102,068	50,593	5,071	258,525
Exchange differences	5,237	5,085	2,746	262	13,330
Reclassification	5,553	8,179	6,618	(20,350)	–
Additions	140	–	–	20,274	20,414
Disposals, net	(237)	(1,805)	(280)	(27)	(2,349)
Write-off	(838)	(3,151)	–	–	(3,989)
Depreciation charge	(4,736)	(2,609)	(1,504)	(356)	(9,205)
Closing net book amount	105,912	107,767	58,173	4,874	276,726
At 31 December 2012					
Cost	151,164	182,040	74,587	9,405	417,196
Accumulated depreciation and impairment	(45,252)	(74,273)	(16,414)	(4,531)	(140,470)
Net book amount	105,912	107,767	58,173	4,874	276,726

Depreciation expense is distributed as follows:

	2012	2011
	US$000	*US$000*
Cost of goods sold *(note 20)*	9,013	13,819
Selling expenses *(note 21)*	8	6
Administrative expenses *(note 22)*	184	281
	9,205	14,106

In connection with lease and leaseback transactions, Copeinca S.A.C. has pledge the legal title of eight vessels in favor of Banco Interbank, Banco Santander, Banco Continental and Banco Scotiabank in guarantee of loans (note 16). Total carrying value of the assets with restricted legal title amounts to US$19,462 thousand at 31 December 2012 (nine vessels with a carrying amount of US$22,177 thousand in 2011).

Property, plant and equipment include assets acquired under finance leases and leasebacks for the following amounts:

	2012	2011
	US$000	*US$000*
Vessels and equipment of fleet	23,815	25,889)
Accumulated depreciation	(4,353)	(3,712)
	19,462	22,177

Impairment tests of property, plant and equipment

In 2012, plant and fleet equipment was replaced to improve yields, quality and product prices. Obsolete equipment as well as another group of assets that were found to be impaired amounting to US$3,989 thousand were replaced and were written-off with charge to other expenses in the statement of income (note 23).

In 2011, Copeinca S.A.C. recognized an impairment charge of US$4,991 thousand as a result of the put into operation of three new vessels with greater storage capacity that allows a more efficient operation. In addition the impairment charge results as a consequence of the discontinuation of Flame Dried (FD) technology lines.

i) Key assumptions used in the model for the determination of the value in use and of the fair value less cost to sell of vessels are as follows:

Prices: the model uses 20% of the fish price considered as raw material since small fishing companies have increased their negotiation power due to the issue of the ITQ law and due to the increase in the fishmeal market prices.

Quota: the model uses the budgeted quota awarded to Copeinca S.A.C. under the ITQ law (10.7% of the total quota).

Extraction costs: operating costs, maintenance, and ban period expenses decreased during 2012 and will further decrease in the future due to the positive effects of the ITQ law. Personnel expenses (crew) will decrease as a consequence of the termination benefits contemplated in the ITQ law for early retirement. Less fuel will be consumed as a lesser number of vessels will be used for catch under the conditions established by the ITQ law. Extraction costs are based on budgeted costs as approved by the Board.

Discount rate: the model uses 6.72% pre-tax rate not adjusted by inflation.

ii) Key assumptions used in the model for the determination of the value in use and of the fair value less cost to sell of plants are as follows:

Prices: The model uses average fishmeal and fish oil prices of US$1,500 per MT and US$2,000 per MT, respectively.

Management expects that prices will be stable and will increase steadily according to market expectations and demand.

Productions costs: the model assumes that the total raw material corresponds to that fished by Copeinca S.A.C.'s vessels and that are sold to its plants at market prices.

Discount rate: the model uses 6.72% pre-tax rate not adjusted by inflation.

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

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 2011					
Opening balances	213,964	138,996	1,300	17	1,317
Exchange difference	8,972	5,828	18	1	19
Additions	–	–	347	–	347
Amortization charge	–	–	(891)	–	(891)
Closing net book amount	222,936	144,824	774	18	792
At 31 December 2011					
Cost	222,936	158,855	5,343	18	5,361
Accumulated amortization and impairment	–	(14,031)	(4,569)	–	(4,569)
Net book amount	222,936	144,824	774	18	792
Year ended 31 December 2012					
Opening balances	222,936	144,824	774	18	792
Exchange difference	12,769	8,295	28	(2)	26
Additions	–	–	350	–	350
Amortization charge	–	–	(188)	–	(188)
Closing net book amount	235,705	153,119	964	16	980
At 31 December 2012					
Cost	235,705	167,150	5,721	16	5,737
Accumulated amortization and impairment	–	(14,031)	(4,757)	–	(4,757)
Net book amount	235,705	153,119	964	16	980

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-b-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:

	2012 *US$000*	2011 *US$000*
Cost of goods sold *(note 20)*	88	342
Selling expenses *(note 21)*	21	91
Administrative expenses *(note 22)*	79	458
	188	891

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

Impairment tests of goodwill

Goodwill is allocated to the Group's cash-generating units (CGU's). The Group distinguishes its cash-generating units (CGU) at the level of individual vessels and individual plants. The allocation of goodwill by CGU is as follows:

	2012 *US$000*	2011 *US$000*
Vessels	96,728	91,502
Plants	56,391	53,322
Total	153,119	144,824

The recoverable amount of a CGU is determined based on the higher between its value in use and its fair value less costs to sell. The calculation of the recoverable amount uses free cash flows projections based on financial budgets approved by Management which cover a five-year period. Cash flows beyond the five-year period include perpetuity.

8 FINANCIAL INSTRUMENTS BY CATEGORY

a) Financial assets as of 31 December 2012 and 2011 are as follows:

	Loans and receivables *US$000*	Available for sale *US$000*	Total *US$000*
31 December 2012			
Financial assets	–	16	16
Trade accounts receivable	15,037	–	15,037
Other accounts receivable	8,568	–	8,568
Cash and cash equivalents	39,090	–	39,090
Total	62,695	16	62,711
31 December 2011			
Financial assets	–	18	18
Trade accounts receivable	24,103	–	24,103
Other accounts receivable	8,044	–	8,044
Cash and cash equivalents	60,490	–	60,490
Total	92,637	18	92,655

b) Financial liabilities at amortized cost as of 31 December 2012 and 2011 are as follows:

	US$000
31 December 2012	
Current portion of long-term borrowings (excluding lease)	10,870
Current portion of long-term – finance lease liabilities	11,050
Long-term borrowings (excluding lease)	183,077
Long-term borrowings – finance lease liabilities	18,842
Trade accounts payable	10,181
Total	234,020
31 December 2011	
Bank loans and short term debt *(note 16)*	25,355
Current portion of long-term borrowings (excluding lease)	9,647
Current portion of long-term – finance lease liabilities	12,786
Long-term borrowings (excluding lease)	187,898
Long-term borrowings – finance lease liabilities	30,590
Trade accounts payable	15,907
Total	282,183

9 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 2012 and 2011, neither existing nor new customers' accounts receivable have been impaired. Additions to provision for doubtful accounts in 2012 relate to customers from acquired companies and from loans granted to third party owners of vessels (note 12) which have been identified as impaired.

10 INVENTORIES

	2012	**2011**
	US$000	*US$000*
Finished goods:		
– Fishmeal	10,717	49,542
– Fish oil	2,860	7,134
– Raw material	–	250
Spare parts, supplies and packaging	6,216	7,338
Provision for obsolete spare parts, supplies and packaging	(107)	(378)
	19,686	63,886

As of 31 December 2012, the stock of fishmeal and fish oil was 6,028 MT and 1,820 MT respectively (63,882 MT and 12,947 MT respectively as of 31 December 2011).

Cost per ton of inventories in 2012 was higher than in 2011 because the higher raw material price derived from the shorter quota awarded for the 2012 second fishing season and the higher non-fishing period expenses to be allocated into a lower production.

The book values of fishmeal and fish oil inventories include US$254 thousand (US$2,365 thousand in 2011) related to the workers' profit sharing (note 28).

As of 31 December 2012, the Company does not maintain fishmeal and fish oil pledged as security for bank loans (the fair value of fishmeal and fish oil pledged as security for bank loans amounts US$25,355 thousand in 2011).

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

	2012	**2011**
	US$000	*US$000*
Opening balance	378	344
Additions	890	35
Write-off	(1,060)	–
Exchange difference	(101)	(1)
Closing balance	107	378

11 TRADE ACCOUNTS RECEIVABLE

	2012	**2011**
	US$000	*US$000*
Trade accounts receivable – abroad	15,037	18,573
Trade accounts receivable – Peru	–	5,530
Doubtful accounts	22	191
Carried forward:	15,059	24,294

	2012	**2011**
	US$000	*US$000*
Brought forward:	15,059	24,294
Less:		
Provision for doubtful accounts	(22)	(191)
	15,037	24,103

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 2012, approximately 88% of the abroad accounts receivable are secured with export credit documents and the 12% balance is subject to bank collections (cash against documents) (approximately 95% and 5%, respectively, in 2011).

The ageing of the trade accounts receivable is as follows:

	2012 *US$000*	2011 *US$000*
Current	15,037	24,083
Past due for up to 60 days	–	–
Past due from 61 to180 days	–	–
Past due from 181 to 360 days	–	20
Over 361 days	22	191
	15,059	24,294

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

	2012 *US$000*	2011 *US$000*
Opening balance	191	191
Additions	22	–
Write-off	(191)	(3)
Exchange difference	–	3
Closing balance	22	191

12 OTHER ACCOUNTS RECEIVABLE

	2012 *US$000*	2011 *US$000*
Accounts receivable from third party owners of vessels (a)	3,511	704
Refundable value-added tax (b)	235	3,859
Value-added tax credit	4,220	6,055
Prepaid income tax (c)	824	–
Claims to third parties	1,224	1,367
Personnel (d)	1,908	3,072
Prepaid expenses	263	902
Others	1,633	1,982
Doubtful accounts	1,227	3,075
	15,045	21,016
Less: provision for doubtful accounts	(1,227)	(3,075)
	13,818	17,941
Plus: loans to related parties *(note 32)*	29	17
	13,847	17,958

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 0.5% (0.8% in 2011) 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 29-g).

As of 31 December 2012, the amount of the refundable VAT relates to those amounts filed within the tax authorities in December 2012. During 2012, Copeinca S.A.C. received VAT refunds amounting to US$13,810 thousand (US$25,624 thousand in 2011).

(c) The total of income tax prepayments made in 2012 amounts to US$23,489 thousand (US$10,579 thousand in 2011). The balance as of 31 December 2012 is shown net of the income tax expense for the year (note 29-e)

(d) Accounts receivable from personnel includes loans to employees amounting to US$1,573 thousand (US$2,134 thousand in 2011), workers' profit sharing paid in advance amounting to US$285 thousand (US$904 thousand in 2011), vacations paid in advance amounting to US$49 thousand (nil in 2011) and others amounting to US$1 thousand (US$34 thousand in 2011).

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

	2012 *US$000*	**2011** *US$000*
Opening balance	3,075	6,780
Provision for impaired receivables	814	–
Write-off and recoveries	(2,957)	(3,959)
Exchange difference	295	254
Closing balance	1,227	3,075

13 CASH AND CASH EQUIVALENTS

	2012 *US$000*	**2011** *US$000*
Cash at banks and in hand	15,712	22,503
Short-term deposits and debt instruments	23,378	37,987
	39,090	60,490

As of 31 December 2012, cash at banks are denominated in United States dollars amounting to US$15,658 thousand and in Peruvian soles amounting to S/.39,915 thousand (US$22,466 thousand and S/.60,546 respectively, in 2011), are deposited in local and foreign banks and are fully available.

As of 31 December 2012, short-term deposits and debt instruments denominated in United States dollars amounting to US$23,378 thousand correspond to a fixed portfolio of debt instruments which bears a short-term market interest rate of 9% (as of 31 December 2011, short-term deposits correspond to overnights in United States dollars amounting US$37,987 thousand, which were due in less than 30 days and bore an average interest rate of 1%).

14 SHARE CAPITAL AND SHARE PREMIUM

a) Share capital

The authorized, signed, and paid-in capital under Copeinca ASA's by-laws as of 31 December 2012 comprises 58,500,000 common shares of NOK5 nominal value each.

	Number of shares	Share capital	Share capital	Share premium	Total
	(In thousands)	*NOK000*	*US$000*	*US$000*	*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

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

AGM 2012

In accordance with the Board's proposal the General Stockholders Meeting resolved that:

i) The Board of Directors is authorized to increase the share capital by up to NOK58,500 thousand.

ii) The Board may set aside the shareholders' preferential rights to subscribe for the new shares pursuant to the Public Limited Companies Act Section 10-4.

iii) The authorization covers increases of the share capital against non-cash contributions, and a right to incur in special obligations for the Company, according to the Public Limited Companies Act section 10-2. The authorization also covers resolution on a merger in accordance with the Public Limited Company's Act section 13-5. This authorization may be used in takeover situations.

iv) The authorization can be used several times.

v) The authorization shall be valid until the annual general meeting to be held in 2013 (on 30 June 2013 at the latest).

vi) The authority replaces the authority for the same purpose granted in the general meeting in 2011.

vii) The Board is granted authorization to, on behalf of the Company; acquire Copeinca S.A.C. shares with aggregate nominal value up to NOK29,250,000. The purchase price shall not be lower than NOK5 and not be higher than NOK100.

viii) The method of acquisition and disposal of the Company's own shares shall be at the Board's discretion.

ix) The authorization is valid until the Annual General Meeting to be held in 2013, at the latest 30 June 2013.

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 is reduced by US$3,290 thousand and US$814 thousand, respectively due to the share buy-back program.

The main shareholders of Copeinca ASA are as follows:

	2012			**2011**	
Investor	Shares	%	Investor	Shares	%
Dyer Coriat Holding	19,098,000	33.1	Dyer Coriat Holding	19,098,000	32.7
Ocean Harvest S.L.	8,118,075	14.1	Andean Fishing LLC.	8,118,075	13.9
Euroclear Bank S.A.	6,598,067	11.4	ETVE Veramar Azul S.L.	6,323,745	10.8
Weilheim Investments S.L.	3,485,930	6.0	Weilheim Investments S.L.	3,147,530	5.4
State Street Bank & Trust	1,540,291	2.7	State Street Bank & Trust	1,528,436	2.6
South Winds AS	1,489,750	2.6	South Winds AS	1,489,750	2.6
Verdipapirfondet DNB	987,326	1.7	DNB Nor SMB	1,395,000	2.4
BNYBE Artic Funds	956,208	1.7	State Street Bank & Trust	1,381,750	2.4
Stenshagen Invest AS	927,767	1.6	GMO Emerging Illiquid Fund	1,145,350	2.0
State Street Bank & Trust	842,597	1.5	The Norhtern Trust	1,097,534	1.9
JP Morgan Clearing Corp.	824,151	1.4	State Street Bank & Trust	948,060	1.6
JP Morgan Chase Bank	614,922	1.1	Fidelity Latin America Fund	939,655	1.6
Verdipapirfondet ALF	608,198	1.1	Handelsbanken	800,000	1.4
Fidelity Funds Latin America	450,628	0.8	Alfred Berg Gambak	756,202	1.3
Bank of New York Mellon	449,984	0.8	JP Morgan Clearing Corp.	732,264	1.3
Storebrand Optima	422,130	0.7	DNB Nor Markets	563,945	1.0
Pershing LLC	409,502	0.7	JP Morgan Chase Bank	480,422	0.8
JP Morgan Chase Bank	403,000	0.7	Fidelity Funds Latin America	470,386	0.8
Verdipapirfondet Handelsbanken	400,000	0.7	Alfred Berg Norge +	406,461	0.7
JPMCB RE SHB Swedusg Funds Lending	396,237	0.7	DERIS S.A.	400,000	0.7
Top 20	**49,022,763**	**85.1**	**Top 20**	**51,222,565**	**87.9**
Others	8,624,244	14.9	Others	7,125,158	12.1
TOTAL	**57,647,007**	**100.0**	**TOTAL**	**58,347,723**	**100.0**

c) **Share options**

Copeinca ASA 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 Copeinca ASA 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 2012, the Company has 274,400 outstanding options (794,400 options in 2011) from which 239,400 options (486,700 options in 2011) are exercisable. In 2012, 478,100 options (135,600 options in 2011) were exercised with a weighted average exercise price of NOK31.51 (NOK37.19 in 2011). This resulted in a NOK3,994 thousand equivalent to US$690 thousand (NOK2,357 thousand equivalent to US$432 thousand in 2011) paid to option holders.

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

	2012		**2011**	
	Average exercise price in NOK per share	**Options**	**Average exercise price in NOK per share**	**Options**
Opening balance	38	794,400	37	890,000
Granted	–	–	40	40,000
Exercised	32	(478,100)	37	(135,600)
Terminated	36	(41,900)	–	–
Closing balance	37	274,400	38	794,400

The weighted-average assumptions used to determine the Black Scholes fair value of the options granted in 2012 were:

Underlying shares	4,000
Exercise price	NOK45.00
Weighted average share price at grant date	NOK51.00
Expected life	2 years
Volatility	60.00%
Risk free interest rate	1.66%
Dividends	–
Options' fair value	NOK9.89

The options' fair value during the period was determined by using the Black-Scholes valuation model. Expected volatility is based on historical volatilities of similar entities listed on the Oslo Stock Exchange. The following similar entities have been used: Marine Harvest, Domstein, Lerøy Seafood Group and Aker Seafoods.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

239,400 options expire on 15 July 2013 and 35,000 options expire on 15 July 2014, the weighted average price is NOK37.11.

Exercise price is adjusted by dividends distributed on 19 May 2010 and on 26 April 2012, of NOK4.94 and NOK3.90, respectively.

Options not exercised will automatically become void and lapse with no compensation to the holder.

The total expensed amount in 2012 arising from the share-based payment plan amounts to NOK2,287 thousand equivalent to US$421 thousand was credited to liabilities (NOK1,907 thousand equivalent to US$341 thousand was credited as follows: to equity NOK1,214 thousand equivalent to US$217 thousand and to liabilities NOK693 thousand equivalent to US$124 thousand in 2011) (note 18-c and 25).

In July 2011, the Company has chosen to pay the exercised options in cash instead of issuing shares. The amount accumulated in equity in previous years was reclassified to liabilities in order to reflect the obligation (note 18-c).

Social security contributions payable in connection with the grant of the share options are considered an integral part of the grant itself and its corresponding charge will be treated as a cash-settled transaction.

d) Share buy-back program

In 2011, Copeinca ASA 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.

15 CUMULATIVE TRANSLATION ADJUSTMENT AND RETAINED EARNINGS

The movement of these accounts for the years ended 31 December 2011 and 2012 is as follows:

	Legal reserve	Cumulative translation adjustment	Retained earnings
	US$000	*US$000*	*US$000*
Balance as of 1 January 2011	–	(10,442)	–
Exchange difference	–	11,511	–
Value of employee services (note 27)	–	–	217
Reclassification to liabilities (note 18)	–	–	(1,649)
Profit for the year	–	–	47,769
Balance as of 31 December 2011	–	1,069	46,337
Exchange difference	–	15,755	–
Dividend distribution	–	–	(40,000)
Transfer to legal reserve	5,145	–	(5,145)
Profit for the year	–	–	49,597
Balance as of 31 December 2012	5,145	16,824	50,789

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) Dividend distribution

In 2012, Copeinca ASA made a dividend distribution amounting to US$40 million related to 2011 profits among its stockholders. The amount distributed represents NOK3.90 or US$0.68 per share and was paid in full on 31 May 2012.

No dividends have been proposed to the stockholders in relation to the results for the year ended 31 December 2012.

16 LONG-TERM BORROWINGS

As of 31 December this account comprises the following:

	2012 *US$000*	2011 *US$000*
Total borrowings:		
Bonds	177,697	177,259
Bank borrowings	16,250	45,641
Finance lease liabilities	29,892	43,376
	223,839	266,276
Less current portion of borrowings:		
Bonds (accrued interests)	(5,407)	(5,506)
Bank borrowings	(5,463)	(29,496)
Finance lease liabilities	(11,050)	(12,786)
	(21,920)	(47,788)
Total long-term borrowings:		
Bonds	172,290	171,753
Bank borrowings	10,787	16,145
Finance lease liabilities	18,842	30,590
	201,919	218,488
Current borrowings:		
Total current portion of long-term borrowings	21,920	22,433
Bank loans and short-term debt *(note 10)*	–	25,355
Total current borrowings	21,920	47,788

For purposes of reconciliation with the information provided in the statement of cash flows, following is the movement of long–term borrowings for the years ended 31 December 2012 and 2011:

	Bonds	**Bank borrowings**	**Finance lease liabilities**	**Total long-term debt**
	US$000	*US$000*	*US$000*	*US$000*
Balance as of 1 January 2011	176,872	1,324	39,346	217,542
Cash transactions:				
Repayment of bank loans	–	(58,722)	–	(58,722)
Proceeds from bank loans	–	83,056	–	83,056
Repayment of long-term borrowings and bonds	–	(52)	(11,004)	(11,056)
Proceeds from long-term borrowings and bonds	–	20,000	15,000	35,000
Non-cash transactions:				
Accrued interest	387	35	34	456
Balance as of 31 December 2011	177,259	45,641	43,376	266,276
Balances as of 1 January 2012	177,259	45,641	43,376	266,276
Cash transactions:				
Repayment of bank loans	–	(95,747)	–	(95,747)
Proceeds from bank loans	–	70,403	–	70,403
Repayment of long-term borrowings and bonds	–	(4,053)	(13,462)	(17,515)
Proceeds from long-term borrowings and bonds	–	–	–	–
Non-cash transactions:				
Accrued interest	438	6	(22)	422
Balance as of 31 December 2012	177,697	16,250	29,892	223,839

The detail of the obligations is as follows:

Name of creditor	Type of guarantee	Annual interest rate	Maturity	Carrying amount 2012	Carrying amount 2011
				US$000	*US$000*
a) Non-current					
BBVA Banco Continental – Financial lease contracts	Vessels	5.50%	March 2016	5,240	7,744
Banco Interbank – Financial lease contracts	Vessels	5.20%	March 2015	7,654	13,430
Santander – Financial lease contracts	Vessels	6.00%	April 2013 (*)	–	779
Banco Scotiabank – Financial lease contracts	Vessels	5.50%	April 2016	5,948	8,637
Deutsch Bank – Bonds	None	9.00%	February 2017	172,290	171,753
DNB Bank ASA – Loan	Vessel	3.33%	October 2015	10,630	15,937
Ymec – Loan	Notes	9.00%	November 2016	157	208
Total non-current balance				201,919	218,488
b) Current					
BBVA Banco Continental – Loans	Inventory	1.55%	2012	–	5,102
Banco Interbank – Loan	Inventory	1.35%	2012	–	10,048
Banco Scotiabank – Loan	Inventory	2.00%	2012	–	10,205
Total bank loans				–	25,355
BBVA Banco Continental – Financial lease contracts	Vessels	5.50%	2013	2,512	2,393
Banco Interbank – Financial lease contracts	Vessels	5.20%	2013	5,777	5,487
Santander – Financial lease contracts	Vessels	6.00%	2012	–	2,259
Banco Scotiabank – Financial lease contracts	Vessels	5.50%	2013	2,761	2,647
Deutsch Bank – Bonds	None	9.00%	2013	5,407	5,506
DNB Bank ASA – Loan	Vessel	3.33%	2013	5,411	4,089
Ymec – Loan	Notes	9.00%	2013	52	52
Total current portion of long-term borrowings				21,920	22,433
Total current borrowings				21,920	47,788
Total borrowings				223,839	266,276

(*) Prepaid in August 2012.

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

	2012	2011
	US$000	*US$000*
6 months or less	14,423	39,344
6–12 months	7,497	8,444
1–5 years	201,919	46,735
Over 5 years	–	171,753
	223,839	266,276

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	
	2012	2011	2012	2011
	US$000	*US$000*	*US$000*	*US$000*
Bonds	172,290	171,753	167,501	167,772
Bank borrowings	10,787	16,145	10,303	15,103
Finance lease liabilities	18,842	30,590	17,521	27,823
	201,919	218,488	195,325	210,698

The carrying amounts of short-term borrowings approximate to their fair value. The fair values of bonds and finance lease liabilities correspond to the cash flows of these financial instruments discounted using a rate based on the bonds rate of 9% and the finance lease liabilities of 5.16% (bank borrowings based on a rate of 9% and finance lease liabilities based on a rate of 5.18% in 2011).

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

a) Bonds

US$175 million 9% senior notes due 2017

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 Copeinca ASA. 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

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 (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.

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 Peru, 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.

As of 31 December 2012, the Company has not breached any covenant.

The annual effective rate of the bonds is 9.5% as of 31 December 2012 and 2011.

Interest from the 7 years bond determined using the amortized cost method amounted to US$16,383 thousand in 2012 (US$16,304 thousand in 2011). Interest accrued in 2012 and 2011 using the nominal interest rates as per the terms of the bond agreement amounted to US$15,750 thousand.

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 2012 amounts to US$594 thousand (US$138 thousand in 2011).

c) **Financial lease and sale and leaseback liabilities**

Lease liabilities are effectively secured with the corresponding leased assets which title revert to the lessor in the event of default.

	2012	**2011**
	US$000	*US$000*
Gross finance lease liabilities-minimum lease payments		
No later than 1 year	12,302	14,668
Later than 1 year and no later than 5 years	19,829	32,920
	32,131	47,588
Future finance charges on finance leases	(2,239)	(4,212)
Present value of finance lease liabilities	29,892	43,376

The present values of finance lease liabilities mature as follows:

	2012	**2011**
	US$000	*US$000*
No later than 1 year	11,050	12,786
Later than 1 year and no later than 5 years	18,842	30,590
	29,892	43,376

Copeinca S.A.C. has pledged some of its vessels (note 6) securing its obligations from finance leases and lease-backs.

17 DEFERRED INCOME TAX

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

	2012 *US$000*	2011 *US$000*
Deductible temporary differences:		
–Deductible temporary differences to be recovered after more than 12 months	(924)	(930)
–Deductible temporary differences to be recovered within 12 months	(2,775)	(2,795)
	(3,699)	(3,725)
Taxable temporary differences:		
–Taxable temporary differences to be settled after more than 12 months	246,619	235,109
–Taxable temporary differences to be settled within 12 months	44,765	42,849
	290,384	277,958
Taxable temporary differences (net)	286,685	274,233
Deferred income tax liability (30%)	86,006	82,270

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

	2012 *US$000*	2011 *US$000*
Opening balance	82,270	86,038
Exchange difference	4,708	3,573
Credit to the statement of income *(note 29)*	(972)	(7,341)
Closing balance	86,006	82,270

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 1 January 2011	45,373	43,995	(17,323)	13,713	280	86,038
Exchange difference	1,883	1,873	(835)	557	95	3,573
Charge (credit) to the statement of income	–	(6,625)	(1,068)	(1,434)	1,786	(7,341)
At 31 December 2011	47,256	39,243	(19,226)	12,836	2,161	82,270
Exchange difference	2,705	2,158	(1,024)	776	93	4,708
Charge (credit) to the statement of income	–	(2,519)	1,544	559	(556)	(972)
At 31 December 2012	49,961	38,882	(18,706)	14,171	1,698	86,006

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$3,838 thousand (US$4,113 thousand in 2011) related to tax losses carry-forward amounting to US$14,902 thousand (US$16,034 thousand in 2011). This amount is offset by temporary differences related to taxable dividend received of US$1,195 thousand (US$1,344 thousand in 2011). These tax losses carry-forward relate to Copeinca ASA and do not expire.

18 TRADE AND OTHER ACCOUNTS PAYABLE

	2012 *US$000*	2011 *US$000*
Trade accounts payable:		
Invoices payable	10,181	15,907
Other accounts payable:		
Payroll, social security and other taxes	6,376	9,080
Workers' profit-sharing (a)	8,445	8,817
Loans to third parties	601	218
Accrued expenses (b)	851	822
Share options (c)	477	1,424
Provisions (d)	6,869	6,025
Other accruals (e)	425	812
	24,044	27,198
Non-current portion	(6,921)	(6,057)
Current portion	17,123	21,141

(a) The amount of the workers' profit-sharing must be paid during the first quarter of 2013.

(b) Accrued expenses correspond to services received in 2012 the invoices of which were not received by the closing date. These accruals mainly relate to insurance, custom expenses and energy and are reversed on a monthly basis upon the receipt of the corresponding invoices.

(c) Share options were reclassified from equity to liabilities in the second semester 2011 due to the payment in cash instead of issuing shares for the first time. See movement:

	2012 *US$000*	2011 *US$000*
Opening balance	1,424	–
Reclassified from equity *(note 15)*	–	1,649
Value of employee services *(nota 14)*	421	124
Share options exercised	(690)	(310)
Adjustments	(681)	–
Exchange difference	3	(39)
	477	1,424

(d) Provisions mainly include US$6,777 thousand (US$6,025 thousand in 2011) of legal provisions. From this amount Copeinca S.A.C. has recorded tax fines amounting to US$27 thousand (US$1,332 thousand in 2011), court actions amounting to US$1,784 thousand (US$1,397 thousand in 2011) and administrative proceedings amounting to US$4,966 thousand (US$3,296 thousand in 2011) all against Copeinca S.A.C. The amount provided for does not include any amount that may result in case the Peruvian Tax Authorities require the payment of additional fines.

(e) Other accruals mainly include US$303 thousand (US$647 thousand in 2011) of expenses that relate to the training and labor costs committed with laid-off crew pursuant the Individual Transferrable Quota law (ITQ law).

19 SALES

Revenues from sales relate to the following products:

	2012 *US$000*	**2011** *US$000*
Flame dried (FD) fishmeal	–	729
Steam dried (SD) fishmeal	241,249	201,604
Fish oil	66,861	46,811
Fish for direct human consumption	4,347	4,618
Others	1,762	716
	314,219	254,478

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

	2012 *MT*	**2011** *MT*
FD fishmeal	–	540
SD fishmeal	178,753	148,049
Fish oil	41,932	35,246
Mackerel/Jack mackerel	11,869	9,887
	232,554	193,722

20 COST OF GOODS SOLD

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

	2012 *US$000*	**2011** *US$000*
Opening balance of finished products	56,926	8,934
Consumption of raw materials and other materials	78,649	104,792
Employee benefits expenses *(note 25)*	40,551	47,835
Depreciation *(note 6)*	9,013	13,819
Amortization *(note 7)*	88	342
Other manufacturing expenses	25,212	24,289
Closing balance of finished products *(note 10)*	(13,577)	(56,926)
	196,862	143,085

21 SELLING EXPENSES

Selling expenses for the year ended 31 December comprise:

	2012	**2011**
	US$000	*US$000*
Employee benefits expenses *(note 25)*	1,688	1,390
Custom duties	12,297	7,395
Services rendered by third parties	2,506	3,020
Other management charges	751	694
Depreciation *(note 6)*	8	6
Amortization *(note 7)*	21	91
	17,271	12,596

22 ADMINISTRATIVE EXPENSES

Administrative expenses for the year ended 31 December comprise:

	2012	**2011**
	US$000	*US$000*
Employee benefits expenses *(note 25)*	6,228	6,065
Services rendered by third parties	6,107	5,586
Other taxes	170	233
Other management charges	1,095	1,157
Depreciation *(note 6)*	184	281
Amortization *(note 7)*	79	458
	13,863	13,780

23 OTHER INCOME AND OTHER EXPENSES

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

	2012	**2011**
	US$000	*US$000*
Other income:		
Reversal of provisions for legal lawsuits	671	4,260
Gain on sale of diesel and supplies	257	275
Other operating income	916	827
	1,844	5,362

	2012 *US$000*	2011 *US$000*
Other expenses:		
Net loss on sale of fixed assets	(349)	(1,430)
Write-off of net book value of fixed assets *(note 6)*	(3,989)	–
Fines and sanctions	(487)	(3,189)
Employee severance indemnities (a)	(1,646)	(2,042)
Provisions for legal lawsuits and administrative proceedings (b)	(3,565)	(3,398)
Provisions for expenses from prior years	(1,129)	–
Impairment loss – fixed assets *(note 6)*	–	(4,991)
Other operating expenses	(1,800)	(1,070)
	(12,965)	(16,120)

(a) Mainly comprise the cost of the lay-off of 23 (44 in 2011) crew members, 6 (197 in 2011) plant workers and 5 of administrative personnel amounting to US$1,646 thousand (US$2,042 thousand in 2011).

(b) Mainly explained by US$1,246 thousand of legal lawsuits (US$1,491 thousand of legal lawsuits and US$1,285 thousand of tax provisions in 2011) and US$2,319 thousand payments of administrative proceedings (US$622 thousand in 2011).

Certain reclassifications have been made in 2012 to improve the presentation. The corresponding figures of 2011 have been amended.

24 EXPENSES BY NATURE

Expenses by nature for the year ended 31 December comprise:

	2012 *US$000*	2011 *US$000*
Change in inventories of finished goods	43,603	(45,627)
Raw materials and consumables	78,649	104,792
Employee benefit expenses *(note 25)*	48,213	52,925
Depreciation and amortization *(notes 6 and 7)*	9,393	14,997
Services rendered by third parties	8,613	8,606
Taxes	170	233
Custom duties	12,297	7,395
Transportation, load and unload	1,295	1,709
Quality control analysis	957	1,287
Maintenance	10,139	5,710
Fishing rights	2,397	4,519
Insurances	1,973	1,756
Surveillance	1,768	1,561
Electricity and water	1,722	1,614
Fishing unload	1,451	1,944
Provision for obsolescence	208	20
Other management charges	5,148	6,020
	227,996	169,461

25 EMPLOYEE BENEFIT EXPENSES AND AUDITORS' FEES

Employee benefit expenses for the year ended 31 December comprise:

	2012	2011
	US$000	*US$000*
Wages and salaries	32,472	38,858
Vacations	2,158	2,701
Social security costs	2,380	2,946
Share options granted to employees *(note 14)*	421	341
Workers' profit sharing *(note 28)*	8,191	6,452
Other employee costs	2,591	1,627
	48,213	52,925
Number of employees	1,466	1,484

Employee benefit expenses are distributed as follows:

	2012	2011
	US$000	*US$000*
Inventories *(note 10)*	(254)	(2,365)
Cost of goods sold *(note 20)*	40,551	47,835
Selling expenses *(note 21)*	1,688	1,390
Administrative expenses *(note 22)*	6,228	6,065
	48,213	52,925

Compensation paid to the Board of Directors amounted to US$297 thousand in 2012, net of withholding taxes (US$270 thousand in 2011).

Auditors' fees billed to the Company comprise the following services (VAT included):

	2012	2011
	US$000	*US$000*
Statutory audit	526	343
Tax advisory services	1	3
Other services	102	63
	629	409

26 FINANCE INCOME AND COSTS

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

	2012	**2011**
	US$000	*US$000*
Finance income:		
Interest on short-term deposits	685	553
Interest on short-term debt instruments	1,896	–
Interest on other accounts receivable	5	55
Total finance income	2,586	608
Interest expenses:		
Bonds	(15,750)	(15,750)
Bank borrowings	(2,704)	(2,276)
Finance leases	(2,010)	(2,427)
Others	(633)	(554)
Total finance costs	(21,097)	(21,007)
Finance income and costs, net *(note 27)*	(18,511)	(20,399)

27 CASH GENERATED FROM OPERATIONS

	2012	**2011**
	US$000	*US$000*
Profit before income tax	71,355	64,235
Adjustments for:		
Depreciation *(note 6)*	9,205	14,106
Amortization *(note 7)*	188	891
Loss on sale of property and equipment (see below)	4,338	2,482
Impairment charge *(note 6)*	–	4,991
Share options granted to employees *(note 25)*	421	341
Foreign exchange losses on operating activities	(849)	(470)
Finance costs, net *(note 26)*	18,511	20,399
Changes in working capital (net of the effects of acquisition and exchange differences on consolidation):		
Inventories	38,687	(50,216)
Trade receivables	6,986	(17,296)
Other accounts receivable	2,561	(502)
Trade accounts payable	(7,086)	(3,267)
Other accounts payable	(21,700)	(2,566)
Cash generated from operations	122,617	33,128

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

	2012 *US$000*	2011 *US$000*
Disposals, net *(note 6)*	2,349	6,159
Write-off *(note 6)*	3,989	–
Net book value	6,338	6,159
Loss on sale of property, plant and equipment	(4,338)	(2,482)
Proceeds from sale of property, plant and equipment	2,000	3,677

28 WORKERS' PROFIT SHARING

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

	2012 *US$000*	2011 *US$000*
Inventories *(note 25)*	254	2,365
Cost of goods sold	6,960	5,428
Administrative expenses	877	708
Selling expenses	354	316
	8,191	6,452
	8,445	8,817

29 INCOME TAX EXPENSE

a) Copeinca ASA

As of 31 December 2012 and 2011, the income tax rate in Norway is 28%. As of 31 December 2012, Copeinca ASA has a tax loss carry-forward amounting to NOK76,763 thousand equivalents to US$13,707 thousand (NOK85,613 thousand equivalents to US$14,635 thousand in 2011). 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 Peru, 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 2012 and 2011, the income tax rate in Peru is 30%. The taxable income has been determined as follows:

	2012	**2011**
	US$000	*US$000*
Profit before income tax	71,355	64,235
Plus: Workers' profit sharing	8,191	6,452
	79,546	70,687
Non-deductible expenses	4,841	13,910
Temporary differences	3,240	24,471
Non-taxable revenues	(642)	(4,334)
Other adjustments	(2,534)	(16,560)
Taxable income	84,451	88,174
Workers' profit sharing (10%)	(8,445)	(8,817)
	76,006	79,357
Workers' profit sharing not paid in 2010	(238)	–
	(75,768)	(79,357)
Current income tax (30%)	22,730	23,807

c) Other subsidiaries

As of 31 December 2011, the other subsidiaries of the Group have determined tax losses amounting to US$1,874 thousand (note 1-a) (tax losses amounting to US$720 thousand in 2011). Copeinca ASA'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:

	2012		**2011**	
	US$000	%	*US$000*	%
Profit before income tax	71,355		64,235	
Plus: Workers' profit sharing	8,191		6,452	
	79,546	100	70,687	100
Income tax and workers' profit sharing	23,864	30	21,206	30
Other non-taxable income	(193)	(1)	(1,300)	(3)
Other non-deductible expenses	2,303	3	4,161	6
Other adjustments	(4,216)	(5)	(7,601)	(10)
Current and deferred income tax	21,758	27	16,466	23

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

	2012 *US$000*	**2011** *US$000*
Current *(note 29-b)*	(22,730)	(23,807)
Deferred *(note 17)*	972	7,341
	(21,758)	(16,466)

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

	2012 *US$000*	**2011** *US$000*
Opening balance	13,220	–
Current income tax *(note 29-b)*	22,730	23,807
Payments of last year income tax	(15,276)	–
Payments in advance *(note 29-h)*	(6,003)	(1,679)
Compensation of income tax credit *(note 29-h)*	(17,486)	(8,900)
Exchange difference	(759)	(8)
Adjustment	1,232	–
Income tax credit *(note 12-c)*	824	–
Closing balance	–	13,220

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 2008 to 2012 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 consider 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 Peru) 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 2012 amounts to approximately US$235 thousand (approximately US$3,859 thousand as of 31 December 2011) and is shown net in other accounts receivable in the balance sheet (note 12).

h) Copeinca S.A.C. reported a taxable income for the fiscal year 2011; consequently, it was under the obligation of making, during 2012, payments in advance of the 2012'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 2012's income tax between January and November 2012 for a total amount of US$23,489 thousand (US$10,579 thousand in 2011) of which US$6,003 thousand were paid in cash (US$1,679 thousand in 2011) and US$17,486 thousand were provided as compensation for current income tax credit (US$8,900 thousand in 2011) (note 29-e). Payments in advance of the income tax are applied against the final income tax filed within the tax authorities.

30 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of Copeinca ASA by the weighted-average number of ordinary shares outstanding and issued during the year (note 14). Diluted earnings per share have not been calculated because there are no potential ordinary shares diluents.

	2012	**2011**
Profit attributable to equity holders of Copeinca ASA *(US$000)*	49,597	47,769
Weighted-average number of common shares outstanding *(thousand)*	57,656	58,496
Basic and diluted earnings per share *(US$ per share)*	0.8602	0.8187

31 CONTINGENCIES

As of 31 December 2012, 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$2,227 thousand (US$2,218 thousand in 2011).
- Court actions (civil and labor-related actions) against Copeinca S.A.C. for an amount of US$7,415 thousand, (US$4,620 thousand in 2011).
- Administrative proceedings filed within the Production Ministry amounting to US$8,105 thousand (US$6,036 thousand in 2011).

It is not anticipated that any material liabilities will arise from the contingent liabilities other than those provided for (note 18-d). Management believes that no material liabilities will arise from the final resolution of these cases.

32 RELATED-PARTY TRANSACTIONS

As of 31 December 2012, Copeinca ASA's major shareholders are Dyer and Coriat Holding (incorporated in Spain) holder of a 33% interest and Ocean Harvest SL holder of a 14% interest. The remaining 53% interest is widely held.

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.

As of 31 December 2012 and 2011, the Company has no receivables from operation activities related to these entities.

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

	2012	**2011**
	US$000	*US$000*
Opening balance	17	162
Services rendered	152	117
Repayment of loans received	(140)	(263)
Interest charged	–	1
Closing balance	29	17

These services include US$23 thousand from services rendered to Camposol S.A. and US$129 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:

	2012	2011
	US$000	*US$000*
Opening balance	9	–
Services received	1,910	937
Payments done	(1,839)	(928)
Closing balance	80	9

The services received from Marinazul S.A. are related to research and investigation amounting to US$306 thousand. The services received from Gestion del Pacifico S.A.C. are related to image, communications and social responsibility amounting to US$630 thousand, Office Maintenance amounting to US$448 thousand, IT services amounting to US$273 thousand and other expenses amounting to US$253 thousand.

a) Board and management remuneration

On the Nominations Committee dated 25 April 2012 the Board remuneration for 2011 and 2012 has been determined as follows:

		Nominations Committee Proposed Fees	
Directors	**Board**	*NOK000*	*US$000*
Mr. Samuel Dyer Coriat	Chairman	500	87
Mr. Kristjan Davidsson	Deputy Chairman	400	70
Mr. Samuel Dyer Ampudia	Member	250	43
Mr. Ivan Orlic Ticeran	Member	250	43
Mr. Osterling Luis Dyer Ampudia	Member	250	43
Mrs. Mimi Berdal	Member	250	43
Mrs. Marianne Johnsen	Member	250	43
Mr. Sheyla Dyer Coriat	Member	250	43
		2,400	415

The Group has a Management team consisting of a CEO and a CFO; all employed by the main subsidiary Copeinca S.A.C. During 2012 and 2011, the amounts paid to these executives were:

			2012		
	Salary	**Bonus**	**Benefits in kind**	**Value of options issued (**)**	**Total Remuneration**
	US$000	*US$000*	*US$000*	*US$000*	*US$000*
Management					
Pablo Trapunsky Vilar (CEO)	284	40	25	79	428
Angel Chiri Gutiérrez (CFO) (*)	38	–	5	–	43
Total remuneration	322	40	30	79	471
Management					
Samuel Dyer Coriat (Executive chairman)	346	–	57	672	1,075
Eduardo Castro-Mendivil (CFO)	194	–	22	258	474
Pablo Trapunsky Vilar (CEO)	241	19	25	277	562
Total remuneration	781	19	104	1,207	2,111

(*) Joined in 2012.

(**) Options issued but not exercised (note 14-c).

b) 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 *(note 14-c).*

Shares and options controlled by Board members and Management are as follows:

Shares controlled by Board members and Management	**Number of share options**	**Number of shares**	**Share-holding**
Samuel Dyer Coriat (Chairman)	130,000	809,920	1.38%
Mimi Berdal (Member)	–	9,000	0.02%
Osterling Luis Dyer Ampudia (Member)	–	2,074,537	3.55%
Samuel Dyer Ampudia (Member)	–	7,650,200	13.08%
Sheyla Dyer Coriat (Member)	–	763,920	1.31%
Ivan Orlic Ticerán (Member)	–	8,118,075	13.88%
Pablo Trapunsky (CEO)	45,000	4,000	0.01%
Diego Cateriano (Fleet manager)	52,500	17,000	0.03%
Total shares controlled by Board members and Management	227,500	19,446,652	33.26%

The number of shares owned by the members of the Board of Directors, CEO, CFO and Fleet Manager include their related parties.

33 GUARANTEES

As of 31 December 2012, the Group has pledged the following assets:

Type of Asset	Encumbered creditor	Name of asset	Type of indebtedness	Fair Value	Type of guarantee
				US$000	
Vessel	Petroperú	Rodga I	Line of credit	44,531	Mortgage
Vessel	Santander	DC1	Line of credit	1,379	Mortgage
Vessel	DNB Nor	Grunepa III	Bank loan	25,979	Mortgage
Total				71,889	

34 COMMITMENTS

Capital expenditures contracted for at the end of the reporting period but not yet incurred amounts to US$735 thousand for property plant and equipment (US$841 thousand in 2011).

35 EVENTS AFTER THE REPORTING PERIOD

On January 2013, Copeinca S.A.C. has reopened its US$175 million 9% senior notes due in 2017 raising gross proceeds of US$75 million, which will be guaranteed by Copeinca ASA (note 16). The issue of these notes corresponds to a single issue of, the US$175 million 9.00% senior notes due 2017. The total aggregate principal amount of the 9.00% senior notes due in 2017 outstanding following this reopening will amount to US$250 million.

The net proceeds from the additional bond issue will be used to repay lease obligations to found capital expenditures and for general corporate purposes.

REVENUE STATEMENT

Copeinca ASA

Operating income and operating expenses	*Notes*	2012	2011
Payroll expenses	*7*	5,422,786	4,922,326
Other operating expenses	*7, 9*	(608,552)	3,023,396
Operating expenses		4,814,234	7,945,721
Operating profit		(4,814,234)	(7,945,721)
Financial income and expenses			
Income from subsidiaries and other group entities		223,005,522	268,366,841
Interest income from group entities		5,610,623	4,240,684
Other interest income		367	871
Other financial income	*8*	1,418,705	13,198
Interest expense to group entities		175,433	102,241
Other interest expenses		34,519	–
Other financial expenses	*8*	9,508,281	5,782,808
Net financial income and expenses		220,316,985	266,736,545
Operating result before tax		215,502,752	258,790,823
Operating result after tax		215,502,752	258,790,823
Annual net profit		215,502,752	258,790,823
Brought forward			
Dividend		204,750,000	228,000,000
To other equity		10,752,752	29,491,908
Loss brought forward		–	(1,298,915)
Net brought forward		215,502,752	258,790,823

BALANCE SHEET

Copeinca ASA

Assets	*Note*	**2012**	**2011**
Fixed assets			
Financial fixed assets			
Investments in subsidiaries	*1*	1,775,779,710	1,797,301,064
Loans to group companies	*2, 3*	166,865,164	160,014,949
Total financial fixed assets		1,942,644,874	1,957,316,013
Total fixed assets		1,942,644,874	1,957,316,013
Current assets			
Debtors			
Inter company receivables	*2, 3*	235,428,382	281,271,509
Total debtors		235,428,382	281,271,509
Cash and bank deposits		446,408	2,760,671
Total current assets		235,874,791	284,032,180
Total assets		2,178,519,665	2,241,348,193

BALANCE SHEET

Copeinca ASA

Equity	*Note*	**2012**	**2011**
Restricted equity			
Share capital (58,500,000 shares, nom. value NOK5)	*4, 5*	292,500,000	292,500,000
Share premium reserve	*4*	1,493,773,248	1,493,773,248
Total restricted equity		1,786,273,248	1,786,273,248
Retained earnings			
Other equity	*4*	41,368,644	30,615,893
Accumulated translation differences	*4*	137,870,505	169,544,779
Total retained earnings		179,239,149	200,160,672
Total equity	*4*	1,965,512,397	1,986,433,920
Liabilities			
Other long term liabilities		–	614,446
Total of other long term liabilities		–	614,446
Current liabilities			
Trade creditors		199,629	253,255
Inter company debt	*3*	5,284,783	18,348,074
Dividends	*4*	204,750,000	228,000,000
Other short term liabilities	*2*	2,772,856	7,698,498
Total short term liabilities		213,007,268	254,299,827
Total liabilities		213,007,268	254,914,272
Total equity and liabilities		2,178,519,665	2,241,348,193

Oslo, 19 February 2013

ACCOUNTING PRINCIPLES

The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

Revenue recognition

Revenue from sales of goods is recognised at the time of delivery. Revenue from the sales of services is recognised when the services are executed. The share of sales revenue associated with future service is recorded in the balance sheet as deferred sales revenue, and is recognized as revenue at the time of execution.

Classification and valuation of balance sheet items

Assets intended for long term ownership or use have been classified as fixed assets. Assets expected to be realised in, or is intended for sale or consumption in the entity's normal operating cycle have been classified as current assets. Receivables are classified as current assets if they are expected to be realised within twelve months after the transaction date. Similar criteria apply to liabilities.

Current assets are valued at the lower of cost and fair value. Short term liabilities are reflected at nominal value.

Fixed assets are carried at historical cost. Fixed assets whose value will deteriorate are depreciated on a straight line basis over the asset's estimated useful life. Fixed assets are written down to net realisable value if a value reduction occurs which is not expected to be temporary. Accruals are discounted to present value if the time value of money is material.

Subsidiaries, associated companies, and joint ventures

Investments in subsidiaries, associated companies and joint ventures are valued at cost in the company accounts. The investment is valued at the cost of acquiring the shares, providing they are not impaired.

Group contributions to subsidiaries, with tax deducted, are reflected as increases in the purchase costs of the shares.

Dividends and group contributions are recognised in the same year as they are recognised in the subsidiary/associated company accounts. If dividends exceed retained earnings after acquisition, the exceeding amount is regarded as reimbursement of invested capital and the distribution will reduce the recorded value of the acquisition in the balance sheet.

Trade and other receivables

Trade and other receivables are recognised in the balance sheet at nominal value after deduction of provision for bad debts. The provision for bad debts is estimated on the basis of an individual assessment of each receivable.

Foreign currencies

Items denominated in foreign currencies are translated into the functional currency of Copeinca ASA (PEN = Peruvian new sol) at the exchange rate on the balance sheet date.

The company changed its functional currency from NOK to PEN on 1 January 2010. One used the actual currency rates to establish the new balance sheet values (respectively 0.495 for assets and 0.504 for debt items). Balances in PEN as of 1 January 2010 represent new historical cost values.

Reference is also made to the consolidated accounts with respect to foreign currencies.

Taxes

The tax expense in the income statement consists both of taxes payable for the accounting period, and the period's changes in deferred tax. Deferred tax is calculated as 28% of the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences, both positive and negative, are offset within the same period. Deferred tax assets are recorded in the balance sheet when it is more likely than not that the tax assets will be utilized. Deferred tax assets and deferred tax liabilities are presented net in the balance sheet.

Tax on group contributions given, booked as an increase in the purchase price of shares in other companies, and tax on group contribution received booked directly to equity, have been booked directly against tax items in the balance sheet (offset against tax payable if the group contribution has affected tax payable, and offset against deferred taxes if the group contribution has affected deferred taxes).

Cash Flow Statement

The Cash Flow Statement is prepared using the indirect method. The application of this method implies that profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

NOTE 1 SUBSIDIARIES

Investments in subsidiaries are booked according to the cost method.

Subsidiaries	Location	Ownership %	Equity last year (100%) – TNOK	Profit/loss last year (100%) – TNOK	Book value
Copeinca Internacional SLU	Spain	100.00%	104,947,049	152,165,635	226,178,830
Corporation Pesquera Inca SAC	Peru	42.85%	1,315,881,077	292,776,481	1,549,600,881
			1,420,828,126	444,942,116	1,775,779,711

NOTE 2 RECEIVABLES AND LIABILITIES

The company has granted a subordinated loan for TNOK151.949 on one of its subsidiaries. The objective of the loan is to finance the subsidiary's investments in other group companies, and final repayment terms are not settled between the parties. Additional loan for TNOK14.916 is granted to the same company.

All other receivables are due for repayment within 12 months after 31 December 2012.

All liabilities of Copeinca ASA shall be repaid before 31 December 2017 (5 years after the end of 2012).

None of the liabilities are secured with mortgages.

Reference is made to the notes of the consolidated accounts regarding market risk, credit risk and liquidity risk.

Share holders and employees who are granted options, have with effect from 2011 the opportunity to receive payment in cash from Copeinca ASA when options are exercised (synthetic options). As consequense of this, calculated value of options are recorded as debt with TNOK2.663. The debt is calculated on the basis of the Black Scholes model.

NOTES 3 INTERCOMPANY BALANCES WITH GROUP COMPANIES

Inter group receivables and debt are shown as separate items in the balance sheet.

Specification of group receivables:	**2012**		**2011**	
	Non current	*Current*	*Non current*	*Current*
Copeinca SAC	–	12,422,860	–	12,904,667
Copeinca International	166,865,164	–	160,014,948	–
Dividend	–	223,005,522	–	268,366,841
	166,865,164	235,428,382	160,014,948	281,271,509
Specification of inter group debt:				
Copeinca SAC		5,284,783		18,348,074
		5,284,783		18,348,074

NOTE 4 EQUITY

	Share capital	Share premium reserve	Other equity	Translation differences	Total
Equity at 1 January	292,500,000	1,493,773,248	30,615,893	169,544,779	1,986,433,920
Share options – transferred to debt	–	–	–	–	–
Translation difference 1)	–	–	–	(31,674,274)	(31,674,274)
Dividend	–	–	(204,750,000)	–	(204,750,000)
Profit and loss of the year	–	–	215,502,751	–	215,502,751
Equity at 31 December	292,500,000	1,493,773,248	41,368,644	137,870,505	1,965,512,397

1) Copeinca ASA changed its functional currency from Norwegian kroner to Peruvian sol with effect from 1 January 2010. The presentation currency is still Norwegien kroner, and translation differences arises from the conversion from sol to kroner.

Conversion to the presentation currency as of 31 December 2012 is made at 2,185 for assets (sales rate) and 2,191 for the debt (purchase rate). Profit & loss items are converted on the basis of the annual average rate of 2,172.

Material transactions are translated at the rate of exchange on the transaction date.

NOTE 5 SHARE CAPITAL AND SHAREHOLDER INFORMATION

Copeinca ASA has its business office in Haakonsgate VII, Oslo, where the consolidated group financial accounts can be obtained.

The share capital of NOK292,500,000 consists of 58,500,000 shares with a face value of NOK5 each. All shares have equal rights.

Reference is made to the notes of the consolidated accounts with respect to warrants and options issued, and transactions with related parties.

List of major shareholders at 31.12.12	Total Shares	Ownership	Voting Rights
Dyer Coriat Holding	19,098,000	32.6%	32.6%
Ocean Harvest S.L.	8,118,075	13.9%	13.9%
Euroclear Bank S.A.	6,598,067	11.3%	11.3%
Weilheim Investments S.L.	3,485,930	6.0%	6.0%
State Street Bank & Trust	1,540,291	2.6%	2.6%
South Winds AS	1,489,750	2.5%	2.5%
Verdipapirfondet DNB	987,326	1.7%	1.7%
BNYBE Artic Funds	956,208	1.6%	1.6%
Stenshagen Invest AS	927,767	1.6%	1.6%
State Street Bank & Trust	842,597	1.5%	1.5%
JP Morgan Clearing Corp	824,151	1.4%	1.4%
JP Morgan Chase Bank	614,922	1.4%	1.4%
Verdipapirfondet ALF	608,198	1.1%	1.1%
Fidelity Funds Latin America	450,628	1.0%	1.0%
Bank of New York Mellon	449,984	0.8%	0.8%
Storebrand Optima	422,130	0.8%	0.8%
Pershing LLC	409,502	0.7%	0.7%
JP Morgan Chase Bank	403,000	0.7%	0.7%
Verdipapirfondet Handelsbanken	400,000	0.7%	0.7%
JPMCB RE SHB Swedusg Funds Lending	396,237	0.7%	0.7%
Top 20	49,022,763	84.6%	84.6%
Other	9,477,237	15.4%	15.4%
Total	58,500,000	100.0%	100.0%

NOTE 6 TAXES

Calculation of deferred tax/deferred tax asset

Temporary differences	**2012**	**2011**
Positive differences	–	–
Taxable share of dividend received	6,690,166	8,051,005
Tax losses carried forward	(104,756,408)	(96,041,923)
Total	(98,066,242)	(87,990,918)
28% deferred tax	(27,458,548)	(24,637,457)
Deferred tax assets not recognised	27,458,548	24,637,457
Deferred tax in the balance sheet	–	–

Basis for income tax, changes in deferred tax and tax payable

	2012	2011
Profit/loss before income tax	215,502,752	258,790,823
Permanent differences	(234,646,213)	(258,434,275)
Basis for the tax expense of the year	(19,143,461)	356,548
Changes in temporary differences	–	(8,051,005)
Basis for tax payable in the profit and loss statement	(19,143,461)	(7,694,457)
Basis for tax payable liability	–	–

The company has decided not to recognise deferred tax assets in the balance sheet as it is not likely that the loss brought forward can be utilized against future taxable profit.

NOTE 7 EMPLOYEE BENEFITS EXPENSE, NUMBER OF EMPLOYEES, LOANS TO EMPLOYEES AND AUDITOR'S FEE

Employee benefits expense

	2012	2011
Board member remuneration	2,640,000	2,665,000
Social security expenses	372,240	375,765
Calculated value of share options issued	2,410,546	1,881,561
Total	5,422,786	4,922,326

The company has no employees.

Copeinca ASA has issued 274,400 options that remain outstanding with 11 employees in various group companies. The value of the options is calculated on the basis of the Black Scholes model, and expensed in the Profit and loss account. Reference is also made to the consolidated accounts where more information about the issue can be found.

Management remuneration	**General manager**	**Board**
Salaries	–	2,640,000

No loans/securities have been granted to the board chairman or other related parties. No individual loan/security amounts to more than 5% of the company's equity.

Auditor

The expensed fees to the company's auditor consist of the following (VAT included):

– Statutory Audit	615,853
– Other advisory services	121,250
Total fee to the auditor	737,103

NOTE 8 CURRENCY GAINS AND LOSSES INCLUDED IN THE PROFIT AND LOSS STATEMENT

	2012	2011
Currency gain	1,418,705	13,198
Currency loss	9,508,281	5,782,808

NOTE 9 OTHER OPERATING EXPENSES

The debt related to outstanding options was overestimated at year end 2011, and a correction consequently had to be recorded in the Profit & loss in 2012. The amount booked is TNOK3,898, and the item "Other operating expenses" represents a net income due to this issue.

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Copeinca ASA, 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 2012, and the income statement and 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 balance sheet at 31 December 2012, income statement, statement of comprehensive income, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the financial statements of the parent company in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by EU and for such internal control as the Board of Directors and the Managing Director 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.

Opinion on the financial statements of the parent company

In our opinion, the financial statements of the parent company are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position for Copeinca ASA as at 31 December 2012, and 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 of the group

In our opinion, the financial statements of the group present fairly, in all material respects, the financial position of the group Copeinca ASA as at 31 December 2012, and 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 and statement of corporate governance principles and practices

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 and statement of corporate governance principles and practices concerning the financial statements and the going concern assumption, and the proposal for the allocation of the profit 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.

Oslo, 21 February 2013
Issued by Copeinca's auditors

AUDITED FINANCIAL STATEMENTS OF COPEINCA FOR THE YEAR ENDED 31 DECEMBER 2011

The following is an extract of the audited financial statements of Copeinca for the year ended 31 December 2011, which were prepared in accordance with IFRS, from the 2011 annual report and financial statements of Copeinca (pages 71-150).

Specific page/section references mentioned in the audited financial statements of Copeinca for the year ended 31 December 2011 are referred to in Copeinca's 2011 annual report and financial statements and are available on the Oslo Børs website (http://www.oslobors.no_eng/).

CONSOLIDATED BALANCE SHEET

	Note	As of 31 December 2011 US$'000	 2010 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	258,525	237,953
Fishing licenses	7	222,936	213,964
Goodwill	7	144,824	138,996
Other intangible assets	7	792	1,317
		627,077	592,230
Current assets			
Inventories	10	63,886	15,528
Trade receivables	11	24,103	7,732
Other accounts receivable	12	17,958	19,828
Cash and cash equivalents	13	60,490	34,201
		166,437	77,289
Total assets		793,514	669,519
EQUITY			
Equity attributable to owners of the parent			
Share capital	14	55,589	55,717
Share premium	14	285,648	286,462
Cumulative translation adjustment	15	1,069	(10,442)
Retained earnings	15	46,337	–
		388,643	331,737
Non-controlling interest		–	–
Total equity		388,643	331,737

	Note	**As of 31 December** **2011** *US$'000*	 **2010** *US$'000*
LIABILITIES			
Non-current liabilities			
Long-term borrowings	*16*	218,488	201,500
Deferred income tax	*17*	82,270	86,038
Other accounts payable	*18*	6,057	9,858
		306,815	297,396
Current liabilities			
Bank loans and short term debt	*16*	25,355	1,010
Trade accounts payable	*18*	15,907	17,142
Other accounts payable	*18*	21,141	7,202
Current income tax payable	*29*	13,220	–
Current portion of long-term borrowings	*16*	22,433	15,032
		98,056	40,386
Total liabilities		404,871	337,782
Total equity and liabilities		793,514	669,519

The notes on pages I-89 to I-142 of this Circular are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME

		For the year ended 31 December	
	Note	**2011**	**2010**
		US$'000	*US$'000*
Sales	*19*	254,478	233,042
Cost of goods sold	*20*	(143,085)	(151,037)
Gross profit		111,393	82,005
Selling expenses	*21*	(12,596)	(9,971)
Administrative expenses	*22*	(13,780)	(12,311)
Other income	*23*	9,138	12,017
Other expenses	*23*	(19,896)	(73,280)
Operating profit (loss)		74,259	(1,540)
Finance income	*26*	608	502
Finance costs	*26*	(21,007)	(23,457)
Exchange difference, net	*3*	10,375	7,370
Profit (loss) before income tax		64,235	(17,125)
Income tax expense	*29*	(16,466)	10,632
Profit (loss) for the year		47,769	(6,493)
Attributable to:			
Equity holders of the company		47,769	(6,493)
Earnings (losses) per share attributable to the equity holders of the company during the year (US$ per share):			
Basic earnings per share	*30*	0.8187	(0.1110)
Diluted earnings per share	*30*	0.8097	(0.1110)

The notes on pages I-89 to I-142 of this Circular are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the year ended 31 December 2011 *US$'000*	 2010 *US$'000*
Profit (loss) for the year		47,769	(6,493)
Currency translation adjustment with no tax effect	*15*	11,511	9,285
Total comprehensive income for the year		59,280	2,792
Attributable to:			
Equity holders of the company		59,280	2,792

The notes on pages I-89 to I-142 of this Circular are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 31 DECEMBER 2010

	Note	Share capital	Share premium	Cumulative translation adjustement	Retained earnings	Non-controlling interest	Total equity
		US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Balances as of 1 January 2010		55,717	304,990	(19,727)	37,345	91	378,416
Cumulative translation adjustment	*15*	–	–	9,285	–	–	9,285
Dividends distribution related to 2009 profits	*15*	–	–	–	(50,000)	–	(50,000)
Transactions with non-controlling interest		–	–	–	–	(91)	(91)
Value of employee services	*14*	–	–	–	620	–	620
Loss for the year		–	–	–	(6,493)	–	(6,493)
Appropriation of share premium to cover accumulated losses	*15*	–	(18,528)	–	18,528	–	–
Balances as of 31 December 2010	*14–15*	55,717	286,462	(10,442)	–	–	331,737
Balances as of 1 January 2011		55,717	286,462	(10,442)	–	–	331,737
Cumulative translation adjustment	*15*	–	–	11,511	–	–	11,511
Value of employee services payable		–	–	–	217	–	217
Reclassification to liabilities		–	–	–	(1,649)	–	(1,649)
Share buy-back program	*14*	(128)	(814)	–	–	–	(942)
Profit for the year		–	–	–	47,769	–	47,769
Balances as of 31 December 2011	*14-15*	55,589	285,648	1,069	46,337	–	388,643

The notes on pages I-89 to I-142 of this Circular are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the year ended 31 December 2011	2010
		US$'000	US$'000
Cash from operations	27	25,942	81,851
Interest paid		(14,022)	(16,760)
Income tax paid		(2,251)	(7,711)
Net cash generated from operating activities		9,669	57,380
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(36,353)	(60,483)
Proceeds from sale of PPE	27	3,677	4,991
Purchase of intangible assets	7	(347)	(2,544)
Net cash used in investing activities		(33,023)	(58,036)
Cash flows from financing activities			
Movement in non-controlling interest		–	(91)
Buyback of shares	14	(942)	–
Repayment of bank loans and short term loans	16	(58,722)	(9,513)
Proceeds from bank loans and short term loans	16	83,056	10,521
Repayment of long-term borrowings	16	(16,977)	(155,405)
Proceeds from long-term borrowings	16	42,758	226,603
Dividends paid	15	–	(50,000)
Net cash generated from financing activities		49,173	22,115
Net increase in cash and cash equivalents		25,819	21,459
Cash and cash equivalents at beginning of the year		34,201	12,478
Exchange gains on cash and cash equivalents		470	264
Cash and cash equivalents at end of the year	13	60,490	34,201

The notes on pages I-89 to I-142 of this Circular are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2011 AND 31 DECEMBER 2010

1. GENERAL INFORMATION

a) Operations

Copeinca ASA ("the Company") and its subsidiaries (together "the Group") are mainly engaged in the extraction of several hydro-biological species and their subsequent transformation into fishmeal and fish oil, for direct or indirect human consumption. Its products are mainly sold to China, Germany, Japan, Vietnam and Turkey, among other foreign countries.

The Company is a limited liability company incorporated and domiciled in Norway. The address of its registered office is Haakon VII gate 10, 0106 Oslo.

The Company has its primary listing on the Oslo Børs stock exchange and a secondary listing on the Lima stock exchange.

The Group consolidated financial statements were approved for issue by the Board of Directors on 23 March 2012. Final approval of these Group consolidated financial statements will be given at the Annual General Meeting scheduled to be held on 25 April 2012.

Copeinca ASA is the ultimate parent company of the Group. Copeinca ASA owns Corporación Pesquera Inca S.A.C. (hereinafter Copeinca S.A.C.), a Peruvian limited company incorporated in July 1994 under the laws of Peru. Copeinca S.A.C. is the main operating company in the Group. Upon its incorporation in 1994, Copeinca S.A.C. was owned by D&C group S.A.C. and Acero Holding S.A.C. prior to the establishment of Copeinca ASA and Copeinca Internacional S.L.U. on November/December 2006.

As of 31 December 2011, Copeinca S.A.C. is a wholly-owned subsidiary of Copeinca ASA which has a direct interest of 43.38% of its shares (42.85% in 2010) and indirect interests through Copeinca Internacional S.L.U (located in Spain) which has a 52.26% interest (33.48% in 2010) and PFB Fisheries B.V. which has 4.36% interest (5.08% in 2010). Until 2010 the wholly-owned subsidiaries of the Company, Rab Overseas Limited S.A.C. and Werner Trading Peru Limited S.A.C., owned 17.52% and 1.07% interest, respectively, in Copeinca S.A.C.

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 (seven in 2010) located in the cities of Bayovar, Chicama, Chimbote, Chancay and Ilo, located in the areas of Piura, La Libertad, Ancash, Lima and Moquegua.

The FD processing plant located in Chimbote was deactivated during 2009 and the FD processing plant located in Huarmey plant was deactivated in 2011 as a consequence of Management's decision of replacing flame dried technology moving to Steam Dried technology. Some parts of these plants are being used as replacement fixed assets while the rest will be sold. The carrying value of these assets is their fair value at the date of the financial statements (note 6).

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 fish processing plant is as follows:

Fish-processing plants	Line of production	Capacity
		MT/Hour
1. Bayovar	Steam Dried (SD)	170
2. Chicama ACP	Steam Dried (SD)	160
3. Chimbote ACP	Steam Dried (SD)	250
4. Chancay	Steam Dried (SD)	168
5. Ilo	Steam Dried (SD)	90

As of 31 December 2011 the Group owns 35 vessels with a storage capacity of 14,754 M3 which corresponds to 34 purse seiner vessels with a capacity of 14,621 M3 and 1 trawling vessels with a storage capacity of 133 M3, holding a quota of 10.7% (as of 31 December 2010 the Group had 34 vessels with storage capacity of 20,413 M3 which corresponded to 32 purse seiner vessels with a capacity of 20,248 M3 and 2 trawling vessels with a storage capacity of 165 M3). In 2011, Copeinca leased 1 purse seiner vessel with a storage capacity of 388 M3 (Copeinca leased 1 purse seiner vessel with a storage capacity of 388 M3 in 2010, holding a quota of 10.7%).

The Group is currently operating in average with 30 vessels, as management is evaluating the most efficient use of the Company´s fleet. During 2011, 3 new vessels were built, Incamar I, II and III with a capacity of 800 M3 each.

In 2011 the Group processed 876,408 MT of raw materials (478,129 MT in 2010) of which 660,001 MT (361,205 TM in 2010) were extracted by its own fleet and 216,406 MT (116,923 TM in 2010) were acquired from third parties.

In 2011 the Group produced 205,983 MT fishmeal SD and 47,173 MT fish oil. (14,682 MT fishmeal FD, 97,656 MT fishmeal SD and 26,488 MT fish oil in 2010). During 2010 and 2011, Copeinca converted all its plants into new Steam dried (SD) technology.

The Company owns directly and indirectly the following entities:

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

As described below, six of the Company's subsidiaries at 31 December 2010 merged with Copeinca S.A.C. during 2011:

- Pesquera San Ambrosio S.A.C., Pesquera San Vicente S.A.C. and Pesquera Esciron S.A.C. merged with Copeinca S.A.C. on 1 September 2011.

- Rab Overseas Perú S.A.C. and Weimar Trading Perú Limited S.A.C. with Gerzat S.A.C. on 30 November 2011.

- Gerzat S.A.C. merged with Copeinca S.A.C. on 1 December 2011.

These mergers were accounted for at carrying values; consequently, these transactions did not have any effect in the consolidated financial statements.

b) Regulatory framework

Fishing Industry is regulated in Peru 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 new 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 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 and payment: (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 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 Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention.

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 new legislation in force for the fishing industry in Peru (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 year. The new 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 and amended standards adopted by the Group

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2011 that would be expected to have a material impact on the Group.

b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2011 and not early adopted

IAS 19, 'Employee benefits' was amended in June 2011. This standard has no impact on the Company´s financial statements since it does not have any defined benefit pension plans granted to their employees.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is yet to assess IFRS 9's full impact and does not intend to early adopt this standard. IFRS 9 is effective for periods beginning on or after 1 January 2015.

IFRS 10, Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group is yet to assess IFRS 10's full impact and does not intend to early adopt this standard. IFRS 10 is effective for periods beginning on or after 1 January 2013.

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group is yet to assess IFRS 12's full impact and does not intend to early adopt this standard. IFRS 12 is effective for periods beginning on or after 1 January 2013.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Group is yet to assess IFRS 13's full impact and does not intend to early adopt this standard. IFRS 13 is effective for periods beginning on or after 1 January 2012.

There have been amendments to existing standards, including IAS 27, Separate Financial Statements (IAS 27), and IAS 28, Investments in Associates and Joint Ventures (IAS 28). IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 and 13.

IAS 1, Presentation of Financial Statements, has been amended to require entities to separate items presented in OCI into two groups, based on whether or not items may be recycled in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately. The amendment is effective for annual periods beginning on or after July 1, 2012 with earlier application permitted. Management has assessed that upon the adoption of this amendment at its effective date, will not have any important impact on its consolidated financial statements.

IFRS 7, Financial Instruments: Disclosures, has been amended to include additional disclosure requirements in the reporting of transfer transactions and risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitization of financial assets. The amendment is applicable for annual periods beginning on or after July 1, 2011, with earlier application permitted. Management has assessed that the adoption of this amendment at its effective date will not have any important impact on its consolidated financial statements.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.2 Consolidation

a) *Subsidiaries*

Subsidiaries are all entities (including special purpose entities) over which Copeinca ASA has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date control ceases.

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 remeasured to fair value at the acquisition date through 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 remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss. 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.

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 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 that makes strategic decisions.

2.4 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 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 income statement, 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 income statement 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 income statement 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 income statement 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.

2.5 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 income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on Fishing Vessels and Plants is calculated using the units of production depreciation method. 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
Buildings and other constructions	33
Fishing vessels and equipment of fleet	4–36
Machinery and equipment	4–30
Vehicles	5
Furniture and fixtures	10
Other equipment	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 income statement.

The company capitalizes the costs of dry-dock major inspections, 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.

Change in accounting estimate

Depreciation method

Until December 2010, the Company depreciated its operating assets under the straight line method. Annual depreciation amounting to US$15,020 thousand was charged to results.

During March 2011, the Company made an assessment of the pattern of use of its vessels and plants in order to determine a more accurate allocation of their costs and expenses. As a result, the Company determined that the units of production depreciation method better reflects the use pattern of the operating assets of the Company, giving the fact that under Peruvian fishing legislation currently in force fishing companies are allowed to carry out fishing in two seasons during the year which are delimited by fishing ban periods in which fishing operations are forbidden.

As established by IAS 8, a change in the expected pattern of consumption of the future economic benefits embodied in depreciable assets corresponds to a change in an accounting estimate. According to IAS 8 the Group recognized the effect of the change in this accounting estimate by including it in profit or loss in 2011 and future periods since change affects both.

2.6 Intangible assets

a) *Goodwill*

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over Copeinca ASA 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 purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

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.

2.7 Impairment of non-financial assets

Assets that have an indefinite useful life such as goodwill and fishing licenses are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation 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 (cash–generating units). Non–financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Financial assets

2.8.1 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 2.12 and 2.13).

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.

2.8.2 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.

2.9 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.

2.10 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 reorganisation, 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 recognised in the consolidated income statement. 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 recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

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.

b) *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 income statement. Impairment losses recognized in the separate consolidated income statement on equity instruments are not reversed through the separate consolidated income statement. 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 separate consolidated income statement.

2.11 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 at the end of each year to the cost of inventories based on the actual normal operating capacity for each year based on the corresponding assigned quota granted by the Peruvian regulator (note 1-b-ii). 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 one year.

2.12 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 – a).

2.13 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less net of bank overdrafts.

2.14 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.

2.15 Trade payables

Trade payables 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.

2.16 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 income statement 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.

2.17 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, 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.

2.18 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 Peru 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.

2.19 Share-based payments

The Group operates an equity-settled, share-based compensation plan, under which the entity (Copeinca ASA) 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 income statement, 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 income statement with a corresponding credit to equity.

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

2.20 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.

2.21 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.

2.22 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 income statement 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 where 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 income statement 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 is depreciated over the shorter of the useful life of the asset and the lease term.

2.23 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.

2.24 Reclassifications

The Company reclassified to cost of goods sold for the year ended 31 December 2010 a total of US$4,799 thousand from administrative expenses (US$3,339 thousand) and from selling expenses (US$1,460 thousand) related to plants personnel expenses, load and unload and quality analysis from production line to warehouse.

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 US dollar and Euro. 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 debit balances in foreign currency, ii) maintaining the volumes of exports and their profitability, and iii) entering into forward contracts. As of 31 December 2011, Copeinca S.A.C. has not signed any forward contracts to reduce the risk of adverse exchange rate fluctuations (as of 31 December 2010 the Company had signed a forward contract amounting to US$13,000 thousand).

The Group has no specific policy for entering into forward foreign exchange contracts to hedge foreign currency exposures. In 2011 and 2010 management's strategy is buying foreign currency in the spot market. The Group does not have any forward foreign currency contracts outstanding at the reporting date, other than that disclosed in the paragraph above.

The balances in foreign currency (US$) as of 31 December are as follows:

	2011 *US$'000*	2010 *US$'000*
Assets		
Trade receivables	24,103	7,730
Other accounts receivable	3,524	4,225
Cash and cash equivalents	43,428	11,457
	71,055	23,412
Liabilities		
Long-term borrowings (including current portion)	(240,921)	(216,532)
Bank loans and short term debt	(25,546)	(1,010)
Trade accounts payable	(7,944)	(12,715)
Other accounts payable	(1,878)	(624)
	(276,289)	(230,881)
Net liabilities	(205,234)	(207,469)

As of 31 December 2011, consolidated assets and liabilities in US dollars have been expressed at the exchange rates of S/.2.695 per US$1 for assets and S/.2.697 for liabilities per US$1 (S/.2.808 per US$1 for assets and S/.2.809 for liabilities per US$1 in 2010).

As of 31 December 2011 Copeinca ASA and its subsidiaries recorded net exchange gains amounting to US$10,375 thousand (exchange gains amounting to US$7,370 thousand in 2010) shown in the income statement. Exchange difference is generated mainly by the long-term debt held in US dollars.

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$10,534 thousand (US$10,488 thousand in 2010).

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. In February 2010 the company prepaid an old variable interest rate debt with bonds bearing fixed coupons. During 2011 and 2010, the Group's borrowings bear fixed interest rates and are denominated in US dollars.

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 2011, if interest rates on borrowings denominated in US$ had been 5% higher/lower, with all other variables held constant, post-tax profit for the year would have been US$909 thousand lower/higher (2010: US$793 thousand).

b) *Credit risk*

The Group only sells on a cash basis or on a confirmation letter basis. 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 US 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.

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.

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	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
	US$'000	*US$'000*	*US$'000*	*US$'000*
31 December 2011				
Borrowings	41,896	16,228	67,734	176,750
Finance lease liabilities	14,669	13,091	19,829	–
Trade and other payables	43,105	–	–	–
	99,670	29,319	87,563	176,750
31 December 2010				
Borrowings	16,837	15,823	47,446	192,550
Finance lease liabilities	11,273	11,273	21,459	–
Trade and other payables	34,202	–	–	–
	62,312	27,096	68,905	192,550

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 Copeinca ASA 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 2011 and 2010, the Company's strategy was to maintain the gearing ratio within 40% and 35%. The gearing ratios at 31 December were as follows:

	2011	**2010**
	US$'000	*US$'000*
Total borrowings *(note 16)*	266,276	217,542
Less: Cash and cash equivalents *(note 13)*	(60,490)	(34,201)
Net debt	205,786	183,341
Total equity	388,643	331,737
Total capital	594,429	515,078
Gearing ratio (%)	35	36

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 (note 8) 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*

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.6. The recoverable amounts of cash-generating units have been determined based on fair value less cost of sales calculation. These calculations require the use of estimates (note 7).

If the estimated pre-tax discount rate applied to the discounted cash flows for the vessels CGU had been 1% higher than management's estimates (for example, 8.21% instead of 7.21%), the Group would not had to recognize any additional adjustment against goodwill. To recognize an additional impairment the discount rate should have been 9.96%.

If the estimated pre-tax discount rate applied to the discounted cash flows for the plants CGU had been 1% higher than management's estimates (for example, 8.21% instead of 7.21%), the Group would not had to recognize any additional adjustment against goodwill. To recognize an additional impairment the discount rate should have been 13.43%.

b) *Income taxes*

The Group is subject to income taxes in numerous jurisdictions, but mainly in Peru. 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$1,474 thousand and the deferred tax liability by US$734 thousand, if unfavorable; or

- decrease the income tax liability by US$1,474 thousand and the deferred tax liability by US$734 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.

c) *Fair value of fishing licenses*

The Group assesses the fair value of licenses each year based on discounted cash flows determined using the methodology of value in use.

d) *Book value of property, plant and equipment*

The Group assesses the carrying value of property, plant and equipment each year based on discounted cash flows to determine the fair value less cost to sell of the assets and their value in use. If the asset is inoperative, it is tested for impairment using the fair value of the asset determined by independent appraisers.

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 the calendar year independently of the ban periods imposed by the Peruvian fishing authorities. In this regard management understands that the Group's yearly costs of production correspond to all expenditures incurred in the calendar year. Consequently, non-fishing expenses incurred during the year are allocated to the cost of inventories based on the actual normal operating capacity for each year, which contemplates the corresponding assigned quota granted by the Peruvian regulator to Copeinca S.A.C. As of 31 December 2011 fishing ban expenses amounting to US$7,102 thousand are capitalized as part of the cost of inventories (US$2,299 thousand in 2010).

5. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Chief Executive Officer. The CEO reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined one operating segment based on these reports. Management considers the business from a product perspective. From a product perspective, management assesses the performance of fishmeal and fish oil in a consolidated basis. These products are sold in worldwide markets. Other products sold by the Group include raw material (anchovy) and other minor fish.

The CEO assesses the performance of one operating segments based on a measure of adjusted earnings before interest, tax, depreciation and amortization (EBITDA). This measurement basis excludes the effects of non-recurring expenditures from the operating segments, such as deferred income taxes, legal expenses and goodwill impairments.

A reconciliation of adjusted EBITDA to profit (loss) before tax is provided as follows:

	2011	**2010**
	US$'000	*US$'000*
Adjusted EBITDA	100,014	75,704
Depreciation *(note 6)*	(14,106)	(15,020)
Amortization *(note 7)*	(891)	(961)
Impairment of fixed assets *(note 23)*	(4,991)	(42,083)
Exchange difference	(10,375)	(7,370)
Finance costs, net *(note 26)*	(20,399)	(22,955)
Other expenses, net	(5,767)	(19,180)
Profit (loss) before income tax	64,235	(17,125)

6. PROPERTY, PLANT AND EQUIPMENT

	Vessels and equipment of fleet	Machinery and equipment	Buildings and land	Other fixed assets	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Year ended 31 December 2010					
Opening net book amount	107,790	101,583	33,482	1,522	244,377
Exchange differences	3,768	2,899	957	38	7,662
Reclassification	613	15,943	(4,377)	(20,933)	–
Additions	482	–	–	60,001	60,483
Disposals, net	(1,312)	(4,754)	(1,751)	(119)	(7,936)
Write-off	(9,520)	–	–	(10)	(9,530)
Impairment charge	(22,581)	(17,221)	(2,281)	–	(42,083)
Depreciation charge	(7,067)	(6,670)	(880)	(403)	(15,020)
Closing net book amount	72,173	91,780	33,904	40,096	237,953
At 31 December 2010					
Cost	104,463	156,941	45,273	44,480	351,157
Accumulated depreciation and impairment	(32,290)	(65,161)	(11,369)	(4,384)	(113,204)
Net book amount	72,173	91,780	33,904	40,096	237,953
Year ended 31 December 2011					
Opening net book amount	72,173	91,780	33,904	40,096	237,953
Exchange differences	2,796	3,653	1,366	1,660	9,475
Reclassification	36,420	17,222	(19,045)	(72,687)	–
Additions	–	–	–	36,353	36,353
Disposals, net	(1,511)	(2,656)	(1,977)	(15)	(6,159)
Impairment charge	(2,485)	(2,313)	(193)	–	(4,991)
Depreciation charge	(6,600)	(5,618)	(1,552)	(336)	(14,106)
Closing net book amount	100,793	102,068	50,593	5,071	258,525
At 31 December 2011					
Cost	140,370	175,822	64,619	9,490	390,301
Accumulated depreciation and impairment	(39,577)	(73,754)	(14,026)	(4,419)	(131,776)
Net book amount	100,793	102,068	50,593	5,071	258,525

Depreciation expense is distributed as follows:

	2011 *US$'000*	2010 *US$'000*
Cost of goods sold *(note 20)*	13,819	14,471
Selling expenses *(note 21)*	6	21
Administrative expenses *(note 22)*	281	528
	14,106	15,020

In connection with lease and leaseback transactions, Copeinca S.A.C. has pledge the legal title of nine vessels in favor of Banco Interbank, Banco Santander, Banco Continental and Banco Scotiabank in guarantee of the loans. Total carrying value of the assets with restricted legal title amounts to US$22,177 thousand at 31 December 2011 (seven vessels with a carrying amount of US$19,298 thousand in 2010) (note 16).

Property, plant and equipment include assets acquired under finance leases and leasebacks for the following amounts:

	2011 *US$'000*	2010 *US$'000*
Vessels and equipment of fleet	25,889	20,550
Accumulated depreciation	(3,712)	(1,252)
	22,177	19,298

Impairment tests of property, plant and equipment

Copeinca S.A.C. recognized an impairment charge of US$4,991 thousand (US$42,083 thousand in 2010) shown in the line other expenses of the income statement (note 23). The impairment charge is the result of the put into operation of three new vessels with greater storage capacity that allows a more efficient operation. In addition the impairment charge results as a consequence of the discontinuation of Flame Dried (FD) technology lines. In 2010 management decided to transfer permanently to operating vessels the quota of Copeinca S.A.C.'s 33 parked vessels. In 2011 all licenses from the 2010 written–off vessels were transferred successfully to the operating vessels. Since the conclusion of this process, the parked vessels will no longer be authorized for fishing. On this basis, Copeinca S.A.C. has written – off from its accounting records an amount of US$9,530 thousand.

The recoverable amount for these inoperative assets and inoperative vessels corresponds to their fair value less costs to sell which was determined by independent appraisals as of 31 December 2011 and 2010.

i) Key assumptions used in the model for the determination of the value in use and of the fair value less cost to sell of vessels are as follows:

Prices: the model uses 20% of the fish price considered as raw material since small fishing companies have increased their negotiation power due to the issue of the new ITQ law and due to the increase in the fishmeal market prices. We believe that prices will decrease in the future. Copeinca S.A.C.'s price average for the last3 years was 18%.

Quota: the model uses the budgeted quota awarded to Copeinca S.A.C. under the new ITQ law (10.7% of the total quota).

Extraction costs: operating costs, maintenance, and ban period expenses decreased during 2011 and will further decrease in the future due to the positive effects of the new ITQ law. Personnel expenses (crew) will decrease as a consequence of the termination benefits contemplated in the new ITQ law for early retirement. Less fuel will be consumed as a lesser number of vessels will be used for catch under the conditions established by the new ITQ law. Extraction costs are based on budgeted costs as approved by the Board.

Discount rate: the model uses 7.21% pre-tax rate not adjusted by inflation.

ii) Key assumptions used in the model for the determination of the value in use and of the fair value less cost to sell of plants are as follows:

Prices: The model uses average fishmeal and fish oil prices of US$1,350 per MT and US$1,500 per MT, respectively.

Management expects that prices will be stable and will increase steadily according to market expectations and demand.

Productions costs: the model assumes that the total raw material corresponds to that fished by Copeinca S.A.C.'s vessels and that are sold to its plants at market prices.

Discount rate: the model uses 7.21% pre-tax rate not adjusted by inflation.

Management determined budgeted costs based on past performance and its expectations of the market according to the new conditions given by the ITQ law.

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 2010					
Opening balances	205,938	132,738	1,830	15	1,845
Exchange difference	5,867	6,258	46	2	48
Additions	2,159	–	385	–	385
Amortization charge	–	–	(961)	–	(961)
Closing net book amount	213,964	138,996	1,300	17	1,317
At 31 December 2010					
Cost	213,964	153,027	4,796	17	4,813
Accumulated amortization and impairment	–	(14,031)	(3,496)	–	(3,496)
Net book amount	213,964	138,996	1,300	17	1,317
Year ended 31 December 2011					
Opening balances	213,964	138,996	1,300	17	1,317
Exchange difference	8,972	5,828	18	1	19
Additions	–	–	347	–	347
Amortization charge	–	–	(891)	–	(891)
Closing net book amount	222,936	144,824	774	18	792
At 31 December 2011					
Cost	222,936	158,855	5,343	18	5,361
Accumulated amortization and impairment	–	(14,031)	(4,569)	–	(4,569)
Net book amount	222,936	144,824	774	18	792

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-b-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:

	2011	2010
	US$'000	*US$'000*
Cost of goods sold *(note 20)*	342	497
Selling expenses *(note 21)*	91	71
Administrative expenses *(note 22)*	458	393
	891	961

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

Impairment tests of goodwill

Goodwill is allocated to the Group's cash-generating units (CGU's). The Group distinguishes its cash-generating units (CGU) at the level of individual vessels and individual plants. The allocation of goodwill by CGU is as follows:

	2011	2010
	US$'000	*US$'000*
Vessels	91,502	87,568
Plants	53,322	51,428
Total	144,824	138,996

The recoverable amount of a CGU is determined based on the higher between its value in use and its fair value less costs to sell. The calculation of the recoverable amount uses free cash flows projections based on financial budgets approved by management which cover a five-year period. Cash flows beyond the five-year period include perpetuity.

8. FINANCIAL INSTRUMENTS BY CATEGORY

a) Financial assets as of 31 December 2011 and 2010 are as follows:

	Loans and receivables	Available for sale	Total
	US$'000	*US$'000*	*US$'000*
31 December 2011			
Financial assets	–	15	15
Trade receivables	24,103	–	24,103
Other accounts receivable	7,043	–	7,043
Cash and cash equivalents	60,490	–	60,490
Total	91,636	15	91,651
31 December 2010			
Financial assets	–	15	15
Trade receivables	7,732	–	7,732
Other accounts receivable	6,471	–	6,471
Cash and cash equivalents	34,201	–	34,201
Total	48,404	15	48,419

b) Financial liabilities at amortized cost as of 31 December 2011 and 2010 are as follows:

	US$'000
31 December 2011	
Bank loans and short term debt	25,355
Current portion of long-term borrowings (excluding lease)	9,647
Current portion of long-term – finance lease liabilities	12,786
Long-term borrowings (excluding lease)	187,898
Long-term borrowings – finance lease liabilities	30,590
Trade accounts payable	15,907
Total	282,183
31 December 2010	
Bank loans and short term debt	1,010
Current portion of long-term borrowings (excluding lease)	5,636
Current portion of long-term – finance lease liabilities	9,396
Long-term borrowings (excluding lease)	171,550
Long-term borrowings – finance lease liabilities	29,950
Trade accounts payable	17,142
Total	234,684

9. CREDIT QUALITY OF FINANCIAL ASSETS

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

During the years 2011 and 2010, neither existing nor new customers' accounts receivable have been impaired. Additions to provision for doubtful accounts in 2010 relate to customers from acquired companies and from loans granted to third party owners of vessels (note 12) which have been identified as impaired.

10. INVENTORIES

	2011	**2010**
	US$'000	*US$'000*
Finished goods:		
• Fishmeal	49,542	7,739
• Fish oil	7,134	1,195
• Raw material	250	–
Spare parts, supplies and packaging	7,338	6,938
Provision for obsolete spare parts, supplies and packaging	(378)	(344)
	63,886	15,528

As of 31 December 2011, the stock of fishmeal and fish oil was 63,882 MT and 12,947 MT respectively (6,477 MT and 1,074 MT respectively as of 31 December 2010).

Cost per ton of inventories in 2010 was higher than in 2011 because the shorter number of days permitted for fishing by the Ministry of Production in Peru in 2010 did not allow fishing companies to catch its complete quota, and consequently, causing that higher non-fishing period expenses to be allocated into a lower production.

The book values of fishmeal and fish oil inventories include US$2,365 thousand (nil in 2010) related to the workers' profit sharing (note 28).

As of 31 December 2011 the fair value of fishmeal and fish oil pledged as security for bank loans amounts to approximately US$25,355 thousand (US$1,010 thousand in 2010).

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

	2011 *US$'000*	2010 *US$'000*
Opening balance	344	881
Additions	35	370
Write-off	–	(933)
Exchange difference	(1)	26
Closing balance	378	344

11. TRADE RECEIVABLES

	2011 *US$'000*	2010 *US$'000*
Trade receivables – abroad	18,573	7,729
Trade receivables – Peru	5,530	3
Doubtful accounts	191	191
	24,294	7,923
Less:		
Provision for doubtful accounts	(191)	(191)
	24,103	7,732

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 US dollars, are of current maturity and are not interest-bearing.

As of 31 December 2011, approximately 95% of the abroad accounts receivable are secured with export credit documents and the 5% balance is subject to bank collections (cash against documents) (approximately 67% and 33%, respectively, in 2010).

The ageing of the trade accounts receivable is as follows:

	2011 *US$'000*	2010 *US$'000*
Current	24,083	7,681
Past due for up to 60 days	–	–
Past due from 61 to180 days	–	50
Past due from 181 to 360 days	20	1
Over 361 days	191	191
	24,294	7,923

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

	2011 *US$'000*	2010 *US$'000*
Opening balance	191	2,542
Additions	–	61
Reclassifications	–	(1,415)
Recoveries	–	(1,149)
Write-off	(3)	(3)
Exchange difference	3	155
Closing balance	191	191

12. OTHER ACCOUNTS RECEIVABLE

	2011 *US$'000*	2010 *US$'000*
Accounts receivable from third party owners of vessels (1)	704	2,329
Refundable Value Added Tax (2)	3,859	57
Value Added Tax credit	6,055	6,670
Prepaid income tax (3)	–	6,470
Claims to third parties	1,367	801
Personnel (4)	3,072	1,679
Prepaid expenses	902	28
Others	1,982	1,632
Doubtful accounts	3,075	6,780
	21,016	26,446
Less: provision for doubtful accounts	(3,075)	(6,780)
	17,941	19,666
Plus: loans to related parties *(note 32)*	17	162
	17,958	19,828

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

(1) 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 lended 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 0.8% (0.8% in 2010) and are offset with the invoices from the acquisition of raw materials delivered to Copeinca S.A.C.'s plants during the fishing periods.

(2) 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 29-f).

As of 31 December 2011, the amount of the refundable VAT relates to those amounts filed within the tax authorities in December 2011. During 2011, Copeinca S.A.C. received VAT refunds amounting to US$25,624 thousand (US$19,979 thousand in 2010).

(3) The total of income tax prepayments made in 2011 amounts to US$3,535 thousand (US$7,923 thousand in 2010) (note 29-g). The balance as of 31 December 2011 is shown net of the income tax expense for the year amounting to US$23,807 thousand (US$1,453 thousand in 2010) (note 29-d).

(4) Accounts receivable from personnel includes loans to employees amounting to US$2,134 thousand (US$1,596 thousand in 2010), workers' profit sharing paid in advance amounting to US$904 thousand (nil in 2010) and others US$34 thousand (US$83 thousand in 2010).

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

	2011	2010
	US$'000	*US$'000*
Opening balance	6,780	6,807
Provision for impaired receivables	–	301
Reclassifications	–	1,414
Write-off and recoveries	(3,959)	(1,876)
Exchange difference	254	134
Closing balance	3,075	6,780

13. CASH AND CASH EQUIVALENTS

	2011	2010
	US$'000	*US$'000*
Cash on hand and current accounts	22,503	15,682
Term deposits	37,987	18,519
	60,490	34,201

As of 31 December 2011, current accounts are denominated in US dollars amounting to US$22,466 thousand and in Peruvian Nuevos Soles amounting to S/.60,546 (US$15,648 thousand and S/.43,940, respectively in 2010), are deposited in local and foreign banks and are fully available.

Term deposits as of 31 December 2011 corresponds to overnights in US dollars amounting to US$37,987 thousand (US$18,519 thousand in 2010) which are due in less than 30 days and bear an average interest rate of 1% as of 31 December 2011 (1% in 2010).

14. SHARE CAPITAL AND SHARE PREMIUM

a) Share capital:

The authorized, signed, and paid-in capital under Copeinca ASA's by-laws as of December 31, 2011 comprises 58,500,000 common shares of NOK5 nominal value each.

	Number of shares	Share Capital	Share Capital	Share premium	Total
	(In thousands)	*NOK 000*	*US$'000*	*US$'000*	*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 capital and share premium accounts are translated into the reporting currency at the historical exchange rates.

Copeinca ASA has only one class of common shares and each share gives the right to one vote at the annual general stockholders meeting. During 2011 the Company implanted a share buy-back program carried by its wholly-owned subsidiary Copeinca S.A.C. for a total of 152,277 shares at an average price of US$6.19 per share totaling US$942 thousand. These shares are held as treasury shares.

During 2010 the Company made the appropriation of US$18,528 thousand to cover the accumulated losses shown in its consolidated financial statements.

AGM 2011

In accordance with the Board's proposal the General Stockholders Meeting resolved that:

i) The Board of Directors is authorized to increase the share capital by up to NOK58,500 thousand.

ii) The Board may set aside the shareholders' preferential rights to subscribe for the new shares pursuant to the Public Limited Companies Act Section 10-4.

iii) The authorization covers increases of the share capital against non-cash contributions, and a right to incur in special obligations for the Company, according to the Public Limited Companies Act section 10-2. The authorization also covers resolution on a merger in accordance with the Public Limited Company's Act section 13-5. This authorization may be used in takeover situations.

iv) The authorization can be used several times.

v) The authorization shall be valid until the annual general meeting to be held in 2012 (on 30 June 2012 at the latest).

vi) The authority replaces the authority for the same purpose granted in the general meeting in 2009.

vii) The Board is granted authorization to, on behalf of the Company, acquire Copeinca S.A.C. shares with aggregate nominal value up to NOK29,250,000. The purchase price shall not be lower than NOK5 and not be higher than NOK100.

viii) The method of acquisition and disposal of the Company's own shares shall be at the Board's discretion.

ix) The authorization is valid until the Annual General Meeting to be held in 2012, at the latest 30 June 2012.

b) Share premium

Until 2010 share premium comprised 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 2011 it is reduced by US$814 thousand due to the share buy-back program.

The main shareholders of Copeinca ASA are as follows:

Investor	2011		2010	
	Shares	%	*Shares*	%
Dyer and Coriat Holding	19,098,000	32.7	19,098,000	32.6
Andean Fishing LLC	8,118,075	13.9	8,118,075	13.9
ETVE Veramar Azul S.L.	6,323,745	10.8	6,032,970	10.3
Weilheim Investments S.L.	3,147,530	5.4	4,326,159	7.4
State Street Bank & Trust	1,528,436	2.6	2,884,777	4.9
South Winds AS	1,489,750	2.6	1,489,750	2.5
DNB Nor SMB	1,395,000	2.4	1,392,247	2.4
State Street Bank & Trust	1,381,750	2.4	1,367,395	2.3
GMO Emerging Illiquid Fund	1,145,350	2.0	1,145,350	2.0
The Norhtern Trust	1,097,534	1.9	–	0.0
Street Bank & Trust	948,060	1.6	1,106,400	1.9
Fidelity Latin America Fund	939,655	1.6	–	0.0
Verdipapirfondet Handelsbanken	800,000	1.4	690,000	1.2
Alfred Berg Gambak	756,202	1.3	1,065,292	1.8
JP Morgan Clearing Corp.	732,264	1.3	738,160	1.3
DNB Nor Markets	563,945	1.0	–	0.0
JP Morgan Chase Bank	480,422	0.8	493,712	0.8
Fidelity funds Latin America	470,386	0.8	470,386	0.8
Alfred Berg Norge +	406,461	0.7	452,846	0.8
DERIS SA	400,000	0.7	400,000	0.7
Top 20	**51,222,565**	**87.9**	**51,271,519**	**87.6**
Others	7,125,158	12.1	7,228,481	12.4
TOTAL	**58,347,723**	**100.0**	**58,500,000**	**100.0**

c) **Share options**

Copeinca ASA 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 Copeinca ASA 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 2012 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 2011, the Company has 794,400 outstanding options (890,000 options in 2010) from which 465,710 options (364,000 options in 2010) are exercisable. In 2011, 135,600 options were exercised resulting in US$432 thousand paid to option holders (nil in 2010) being paid at a weighted average price of NOK37.19 (nil in 2010) per share.

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

	2011		2010	
	Average exercise price in NOK per share	**Options**	**Average exercise price in NOK per share**	**Options**
Opening balance	37	890,000	40	560,000
Granted	40	40,000	45	370,000
Exercised	37	(135,600)	–	–
Terminated	–	–	37	(40,000)
Closing balance	38	794,400	37	890,000

The weighted-average assumptions used to determine the Black Scholes fair value of the options granted in 2011 were:

Underlying shares	4,000
Exercise price	NOK40.00
Weighted average share price at grant date	NOK51.00
Expected life	4.4 years
Volatility	60.00%
Risk free interest rate	2.98%
Dividends	–
Options' fair value	NOK13.51

The options' fair value during the period was determined by using the Black-Scholes valuation model. Expected volatility is based on historical volatilities of similar entities listed on the Oslo Stock Exchange. The following similar entities have been used: Marine Harvest, Domstein, Lerøy Seafood Group and Aker Seafoods.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

794,400 options expire on 31 May 2012, 52,500 options expire on 31 May 2013 and 40,000 options expire on 31 May 2015, the weighted average exercise price is NOK37.58.

Exercise price is adjusted by the last dividends distributed on the 19 May 2010, of NOK4.94.

Options not exercised will automatically become void and lapse with no compensation to the holder.

The total expensed amount in 2011 arising from the share-based payment plan amounts to NOK1,907 thousand equivalent to US$341 thousand (note 25) (US$620 thousand in 2010).

In July 2011, the Company has chosen to pay the exercised options in cash instead of issuing shares. The amount accumulated in equity in previous years was reclassified to liabilities in order to reflect the obligation (note 18-c).

The total expensed amount of NOK1,907 thousand equivalent to US$341 thousand was credited as follows: i) to equity NOK1,214 thousand equivalent to US$217 thousand and to liabilities NOK693 thousand equivalent to US$124 thousand (note 18-c) (NOK8,384 thousand equivalent to US$1,432 thousand credited to equity in 2010).

Social security contributions payable in connection with the grant of the share options are considered an integral part of the grant itself and its corresponding charge will be treated as a cash-settled transaction.

c) Share buy-back program

In 2011, Copeinca ASA announced a share buy-back program up to US$5 million as agreed in the 2011 Annual General Meeting. The program was carried out by its wholly-owned subsidiary Copeinca S.A.C. for a total of 152,277 shares at an average price of US$6.19 per share totaling US$942 thousand. The Company is acquiring its own shares in order to increase the stock value.

15. CUMULATIVE TRANSLATION ADJUSTMENT AND RETAINED EARNINGS

The movement of these accounts for the years ended 31 December 2010 and 2011 is as follows:

	Cumulative translation adjustment	**Retained earnings(*)**
	US$'000	*US$'000*
Balance as of 1 January 2010	(19,727)	37,345
Exchange difference	9,285	–
Dividend distribution	–	(50,000)
Value of employee services *(note 27)*	–	620
Loss for the year	–	(6,493)
Appropriation of share premium to cover accumulated losses	–	18,528
Balance as of 31 December 2010	(10,442)	–
Exchange difference	11,511	–
Value of employee services *(note 27)*	–	217
Reclassification to liabilities *(note 18)*	–	(1,649)
Profit for the year	–	47,769
Balance as of 31 December 2011	(1,069)	46,337

a) Peruvian legal reserve

In accordance with the Peruvian General Companies' 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) Dividend distribution

In 2010 Copeinca ASA made a dividend distribution amounting to US$50 million. The amount distributed represents NOK4.94 or US$0.85 per share and was paid in full on 3 August 2010.

No dividends have been proposed to the stockholders in relation to the results for the year ended 31 December 2011.

16. LONG-TERM BORROWINGS

As of 31 December this account comprises the following:

	2011 *US$'000*	2010 *US$'000*
Total borrowings		
Bonds	177,259	176,872
Bank borrowings	45,641	1,324
Finance lease liabilities	43,376	39,346
	266,276	217,542
Less current portion of borrowings:		
Bonds (accrued interests)	(5,506)	(5,584)
Bank borrowings	(29,496)	(1,062)
Finance lease liabilities	(12,786)	(9,396)
	(47,788)	(16,042)
Total long-term borrowings		
Bonds	171,753	171,288
Bank borrowings	16,145	262
Finance lease liabilities	30,590	29,950
	218,488	201,500
Current borrowings		
Total current portion of long-term borrowings	22,433	15,032
Bank loans and short-term debt *(note 10)*	25,355	1,010
Total current borrowings	47,788	16,042

For purposes of reconciliation with the information provided in the statement of cash flows, following is the movement of long-term borrowings for the years ended 31 December 2011 and 2010:

	Bonds	**Bank borrowings**	**Finance lease liabilities**	**Total long-term debt**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Balance as of 1 January 2010	–	131,794	12,025	143,819
Cash transactions				
Repayment of bank loans	–	(9,513)	–	(9,513)
Proceeds from bank loans	–	10,521	–	10,521
Repayment of long-term borrowings and bonds	–	(130,276)	(25,129)	(155,405)
Proceeds from long-term borrowings and bonds	174,153	–	52,450	226,603
Non-cash transactions				
Exchange differences	(3,474)	(1,204)	–	(4,678)
Accrued interest	6,193	2	–	6,195
Balance as of 31 December 2010	176,872	1,324	39,346	217,542
Balances as of 1 January 2011	176,872	1,324	39,346	217,542
Cash transactions				
Repayment of bank loans	–	(58,722)	–	(58,722)
Proceeds from bank loans	–	83,056	–	83,056
Repayment of long-term borrowings and bonds	(5,738)	(166)	(11,073)	(16,977)
Proceeds from long-term borrowings and bonds	7,122	20,211	15,425	42,758
Non-cash transactions				
Exchange differences	(7,122)	(211)	(425)	(7,758)
Accrued interest	6,125	149	103	6,377
Balance as of 31 December 2011	177,259	45,641	43,376	266,276

The detail of the obligations is as follows:

Name of Creditor	Type of guarantee	Annual interest rate	Maturity	Carrying amount 2011	Carrying amount 2010
				US$'000	*US$'000*
a) Non-current					
BBVA Banco Continental • Financial lease contracts	Vessels	5.50%	March 2016	7,744	3,638
Banco Interbank • Financial lease contracts	Vessels	5.20%	March 2015	13,430	18,918
Santander • Financial lease contracts	Vessels	6.00%	April 2013	779	3,029
Banco Scotiabank • Financial lease contracts	Vessels	5.50%	April 2016	8,637	4,365
Deutsch Bank • Bonds	None	9.00%	February 2017	171,753	171,288
DNB Bank ASA • Loan	Vessel	3.33%	October 2015	15,937	–
Ymec • Loan	Notes	9.00%	November 2016	208	262
Total non-current balance				218,488	201,500
b) Current					
BBVA Banco Continental • Loans	Inventory	1.55%	2012	5,102	1,010
Banco Interbank • Loan	Inventory	1.35%	2012	10,048	–
Banco Scotiabank • Loan	Inventory	2.00%	2012	10,205	–
Total non-current balance				25,355	1,010
BBVA Banco Continental • Financial lease contracts	Vessels	5.50%	2012	2,393	926
Banco Interbank • Financial lease contracts	Vessels	5.20%	2012	5,487	5,221
Santander • Financial lease contracts	Vessels	7.85%	2012	2,259	2,134
Banco Scotiabank • Financial lease contracts	Vessels	5.50%	2012	2,647	1,115
Deutsch Bank • Bonds	None	9.00%	2012	5,506	5,584
DNB Bank ASA •Loan	Vessel	3.33%	2012	4,089	–
Ymec • Loan	Notes	9.00%	2012	52	52
Total current portion of long-term borrowings				22,433	15,032
Total current borrowings				47,788	16,042
Total borrowings				266,276	217,542

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

	2011	2010
	US$'000	*US$'000*
6 months or less	39,344	11,548
6 – 12 months	8,444	4,494
1 – 5 years	46,735	30,164
Over 5 years	171,753	171,336
	266,276	217,542

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	
	2011	2010	2011	2010
	US$'000	*US$'000*	*US$'000*	*US$'000*
Bonds	171,753	171,288	167,772	168,091
Bank borrowings	16,145	262	15,103	214
Finance lease liabilities	30,590	29,950	27,823	26,808
	218,488	201,500	210,698	195,113

The carrying amounts of short-term borrowings approximate to their fair value. The fair values of bonds and finance lease liabilities correspond to the cash flows of these financial instruments discounted using a rate based on the bonds rate of 9% and the finance lease liabilities of 5.18% (bank borrowings based on a rate of 9.0% and finance lease liabilities based on a rate of 5.4% in 2010).

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

a) Bonds

US$175 million 9% senior notes due 2017

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 Copeinca ASA. 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

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 (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, and 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.

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 Peru, 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.

As of December 31, 2011 the Company has not breached any covenant.

The annual effective rate of the bonds is 9.5% as of 31 December 2011 (9.5% effective interest rate as of 31 December 2010)

Interest from the 7 years bond determined using the amortized cost method amounted to US$16,304 thousand in 2011 (US$14,498 thousand in 2010). Interest accrued using the nominal interest rates as per the terms of the bond agreement amounted to US$15,750 thousand (US$14,061 thousand in 2010).

b) Bank borrowings

DNB Nor Bank

On October 12, 2011 the Company signed an agreement of a US$20 million four-year long term borrowing with DNB Nor Bank. The loan was used to finance the Company'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 2011 amounts to US$138 thousand.

c) Financial lease and sale and leaseback liabilities

Lease liabilities are effectively secured with the corresponding leased assets which title revert to the lessor in the event of default.

	2011	**2010**
	US$'000	*US$'000*
Gross finance lease liabilities-minimum lease payments		
No later than 1 year	14,668	11,273
Later than 1 year and no later than 5 years	32,920	32,732
	47,588	44,005
Future finance charges on finance leases	(4,212)	(4,659)
Present value of finance lease liabilities	43,376	39,346

The present values of finance lease liabilities mature as follows:

	2011	**2010**
	US$'000	*US$'000*
No later than 1 year	12,786	9,396
Later than 1 year and no later than 5 years	30,590	29,950
	43,376	39,346

Copeinca S.A.C. has pledged some of its vessels (note 6) securing its obligations from finance leases and lease-backs.

17. DEFERRED INCOME TAX

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

	2011 *US$'000*	2010 *US$'000*
Deductible temporary differences:		
Deductible temporary differences to be recovered after more than 12 months	(930)	(2,068)
– Deductible temporary differences to be recovered within 12 months	(2,795)	(6,212)
	(3,725)	(8,280)
Taxable temporary differences:		
Taxable temporary differences to be settled after more than 12 months	235,109	249,586
– Taxable temporary differences to be settled within 12 months	42,849	45,487
	277,958	295,073
Taxable temporary differences (net)	274,233	286,793
Deferred income tax liability (30%)	82,270	86,038

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

	2011 *US$'000*	2010 *US$'000*
Opening balance	86,038	95,425
Exchange difference	3,573	2,698
Credit to the statement of income *(note 29)*	(7,341)	(12,085)
Closing balance	82,270	86,038

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	Fair value of fixed assets	Impairment of fixed assets	Leased fixed assets	Other	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2010	43,878	50,663	(8,712)	8,613	983	95,425
Exchange difference	1,495	736	950	(563)	80	(2,698)
Charge (credit) to the statement of income	–	(7,404)	(9,561)	5,663	(783)	(12,085)
At 31 December 2010	45,373	43,995	(17,323)	13,713	(280)	86,038
Exchange difference	1,883	1,873	(835)	557	95	3,573
Charge (credit) to the statement of income	–	(6,625)	(1,068)	(1,434)	(1,786)	(7,341)
At 31 December 2011	47,256	39,243	(19,226)	12,836	2,161	82,270

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$4,113 thousand (US$4,143 thousand in 2010) related to tax losses carry-forward amounting to US$16,034 thousand (US$14,798 thousand in 2010). This is offset by temporary differences related to taxable dividend received of US$1,344 thousand (US$0 in 2010). These tax losses carry-forward relate to Copeinca ASA and do not expire.

18. TRADE AND OTHER ACCOUNTS PAYABLE

	2011	2010
	US$'000	*US$'000*
Trade accounts payable:		
Invoices payable	15,907	17,123
Notes payable	–	19
	15,907	17,142
Other accounts payable:		
Payroll, social security and other taxes	9,080	3,723
Workers' profit-sharing (a)	8,817	523
Loans to third parties	218	74
Accrued expenses (b)	822	828
Share options (c)	1,424	–
Provisions (d)	6,025	9,858
Other accruals (e)	812	2,054
	27,198	17,060
Non-current portion	(6,057)	(9,858)
Current portion	21,141	7,202

a) The amount of the workers' profit-sharing must be paid during the first quarter of 2012.

b) Accrued expenses correspond to services received in 2011 the invoices of which were not received by the closing date. These accruals mainly relate to insurance, custom expenses and energy and are reversed on a monthly basis upon the receipt of the corresponding invoices.

c) Share options were reclassified from equity to liabilities in the second semester 2011 due to the payment in cash instead of issuing shares for the first time. See movement:

	US$'000
Reclassified from equity *(note 15)*	1,649
Value of employee services	124
Share options exercised	(310)
Exchange difference	(39)
	1,424

d) Provisions mainly include US$6,025 thousand (US$9,784 thousand in 2010) of legal provisions. From this amount Copeinca S.A.C. has recorded tax fines amounting to US$1,332 thousand (US$5,323 thousand in 2010), court actions amounting to US$1,397 thousand (US$1,135 thousand in 2010) and administrative proceedings amounting to US$3,296 thousand (US$3,326 thousand in 2010) all against Copeinca S.A.C. The amount provided for does not include any amount that may result in case the Peruvian Tax Authorities require the payment of additional fines.

e) Other accruals include US$647 thousand (US$1,494 thousand in 2010) of expenses that relate to the training and labor costs committed with laid-off crew pursuant the Individual Transferrable Quota law (ITQ law).

19. SALES

Revenues from sales relate to the following products:

	2011	**2010**
	US$'000	*US$'000*
Flame dried (FD) fishmeal	729	25,431
Steam dried (SD) fishmeal	201,604	179,796
Fish oil	46,811	26,668
Fish for direct human consumption	4,618	172
Others	716	975
	254,478	233,042

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

	2011	**2010**
	MT	*MT*
FD fishmeal	540	17,367
SD Fishmeal	148,049	118,529
Fish oil	35,246	30,975
Mackerel/Jack mackerel	9,887	215
	193,722	167,086

20. COST OF GOODS SOLD

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

	2011 *US$'000*	2010 *US$'000*
Opening balance of finished products	8,934	34,805
Consumption of raw materials and other materials	104,792	62,596
Employee benefits expenses *(note 25)*	47,835	27,657
Depreciation	13,819	14,471
Amortization	342	497
Other manufacturing expenses	24,289	19,945
Closing balance of finished products	(56,926)	(8,934)
	143,085	151,037

21. SELLING EXPENSES

Selling expenses for the year ended 31 December comprise:

	2011 *US$'000*	2010 *US$'000*
Employee benefits expenses *(note 25)*	1,390	967
Custom duties	7,395	6,622
Services rendered by third parties	3,020	1,776
Other management charges	694	514
Depreciation	6	21
Amortization	91	71
	12,596	9,971

22. ADMINISTRATIVE EXPENSES

Administrative expenses for the year ended 31 December comprise:

	2011 *US$'000*	2010 *US$'000*
Employee benefits expenses *(note 25)*	6,065	5,153
Services rendered by third parties	5,586	4,362
Other taxes	233	627
Other management charges	1,157	1,248
Depreciation	281	528
Amortization	458	393
	13,780	12,311

23. OTHER INCOME AND OTHER EXPENSES

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

	2011	**2010**
	US$'000	*US$'000*
Other income:		
Reversal of provisions for legal lawsuits	4,260	5,255
Reversal of allowance for bad debts	–	2,155
Sale of diesel and supplies	4,051	3,080
Other operating income	827	1,527
	9,138	12,017
Other expenses:		
Net loss on sale of fixed assets	(1,430)	(2,141)
Write-off of net book value of 33 vessels *(note 6)*	–	(9,530)
Allowance for doubtful accounts	–	(362)
Employee severance indemnities (a)	(2,042)	(14,956)
Provisions for legal lawsuits and administrative proceedings (b)	(6,587)	(675)
Cost of sale of diesel and supplies	(3,776)	(2,572)
Impairment loss – fixed assets (note 6)	(4,991)	(42,083)
Other operating expenses	(1,070)	(961)
	(19,896)	(73,280)

a) Mainly comprise the cost of the lay-off of 44 (237 in 2010) crew members and 197 (52 in 2010) plant workers amounting to US$2,042 thousand (US$12,800 thousand in 2010).

b) Explained by US$2,730 thousand from taxes from previous years, US$2,113 thousand of legal contingencies and US$1,744 thousand payments of administrative proceedings.

24. EXPENSES BY NATURE

Expenses by nature for the year ended 31 December comprise:

	2011 *US$'000*	2010 *US$'000*
Change in inventories of finished goods	(45,627)	25,871
Raw materials and consumables	104,792	62,596
Employee benefit expenses *(note 25)*	52,925	33,777
Depreciation and amortization *(notes 6 and 7)*	14,997	15,981
Services rendered by third parties	8,606	6,138
Taxes	233	627
Custom duties	7,395	6,622
Transportation, load and unload	1,709	1,113
Quality control analysis	1,287	674
Maintenance	5,710	7,631
Fishing rights	4,519	2,592
Insurances	1,756	1,772
Surveillance	1,561	1,384
Electricity and water	1,614	1,092
Fishing unload	1,944	772
Provision for obsolescence	20	368
Other management charges	6,020	4,309
	169,461	173,319

25. EMPLOYEE BENEFIT EXPENSES AND AUDITORS' FEES

Employee benefit expenses for the year ended 31 December comprise:

	2011 *US$'000*	2010 *US$'000*
Wages and salaries	38,858	26,485
Vacations	2,701	2,106
Social security costs	2,946	1,878
Share options granted to employees	341	620
Workers' profit sharing *(note 28)*	6,452	523
Other employee costs	1,627	2,165
	52,925	33,777
Number of employees	1,484	1,606

Employee benefit expenses are distributed as follows:

	2011 *US$'000*	2010 *US$'000*
Inventories *(note 10)*	(2,365)	–
Cost of goods sold *(note 20)*	47,835	27,657
Selling expenses *(note 21)*	1,390	967
Administrative expenses *(note 22)*	6,065	5,153
	52,925	33,777

Compensation paid to the Board of Directors amounted to US$270 thousand in 2011, net of withholding taxes (US$260 thousand in 2010).

Auditors' fees billed to the Company comprise the following services (VAT included):

	2011	**2010**
	US$'000	*US$'000*
Statutory audit	343	389
Tax advisory services	3	78
Other services	63	115
	409	582

26. FINANCE INCOME AND COSTS

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

	2011	**2010**
	US$'000	*US$'000*
Finance income:		
Interest on deposits	553	427
Interest on other accounts receivable	55	75
Total finance income	608	502
Interest expenses: Bonds	(15,750)	(14,061)
Syndicated loan	–	(2,470)
Bank borrowings	(2,830)	(5,122)
Finance leases	(2,427)	(1,804)
Total finance costs	(21,007)	(23,457)
Finance income and costs, net *(note 27)*	(20,399)	(22,955)

27. CASH GENERATED FROM OPERATIONS

	2011 *US$'000*	2010 *US$'000*
Profit (loss) before income tax	64,235	(17,125)
Adjustments for		
Depreciation *(note 6)*	14,106	15,020
Amortization *(note 7)*	891	961
Loss on sale of property and equipment (see below)	2,482	12,475
Impairment charge *(note 6)*	4,991	42,083
Share-based payment *(note 15)*	341	(620)
Foreign exchange losses on operating activities	(8,228)	(4,942)
Finance costs, net *(note 26)*	20,399	22,955
Changes in working capital (net of the effects of acquisition and exchange differences on consolidation):		
Inventories	(50,216)	22,292
Trade receivables	(17,296)	19,894
Other accounts receivable	(502)	(7,849)
Trade accounts payable	(3,267)	(14,274)
Other accounts payable	(1,994)	(10,259)
Cash generated from operations	25,942	81,851

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

	2011 *US$'000*	2010 *US$'000*
Disposals, net *(note 6)*	6,159	7,936
Write-off *(note 6)*	–	9,530
Net book value	6,159	17,466
Loss on sale of property, plant and equipment	(2,482)	(12,475)
Proceeds from sale of property, plant and equipment	3,677	4,991

28. WORKERS' PROFIT SHARING

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

	2011 *US$'000*	2010 *US$'000*
Inventories *(note 10)*	2,365	–
Cost of goods sold	5,428	399
Administrative expenses	708	105
Selling expenses	316	19
	6,452	523
	8,817	523

29. INCOME TAX EXPENSE

a) Copeinca ASA

As of 31 December 2011 and 2010, the income tax rate in Norway is 28%. As of 31 December 2011 Copeinca ASA has a tax loss carry-forward amounting to NOK96,042 thousand equivalents to US$16,034 thousand (NOK88,347 thousand equivalents to US$14,798 thousand in 2010). 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, on an individual basis, for Copeinca S.A.C., under the general regime of the income tax as established by regulations currently in force in Peru, 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 2011 and 2010, the income tax rate in Peru is 30%. The taxable income has been determined as follows:

	2011	**2010**
	US$'000	*US$'000*
Profit (loss) before income tax	64,235	(17,125)
Plus: Workers' profit sharing	6,452	523
	70,687	(16,602)
Non-deductible expenses	13,910	3,657
Temporary differences	24,471	40,284
Non-taxable revenues	(20,894)	(21,973)
Taxable income	88,174	5,366
Workers profit sharing (10%)	(8,817)	(523)
	79,357	4,843
Current income tax (30%)	23,807	1,453

c) Other subsidiaries

As of 31 December 2011 the other subsidiaries of the Group have determined tax losses amounting to US$720 thousand which were merged to Copeinca S.A.C. (note 1) (tax losses amounting to US$11 thousand in 2010). Copeinca ASA'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:

	2011		2010	
	US$'000	%	*US$'000*	%
Profit (loss) before income tax	64,235		(17,125)	
Plus: Workers' profit sharing	6,452		523	
	70,687	100	(16,602)	100
Income tax and workers´ profit sharing	21,206	30	(4,981)	(30)
Other non taxable income	(2,142)	(3)	(5,242)	(32)
Other non deductible expenses	4,161	6	1,097	7
Other adjustments	(6,759)	(10)	(1,506)	(9)
Current and deferred income tax	16,466	23	(10,632)	(64)

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

	2011	2010
	US$'000	*US$'000*
Current *(note 29 – b)*	(23,807)	(1,453)
Deferred *(note 17)*	7,341	12,085
	(16,466)	10,632

e) Peruvian tax authorities (SUNAT, Spanish acronym) have the right to review and, if applicable, amend the income tax determined by Copeinca S.A.C. and its Peruvian subsidiaries in the last four years as from the following year the tax returns have been filed (years subject to examination). Years 2007 to 2011 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. and its Peruvian subsidiaries 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 and its subsidiaries' management consider that no significant liabilities will arise as a result of these tax examinations.

f) Copeinca S.A.C. may obtain a refund of the VAT (IGV in Peru) 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 2011 amounts to approximately US$3,859 thousand (approximately US$57 thousand as of 31 December 2010) and is shown net in other accounts receivable in the balance sheet (note 12).

g) Copeinca S.A.C. reported a taxable income for the fiscal year 2010; consequently, it was under the obligation of making, during the year 2011, payments in advance of the 2011 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 2011 income tax between January and November of 2011 for a total amount of US$3,535 thousand and carried forward a 2010 income tax credit of US$7,052 thousand (US$7,923 thousand payments in advance in 2010). Payments in advance of the income tax are applied against the final income tax filed within the tax authorities.

30. EARNINGS PER SHARE

a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of Copeinca ASA by the weighted-average number of ordinary shares outstanding and issued during the year (note 14).

	2011	**2010**
Profit (loss) attributable to equity holders of Copeinca ASA *(US$'000)*	47,769	(6,493)
Weighted-average number of common shares outstanding *(thousand)*	58,496	58,500
Basic earnings (losses) per share *(US$ per share)*	0.8187	(0.1110)

b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has share options and the calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the shares options.

	2011	**2010**
Profit (loss) attributable to equity holders of Copeinca ASA *(US$'000)*	47,769	(6,493)
Weighted-average number of common shares outstanding *(thousands)*	58,496	58,500
Adjustments for:		
– Share options *(thousands)*	(5,000)	–
Weighted-average number of common shares for diluted earnings per share *(thousands)*	58,848	58,500
Diluted earnings (losses) per share *(US$ per share)*	0.8097	(0.1110)

Diluted earnings per share for the year 2010 equals basic earnings per share because the Company obtained a loss for the year, and no dilutive effect was calculated.

31. CONTINGENCIES

As of 31 December 2011 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$2,218 thousand (US$6,323 thousand in 2010).
- Court actions (civil and labor-related actions) against Copeinca S.A.C for an amount of US$4,620 thousand, (US$2,230 thousand in 2010).
- Administrative proceedings filed within the Production Ministry amounting to US$6,036 thousand (US$3,687 thousand in 2010).

It is not anticipated that any material liabilities will arise from the contingent liabilities other than those provided for (note 18-d) Management believes that no material liabilities will arise from the final resolution of these cases.

32. RELATED-PARTY TRANSACTIONS

As of 31 December 2011, Copeinca ASA's major shareholders are Dyer and Coriat Holding (incorporated in Spain) holder of a 33% interest and Andean Fishing LLC holder of a 14% interest. The remaining 53% interest is widely held.

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.

As of 31 December 2011 and 2010 the Company has no receivables from operation activities related to these entities.

The movement of the loans granted to affiliated companies is as follows:

	2011	**2010**
	US$'000	*US$'000*
Beginning balance	162	712
Loans granted during the year	117	208
Repayment of loans received	(263)	(772)
Interest charged	1	(14)
Closing balance	17	162

These loans include US$24 thousand from services rendered to Camposol S.A. and US$93 thousand for assorted services to Gestion del Pacifico S.A.C. and interest of US$1 thousand.

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

	2011	**2010**
	US$'000	*US$'000*
Beginning balance	–	215
Services received during the year	937	136
Acquisition of fixed assets and other assets	–	–
Condonation of outstanding balance	–	(209)
Payments done	(928)	(142)
Closing balance	9	–

The services received are related to research and investigation services from Marinazul S.A. amounting to US$304 thousand and image, communications and social responsibility services from Gestion del Pacifico amounting to US$146 thousand, IT services amounting to US$333 thousand and other expenses US$154 thousand.

a) **Board and management remuneration**

On the Nominations Committee dated 26 April 2011 the Board remuneration for 2010 and 2011 has been determined as follows:

Directors	**Board**	**Nominations Committee Proposed Fee**	
		NOK 000	*US$'000*
Mr. Kristjan Davidsson	Chairman	570	105
Mr. Samuel Dyer Ampudia	Deputy Chairma	470	87
Mrs. Mimi Berdal	Member	265	49
Mrs. Marianne Johnsen	Member	275	51
Mr. Osterling Luis Dyer Ampudia	Member	270	50
Mr. Piero Dyer Coriat	Member	275	50
Mr. Sheyla Dyer Coriat	Member	265	48
Mr. Ivan Orlic Ticeran	Member	275	51

Samuel Dyer Coriat was appointed Chairman of the Board as of may 2011 and Kristjan Davidsson was appointed deputy chairman

The Group has a Management team consisting of an Executive chairman, a CEO and a CFO; all employed by the main subsidiary Copeinca S.A.C. During 2011 and 2010 the amounts paid to these executives were:

			2011		
	Salary	**Bonus**	**Benefits in kind**	**Value of options issued (*)**	**Total Remune ration**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Management					
Samuel Dyer Coriat (Executive chairman)	346	–	57	672	1,075
Eduardo Castro-Mendivil (CFO)	194	–	22	258	474
Pablo Trapunsky Vilar (CEO)	241	19	25	277	562
Total remuneration	781	19	104	1,207	2,111

			2010		
	Salary	**Bonus**	**Benefits in kind**	**Value of options issued (*)**	**Total Remune ration**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Management					
Samuel Dyer Coriat (CEO)	332	164	56	579	1,131
Eduardo Castro-Mendivil (CFO)	186	92	18	228	524
Pablo Trapunsky Vilar (COO)	190	45	22	242	499
Total remuneration	708	301	96	1,049	2,154

(*) Options issued but not exercised (note 14).

b) **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 (note 14).

Shares and options controlled by Board members and Management are as follows:

Shares controlled by Board members and Management	**Number of share options**	**Number of shares**	**Share-holding**
Samuel Dyer Coriat (Chairman)	350,000	818,920	1.40%
Mimi Berdal (Member)	–	9,000	0.02%
Osterling Luis Dyer Ampudia (Member)	–	1,872,780	3.21%
Samuel Dyer Ampudia (Member)	–	7,650,200	13.11%
Sheyla Dyer Coriat (Member)	–	763,920	1.31%
Ivan Orlic Ticerán (Member)	–	8,118,075	13.91%
CEO Pablo Trapunsky	145,000	4,000	0.01%
CFO Eduardo Castro-Mendívil	135,000	54,700	0.09%
Fleet Manager Diego Cateriano	52,500	–	–
Total shares controlled by Board members and Management	682,500	19,291,595	33.06%

The number of shares owned by the members of the Board of Directors, CEO, CFO and Fleet Manager include their related parties.

33. GUARANTEES

As of 31 December 2011, the Group has pledged the following assets:

Type of Asset	Encumbered creditor	Type of asset	Type of indebtedness	Fair Value	Type of guarantee
				US$'000	
Vessel	Petroperú	Rodga I	Line of credit	24,909	Mortgage
Vessel	Santander	DC1	Line of credit	1,212	Mortgage
Vessel	DNB Nor	Grunepa III	Bank loan	28,120	Mortgage
Total				54,241	

34. COMMITMENTS

Capital expenditures contracted for at the end of the reporting period but not yet incurred amounts to US$841 thousand for property plant and equipment.

35. SUBSEQUENT EVENTS

In 2012, the Company continued with the share buy-back program which ended in January 2012. After all the purchases, Copeinca S.A.C., a wholly-owned subsidiary of Copeinca ASA holds 852,993 shares equivalent to US$4,817 thousand purchased at an average market price of NOK33.73 (US$5.98).

REVENUE STATEMENT

Operating income and operating expenses	*Notes*	2011	2010
Payroll expenses	*7*	4,922,326	6,668,184
Other operating expenses	*7*	3,023,396	2,950,984
Operating expenses		7,945,721	9,619,168
Operating profit		(7,945,721)	(9,619,168)
Financial income and expenses			
Income from subsidiaries and other group entities		268,366,841	0
Interest income from group entities		4,240,684	4,600,734
Other interest income		871	236
Other financial income	*8*	13,198	4,872,898
Interest expense to group entities		102,241	36,825
Other financial expenses	*8*	5,782,808	9,298,795
Net financial income and expenses		266,736,545	138,247
Operating result before tax		258,790,823	(9,480,921)
Operating result after tax		258,790,823	(9,480,921)
Annual net profit		258,790,823	(9,480,921)
Brought forward			
Dividend		228,000,000	0
To other equity		29,491,908	0
Loss brought forward		(1,298,915)	1,298,915
From other equity		0	8,182,006
Net brought forward		258,790,823	(9,480,921)

BALANCE SHEET

Assets	*Notes*	**2011**	**2010**
Fixed assets			
Financial fixed assets			
Investments in subsidiaries	*1*	1,797,301,064	1,688,051,213
Loans to group companies	*2,3*	160,014,949	152,119,637
Total financial fixed assets		1,957,316,013	1,840,170,850
Total fixed assets		1,957,316,013	1,840,170,850
Current assets			
Debtors			
Other receivables		0	168,450
Inter company receivables	*2,3*	281,271,509	12,580,433
Total debtors		281,271,509	12,580,433
Cash and bank deposits	*6*	2,760,671	1,446,967
Total current assets		284,032,180	14,195,850
Total assets		2,241,348,193	1,854,366,700

BALANCE SHEET

Equity	Note	2011	2010
Restricted equity			
Share capital (58,500,000 shares, nom. value NOK5)	5	292,500,000	292,500,000
Share premium reserve		1,493,773,248	1,493,773,248
Other reserves		0	8,295,320
Total restricted equity		1,786,273,248	1,794,568,568
Retained earnings			
Other equity		30,615,893	0
Accumulated translation differences		169,544,779	53,188,374
Loss brought forward		0	(1,298,915)
Total retained earnings		200,160,672	51,889,459
Total equity	4	1,986,433,920	1,846,458,027
Liabilities			
Other long term liabilities	2	614,446	0
Total of other long term liabilities		614,446	0
Current liabilities			
Trade creditors		253,255	556,575
Inter company debt	3	18,348,074	7,352,097
Dividends		228,000,000	0
Other short term liabilities	2	7,698,498	0
Total short term liabilities		254,299,827	7,908,673
Total liabilities		254,914,272	7,908,673
Total equity and liabilities		2,241,348,193	1,854,366,700

STATEMENT OF CASHFLOW

	2011	2010
Cash flow from operations		
Profit before taxes	258,790,823	(9,480,921)
Changes in other receivables	(267,762,002)	309,438,625
Changes in trade payables	(303,320)	(654,741)
Value of share options expensed	1,881,561	3,604,599
Change in other items, included translation differences	10,346,619	(13,720,458)
Net cash generated from operating activities	2,953,681	289,187,104
Cash flow from financing activities		
Dividend Paid	0	(288,800,000)
Options exercised	(1,639,976)	0
Net cash used in financing activities	(1,639,976)	(288,800,000)
Net decrease/increase in cash and cash equivalents	1,313,705	387,104
Cash and cash equivalents at beginning of the period	1,446,967	1,059,863
Cash and cash equivalents at the end of the period	2,760,671	1,446,967

ACCOUNTING PRINCIPLES

The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

Revenue recognition

Revenue from sales of goods is recognised at the time of delivery. Revenue from the sales of services is recognised when the services are executed. The share of sales revenue associated with future service is recorded in the balance sheet as deferred sales revenue, and is recognized as revenue at the time of execution.

Classification and valuation of balance sheet items

Assets intended for long term ownership or use have been classified as fixed assets. Assets expected to be realised in, or is intended for sale or consumption in the entity's normal operating cycle have been classified as current assets. Receivables are classified as current assets if they are expected to be realised within twelve months after the transaction date. Similar criteria apply to liabilities.

Current assets are valued at the lower of cost and fair value. Short term liabilities are reflected at nominal value.

Fixed assets are carried at historical cost. Fixed assets whose value will deteriorate are depreciated on a straight line basis over the asset's estimated useful life. Fixed assets are written down to net realisable value if a value reduction occurs which is not expected to be temporary. Accruals are discounted to present value if the time value of money is material.

Subsidiaries, associated companies, and joint ventures

Investments in subsidiaries, associated companies and joint ventures are valued at cost in the company accounts. The investment is valued at the cost of acquiring the shares, providing they are not impaired.

Group contributions to subsidiaries, with tax deducted, are reflected as increases in the purchase costs of the shares.

Dividends and group contributions are recognised in the same year as they are recognised in the subsidiary/associated company accounts. If dividends exceed retained earnings after acquisition, the exceeding amount is regarded as reimbursement of invested capital and the distribution will reduce the recorded value of the acquisition in the balance sheet.

Trade and other receivables

Trade and other receivables are recognised in the balance sheet at nominal value after deduction of provision for bad debts. The provision for bad debts is estimated on the basis of an individual assessment of each receivable.

Foreign currencies

Items denominated in foreign currencies are translated into the functional currency of Copeinca ASA (PEN = Peruvian new sol) at the exchange rate on the balance sheet date.

The company changed its functional currency from NOK to PEN on 1 January 2010. One used the actual currency rates to establish the new balance sheet values (respectively 0,495 for assets and 0,504 for debt items). Balances in PEN as of 1 January 2010 represent new historical cost values.

Reference is also made to the consolidated accounts with respect to foreign currencies.

Taxes

The tax expense in the income statement consists both of taxes payable for the accounting period, and the period's changes in deferred tax. Deferred tax is calculated as 28% of the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences, both positive and negative, are offset within the same period. Deferred tax assets are recorded in the balance sheet when it is more likely than not that the tax assets will be utilized. Deferred tax assets and deferred tax liabilities are presented net in the balance sheet.

Tax on group contributions given, booked as an increase in the purchase price of shares in other companies, and tax on group contribution received booked directly to equity, have been booked directly against tax items in the balance sheet (offset against tax payable if the group contribution has affected tax payable, and offset against deferred taxes if the group contribution has affected deferred taxes).

Cash Flow Statement

The Cash Flow Statement is prepared using the indirect method. The application of this method implies that profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

NOTE 1
Subsidiaries

Investments in subsidiaries are booked according to the cost method.

Subsidiaries	Location	Ownership %	Equity last year (100%) – TNOK	Profit/loss last year (100%) – TNOK	Book value
Copeinca Internacional SLU	Spain	100.00%	59,533,475	126,165,463	228,919,977
Corporation Pesquera Inca SAC	Peru	43.38%	1,373,031,781	306,212,727	1,568,381,087
			1,432,565,256	432,378,190	1,797,301,064

NOTE 2
Receivables and liabilities

The company has granted a subordinated loan for TNOK149.806 on one of its subsidiaries. The objective of the loan is to finance the subsidiary's investments in other group companies, and final repayment terms are not settled between the parties. Additional loan for TNOK10.209 is granted to the same company.

All other receivables are due for repayment within 12 months after 31 December 2011.

All liabilities of Copeinca ASA shall be repaid before 31 Dec 2016 (5 years after the end of 2011).

None of the liabilities are secured with mortgages.

Reference is made to the notes of the consolidated accounts regarding market risk, credit risk and liquidity risk.

Share holders and employees who are granted options, have with effect from 2011 the opportunity to receive payment in cash from Copeinca ASA when options are exercised (synthetic options). As consequence of this, calculated value of options are recorded as debt with TNOK8.313 (hereof TNOK as current and TNOK614 as non current debt and TNOK7.698 as current debt).

NOTE 3
Intercompany balances with group companies

Inter group receivables and debt are shown as separate items in the balance sheet.

Specification of group receivables:	2011		2010	
	Non current	Current	Non current	Current
Copeinca SAC	–	12,904,668	–	12,580,433
Copeinca International	160,014,948	–	152,119,636	–
Dividend	–	268,366,841	–	–
	160,014,948	281,271,509	152,119,636	12,580,433

Specification of inter group debt:	2011	2010
Copeinca SAC	18,348,074	7,352,097
	18,348,074	7,352,097

NOTE 4
Equity

	Share capital	Share premium reserve	Other paid up equity	Other equity	Translation differences	Total
Equity at 1 January	292,500,000	1,493,773,248	8,295,320	(1,298,915)	53,188,374	1,846,458,027
Share options – transferred to debt	–	–	(8,295,320)	–	–	(8,295,320)
Translation difference 1)	–	–	–	–	116,356,405	116,356,405
Other direct equity transactions	–	–	–	1,123,985	–	1,123,985
Dividend	–	–	–	(228,000,000)	–	(228,000,000)
Profit and loss of the year	–	–	–	258,790,823	–	258,790,823
Equity at 31 December	292,500,000	1,493,773,248	–	30,615,893	169,544,779	1,986,433,920

1) Copeinca ASA changed its functional currency from Norwegian kroner to Peruvian sol with effect from 1 Jan 2010. The presentation currency is still Norwegien kroner, and translation differences arises from the conversion from sol to kroner.

Conversion to the presentation currency as of 31 December 2011 is made at 2,211 for assets (sales rate) and 2,237 for the debt (purchase rate). Profit & loss items are converted on the basis of the annual average rate of 2,007.

Material transactions are translated at the rate of exchange on the transaction date.

NOTE 5
Share capital and shareholder information

Copeinca ASA has has its business office in Haakonsgate VII, Oslo, where the consolidated group financial accounts can be obtained.

The share capital of NOK292.500.000 consists of 58.500.000 shares with a face value of NOK5 each. All shares have equal rights.

Reference is made to the notes of the consolidated accounts with respect to warrants and options issued, and transactions with related parties.

List of major shareholders at 31.12.11	Total Shares	Ownership	Voting Rights
Dyer Coriat Holding	19,098,000	32.6%	32.6%
Andean Fishing LLC	8,118,075	13.9%	13.9%
ETVE Veramar Azul S.L.	6,323,745	10.8%	10.8%
Weilheim Investments S.L.	3,147,530	5.4%	5.4%
State Street Bank & Trust	1,528,436	2.6%	2.6%
South Winds	1,489,750	2.5%	2.5%
DNB NOR SMB	1,395,000	2.4%	2.4%
State Street Bank & Trust	1,381,750	2.4%	2.4%
GMO Emerging Illiquid Fund	1,145,350	2.0%	2.0%
The Northern Trust	1,097,534	1.9%	1.9%
State Street Bank & Trust	948,060	1.6%	1.6%
Fidelity Latin America Fund	939,655	1.6%	1.6%
Verdipapirfondet Handelsbanken	800,000	1.4%	1.4%
Alfred Berg Gambak	756,202	1.3%	1.3%
JP Morgan Clearing Corp	732,264	1.3%	1.3%
DNB NOR Markets	563,945	1.0%	1.0%
JP Morgan Chase Bank	480,422	0.8%	0.8%
Fidelity Funds Latin America	470,386	0.8%	0.8%
Alfred Berg Norge+	406,461	0.7%	0.7%
DERIS S	400,000	0.7%	0.7%
Top 20	51,222,565	87.7%	87.7%
Other	7,277,435	12.3%	12.3%
Total	58,500,000	100.0%	100.0%

NOTE 6
Taxes

Calculation of deferred tax/deferred tax asset

Temporary differences	2011	2010
Positive differences	–	–
Taxable share of dividend received	8,051,005	
Tax losses carried forward	(96,041,923)	(88,347,466)
Total	(87,990,918)	(88,347,466)
28% deferred tax	(24,637,457)	(24,737,290)
Deferred tax assets not recognised	24,637,457	24,737,290
Deferred tax in the balance sheet	0	0

Basis for income tax, changes in deferred tax and tax payable

	2011	2010
Profit/loss before income tax	258,790,823	(9,480,921)
Permanent differences	(258,434,275)	3,604,599
Basis for the tax expense of the year	356,548	(5,876,322)
Changes in temporary differences	(8,051,005)	9,489,715
Basis for tax payable in the profit and loss statement	(7,694,457)	3,613,393
Basis for tax payable liability	0	0

The company has decided not to recognise deferred tax assets in the balance sheet as it is not likely that the loss brought forward can be utilized against future taxable profit.

Bank deposits related to employees' tax deductions are TNOK11 as of 31 Dec. There is no related payment obligations at year end.

NOTE 7
Employee benefits expense, number of employees, loans to employees

Employee benefits expense	2011	2010
Board member remuneration	2,665,000	2,685,000
Social security expenses	375,765	378,585
Calculated value of share options issued	1,881,561	3,604,599
Total	4,922,326	6,668,184

The company has no employees.

Copeinca ASA has granted 930.000 share options to 11 key employees of the Group. At year end 2011 a total of 794.400 options remain outstanding. The value of the options is calculated on the basis of the Black Scholes model, and expensed in the Profit and loss account. During 2011 135.600 options have been exercised and settled by payment from the company. Reference is also made to the consolidated accounts where more information about the issue can be found.

Management renumeration

	General manager	Board
Salaries	–	2,665,000

No loans/securities have been granted to the board chairman or other related parties. No individual loan/security amounts to more than 5% of the company's equity.

Auditor

The expensed fees to the company's auditor consist of the following (VAT included):

– Statutory Audit	340,391
– Other advisory services	171,894
Total fee to the auditor	512,285

NOTE 8
Currency gains and losses included in the profit and loss statement

	2011	**2010**
Currency gain	13,198	4,872,897
Currency loss	5,782,808	9,298,795

To the Annual Shareholders' Meeting of Copeinca ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Copeinca ASA, 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 2011, and the income statement and 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 balance sheet at 31 December 2011, income statement, statement of comprehensive income, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the financial statements of the parent company in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by EU and for such internal control as the Board of Directors and the Managing Director 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.

Opinion on the financial statements of the parent company

In our opinion, the financial statements of the parent company are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position for Copeinca ASA as at 31 December 2011, and 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 of the group

In our opinion, the financial statements of the group present fairly, in all material respects, the financial position of the group Copeinca ASA as at 31 December 2011, and 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 and statement of corporate governance principles and practices

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 and statement of corporate governance principles and practices concerning the financial statements and the going concern assumption, and the proposal for the allocation of the profit 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 ISAE3000 "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.

Oslo, 26 March 2012
Issued by Copeinca's auditors

AUDITED FINANCIAL STATEMENTS OF COPEINCA FOR THE YEAR ENDED 31 DECEMBER 2010

The following is an extract of the audited financial statements of Copeinca for the year ended 31 December 2010, which were prepared in accordance with IFRS, from the 2010 annual report and financial statements of Copeinca (pages 87-163).

Specific page/section references mentioned in the audited financial statements of Copeinca for the year ended 31 December 2010 are referred to in Copeinca's 2010 annual report and financial statements and are available on the Oslo Børs website (http://www.oslobors.no.eng/).

CONSOLIDATED BALANCE SHEET

	Note	2010	2009	2008
		As of 31 December		
		US$'000	US$'000	US$'000
	2.18, 2.24		Restated	Restated
ASSETS				
Non-Current assets				
Property, plant and equipment	6	237,953	244,377	261,695
Fishing licenses	7	213,964	205,938	189,592
Goodwill	7	138,996	132,738	121,364
Other intangible assets	7	1,317	1,845	1,971
		592,230	584,898	574,622
Current assets				
Inventories	10	15,528	40,009	41,840
Trade receivables	11	7,732	29,225	18,507
Other accounts receivable	12	19,828	12,672	13,647
Held-to-maturity investments		–	–	24,790
Cash and cash equivalents		34,201	12,478	22,949
		77,289	94,384	121,733
Total assets		669,519	679,282	696,355
EQUITY				
Equity attributable to owners of the parent				
Share capital	13	55,717	55,717	55,717
Share premium	13	286,462	304,990	304,990
Cumulative translation adjustment	14	(10,442)	(19,727)	(44,770)
Retained earnings	14	–	37,345	36,710
		331,737	378,325	352,647
Non-controlling interest		–	91	105
Total equity		331,737	378,416	352,752

	Note	As of 31 December		
		2010	2009	2008
		US$'000	US$'000	US$'000
	2.18, 2.24		Restated	Restated
LIABILITIES				
Non-current liabilities				
Long-term borrowings	15	201,500	105,580	143,141
Deferred income tax	16	86,038	95,425	90,653
Other accounts payable	17	9,858	15,338	13,386
		297,396	216,343	247,180
Current liabilities				
Bank loans and short term debt	15	1,010	–	21,631
Trade accounts payable	17	17,142	29,786	22,297
Other accounts payable	17	7,202	8,957	9,516
Current income tax payable		–	7,541	2,200
Current portion of long-term borrowings	15	15,032	38,239	40,779
		40,386	84,523	96,423
Total liabilities		337,782	300,866	343,603
Total equity and liabilities		669,519	679,282	696,355

The notes on pages I-163 to I-216 of this Circular are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME

	Note	For the year ended 31 December 2010	2009
		US$'000	US$'000
	2.18, 2.24		Restated
Sales	18	233,042	203,161
Cost of goods sold	19	(146,238)	(144,615)
Gross profit		86,804	58,546
Selling expenses	20	(11,431)	(13,658)
Administrative expenses	21	(15,650)	(16,399)
Other income	22	12,325	9,692
Other expenses	22	(73,588)	(31,750)
Operating (loss) profit		(1,540)	6,431
Finance income	25	502	1,428
Finance costs	25	(23,457)	(14,601)
Exchange difference, net		7,370	10,057
(Loss) profit before income tax		(17,125)	3,315
Income tax expense	27	10,632	(3,060)
(Loss) profit for the year		(6,493)	255
Attributable to:			
Equity holders of the company		(6,493)	255
Non-controlling interest		–	–
		(6,493)	255
(Losses) earnings per share for result attributable to the equity holders of the Company during the year (US$ per share):			
Basic	28	(0.1110)	0.0044
Diluted	28	(0.1110)	0.0043

The notes on pages I-163 to I-216 of this Circular are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the year ended 31 December 2010	For the year ended 31 December 2009
		US$'000	US$'000
	2.18, 2.24		Restated
(Loss) profit for the year		(6,493)	255
Currency translation adjustment with no tax effect	14	9,285	25,043
Total comprehensive income		2,792	25,298
Attributable to:			
Equity holders of the parent	14	2,792	25,298
Non-controlling interest		–	–
Total comprehensive income for the year		2,792	25,298

The notes on pages I-163 to I-216 of this Circular are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2010 AND 31 DECEMBER 2009 (restated)

	Note	Share capital	Share premium	Cumulative translation adjustment	Other Reserves	Retained earnings	Non-controlling interest	Total equity
		US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Balances as of 1 January 2009		55,717	304,990	(49,684)	5,644	23,224	105	339,996
Effect of change in accounting policy	*2.18*	–	–	4,914	(5,644)	13,486	–	12,756
Restated balances as of 1 January 2009		55,717	304,990	(44,770)	–	36,710	105	352,752
Cumulative translation adjustment		–	–	29,856	–	–	–	29,856
Transactions with non-controlling interest		–	–	–	–	–	(14)	(14)
Adjustment	*2.24*	–	–	(4,813)	–	–	–	(4,813)
Stock options expense		–	–	–	–	380	–	380
Profit for the year		–	–	–	–	255	–	255
Balances as of 31 December 2009	*13-14*	55,717	304,990	(19,727)	–	37,345	91	378,416
Balances as of 1 January 2010		55,717	304,990	(19,727)	–	37,345	91	378,416
Cumulative translation adjustment		–	–	9,285	–	–	–	9,285
Dividends distribution related to 2009 profits	*29*	–	–	–	–	(50,000)	–	(50,000)
Transactions with non-controlling interest		–	–	–	–	–	(91)	(91)
Stock options expense		–	–	–	–	620	–	620
Loss for the year		–	–	–	–	(6,493)	–	(6,493)
Appropriation of share premium to cover accumulated losses	*13*	–	(18,528)	–	–	18,528	–	–
Balances as of 31 December 2010	*13-14*	55,717	286,462	(10,442)	–	–	–	331,737

The notes on pages I-163 to I-216 of this Circular are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the year ended 31 December 2010	2009
		US$'000	US$'000
	2.18, 2.24		Restated
Cash from operations	26	81,851	44,407
Interest paid		(16,760)	(14,601)
Income tax paid		(7,711)	(5,002)
Net cash generated from operating activities		57,380	24,804
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(60,483)	(6,579)
Proceeds from sale of PPE	6, 26	4,991	6,736
Purchase of intangible assets	7	(2,544)	(407)
Movement in short term investments		–	24,790
Movement in non-controlling interest		(91)	–
Net cash (used in) generated from investing activities		(58,127)	24,540
Cash flows from financing activities			
Repayment of bank loans and short term loans	15	(9,513)	(63,237)
Proceeds from bank loans and short term loans	15	10,521	41,605
Repayment of long-term borrowings	15	(155,405)	(61,101)
Proceeds from long-term borrowings	15	226,603	21,000
Dividends paid	29	(50,000)	–
Net cash generated from (used in) financing activities		22,206	(61,733)
Net increase (decrease) in cash and cash equivalents		21,459	(12,389)
Cash and cash equivalents at beginning of the year		12,478	22,949
Exchange gains on cash and cash equivalents		264	1,918
Cash and cash equivalents at end of the year		34,201	12,478

The notes on pages I-163 to I-216 of this Circular are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

a) Operations

Copeinca ASA ("the company") and its subsidiaries (together "the group") are mainly engaged in the extraction of several hydro-biological species and their subsequent transformation into fishmeal and fish oil, for direct or indirect human consumption. Its products are mainly sold to China, Germany, Japan, Vietnam and Turkey, among other foreign countries.

The company is a limited liability company incorporated and domiciled in Norway. The address of its registered office is Haakon VII gate 10, 0106 Oslo.

The company has its primary listing on the Oslo Børs stock exchange and a secondary listing on the Lima stock exchange.

The group consolidated financial statements were approved for issue by the Board of Directors on 26 April 2011. Final approval of these group consolidated financial statements will be given at the Annual General Meeting scheduled to be held on 19 May 2011.

Copeinca ASA is the ultimate parent company of the group. Copeinca ASA owns Corporación Pesquera Inca S.A.C. (hereinafter Copeinca S.A.C.), a Peruvian limited company incorporated in July 1994 under the laws of Peru. Copeinca S.A.C. is the main operating company in the group. Upon its incorporation in 1994, Copeinca S.A.C. was owned by D&C group S.A.C. and Acero Holding S.A.C. prior to the establishment of Copeinca ASA and Copeinca Internacional S.L.U. on November/December 2006.

As of 31 December 2010, Copeinca S.A.C. is a wholly-owned subsidiary of Copeinca ASA which has a direct interest of 42.85% of its shares and indirect interests through Copeinca Internacional S.L.U (located in Spain) which has a 33.48% interest, Rab Overseas Perú Limited S.A.C. which has 17.52%, Weimar Trading Perú Limited S.A.C. which has 1.07% interest and PFB Fisheries B.V. which has 5.08% interest.

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 seven-processing plants located in the cities of Bayovar, Chicama, Chimbote, Huarmey, Chancay and Ilo, located in the areas of Piura, La Libertad, Ancash, Lima and Moquegua. Six of these plants are currently operating (see below).

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 fish processing plant is as follows:

Fish-processing plants	Line of production Capacity	MT/Hour
1. Bayovar	Steam Dried (SD)	170
2. Chicama ACP	Steam Dried (SD)	160
3. Chimbote ACP	Steam Dried (SD)	185
4. Huarmey (*)	Steam Dried (SD)	50
	Flame Dried (FD)	92
5. Chancay	Steam Dried (SD)	168
6. Ilo	Steam Dried (SD)	90
7. Chimbote FD (*)	Flame Dried (FD)	166

As of 30 November 2010 the group had 67 vessels with a storage capacity of 22,293 M3 which corresponds to 65 purse seiner vessels with a capacity of 22,261 M3 and 2 trawling vessels with a storage capacity of 32 M3 (as of 31 December 2009 the group had 66 vessels with storage capacity of 21,837 M3 which corresponded to 64 purse seiner vessels with a capacity of 21,805 M3 and 2 trawling vessels with a storage capacity of 32 M3). In 2010, Copeinca leased 1 purse seiner vessel with a storage capacity of 388 M3 (Copeinca leased 1 purse seiner vessel with a storage capacity of 388 M3 in 2009).

As of 31 December 2010 the group has written-off the book value of 33 parked vessels and transferred their corresponding licenses and quotas to other of its operating vessels. The group is currently operating in average with 26 of its 32 vessels, as management is evaluating the most efficient use of the company´s fleet.

In 2010 the group processed 478,129 MT of raw materials (766,885 MT in 2009) of which 361,205 MT (526,136 TM in 2009) were extracted by its own fleet and 119,738 MT (240,749 TM in 2009) were acquired from third parties.

In 2010 the group produced 14,682 MT fishmeal FD, 97,656 MT fishmeal SD and 26,488 MT fish oil. (53,707 MT fishmeal FD, 123,015 MT fishmeal SD and 36,821 MT fish oil in 2009).

(*) Except for the Chimbote FD Plant (7 above), which has been inoperative during 2010 and 2009 and for the Huarmey Plant (4 above) which was closed down in February 2011, all of other plants are fully operative.

The company owns directly and indirectly the following entities:

Subsidiaries	Location	Owner-ship%
COPEINCA Internacional S.L.U.	Spain	100
Pesquera San Ambrosio S.A.C.	Peru	100
Pesquera San Vicente S.A.C.	Peru	100
Pesquera Esciron S.A.	Peru	100
Rab Overseas Perú Limted S.A.C. (*)	Peru	100
PFB Fisheries B.V.	Netherlands	100
Weimar Trading Perú Limited S.A.C. (*)	Peru	100
Gerzat S.A.C. (**)	Peru	100
Corporación Pesquera Inca S.A.C.	Peru	100

Pesquera Esciron S.A. and PFB Fisheries N.V. (Netherlands) are subsidiaries of Corporación Pesquera Inca S.A.C.

(*) Entities re-domiciled from BVI to Peru on January 2010.

(**) On December 2010, Copeinca incorporated Gerzat S.A.C. to act as holding.

b) Regulatory framework

Fishing Industry is regulated in Peru 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 new 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 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 and payment: (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 fish catching activities during the prior period; and, (d) payment 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 Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention.

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 new legislation in force for the fishing industry in Peru (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 year. The new 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 and amended standards adopted by the group*

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010.

IFRS 3 (revised), 'Business combinations', and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognized in profit or loss.

IAS 27 (revised) has had no impact on the current period, as none of the non-controlling interests have a deficit balance; there have been no transactions whereby an interest in an entity is retained after the loss of control of that entity, and there have been no transactions with non-controlling interests.

b) *New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2010 but not currently relevant to the group (although they may affect the accounting for future transactions and events)*

The following standards and amendments to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2010 or later periods, but the group has not early adopted them.

IFRIC 17, 'Distribution of non-cash assets to owners' (effective on or after 1 July 2009). The interpretation was published in November 2008. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable.

IFRIC 18, 'Transfers of assets from customers', effective for transfer of assets received on or after 1 July 2009. This interpretation clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). In some cases, the entity receives cash from a customer that must be used only to acquire or construct the item of property, plant, and equipment in order to connect the customer to a network or provide the customer with ongoing access to a supply of goods or services (or to do both).

IFRIC 9 requires an entity to assess whether an embedded derivative should be separated from a host contract when the entity reclassifies a hybrid financial asset out of the 'fair value through profit or loss' category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. If the entity is unable to make this assessment, the hybrid instrument must remains classified as at fair value through profit or loss in its entirety.

IFRIC 16, 'Hedges of a net investment in a foreign operation' effective 1 July 2009. This amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of IAS 39 that relate to a net investment hedge are satisfied. In particular, the group should clearly document its hedging strategy because of the possibility of different designations at different levels of the group. IAS 38 (amendment), 'Intangible assets', effective 1 January 2010. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives.

IAS 1 (amendment), 'Presentation of financial statements'. The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or noncurrent. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time.

IAS 36 (amendment), 'Impairment of assets', effective 1 January 2010. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, 'Operating segments' (that is, before the aggregation of segments with similar economic characteristics).

IFRS 2 (amendments), 'Group cash-settled share-based payment transactions', effective form 1 January 2010. In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 – Group and treasury share transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation.

IFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations'. The amendment clarifies that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1.

c) *New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2010 and not early adopted*

The group's and parent entity's assessment of the impact of these new standards and interpretations is set out below.

IFRS 9, 'Financial instruments', issued in November 2009. This standard is the first step in the process to replace IAS 39, 'Financial instruments: recognition and measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. However, the standard has not yet been endorsed by the EU. It is not expected to have a material impact on the group´s financial statements.

IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. Earlier application, in whole or in part, is permitted. However, the standard has not yet been endorsed by the EU. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The group will apply the revised standard from 1 January 2011, provided that it is endorsed by the EU.

‘Classification of rights issues’ (amendment to IAS 32), issued in October 2009. The amendment applies to annual periods beginning on or after 1 February 2010. Earlier application is permitted.

The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment applies retrospectively in accordance with IAS 8 ‘Accounting policies, changes in accounting estimates and errors’. The group will apply the amended standard from 1 January 2011 as it has already been endorsed by the EU. It is not expected to have any impact on the group or the parent entity’s financial statements.

IFRIC 19, ‘Extinguishing financial liabilities with equity instruments’, effective 1 July 2010. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. The group will apply the interpretation from 1 January 2011, subject to endorsement by the EU. It is not expected to have any impact on the group or the parent entity’s financial statements.

‘Prepayments of a minimum funding requirement’ (amendments to IFRIC 14). The amendments correct an unintended consequence of IFRIC 14, ‘IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction’. Without the amendments, entities are not permitted to recognize as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct this.

The amendments are effective for annual periods beginning 1 January 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented. The group will apply these amendments for the financial reporting period commencing on 1 January 2011. It is not expected to have any impact on the group or the parent entity’s financial statements.

2.2 Consolidation

a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which Copeinca ASA has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date control ceases.

The group uses the acquisition method of accounting 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 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.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net assets. 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 group’s share of the identifiable net assets acquired is recorded as goodwill (note 2.6). If this 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 comprehensive income.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated, unless the transaction evidences the impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

b) *Transactions and non-controlling interests*

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between 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.

When the group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, 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.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

c) *Changes in accounting policy*

The group has changed its accounting policy for transactions with non-controlling interest and the accounting for loss of control or significant influence from 1 January 2010 when revised IAS 27, "Consolidated and separate financial statements", became effective. The revision of IAS 27 contained consequential amendments to IAS 28, "Investments in associates", and IAS 31, "Interests in joint ventures".

Previously transactions with non-controlling interests were treated as transactions with parties external to the group. Disposal therefore resulted in gains or losses in the statement of income and purchases resulted in the recognition of goodwill. On disposal or partial disposal, a proportionate interest in reserves attributable to the subsidiary was reclassified to profit or loss or directly to retain earnings.

Previously, when the group ceased to have control or significant influence over an entity, the carrying amount of the investment at the date control or significant influence became its cost for the purpose of subsequent accounting for the retained interests as associates, jointly controlled entity or financial asset.

The group has applied the new policy prospectively to transactions occurring on or after 1 January 2010. As a consequence, no adjustments were necessary to any of the amounts previously recognized in the financial statements.

2.3 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 CEO that makes strategic decisions.

2.4 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 entity operates ('the functional currency').

The functional currency of 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 remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at yearend exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement except when deferred in equity 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 income statement within "exchange difference, net".

c) *Group companies*

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

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

(b) income and expenses for each income statement 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);

(c) equity balances, except retained earnings, are translated at the historical exchange rates; and (d) 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, and of borrowings and other currency instruments designated as hedges of such investments, 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 income statement 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.

2.5 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 income statement 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
Buildings and other constructions	33
Fishing vessels and equipment of fleet	4-36
Machinery and equipment	4-30
Vehicles	5
Furniture and fixtures	10
Other equipment	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 income statement.

2.6 Intangible assets

a) *Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

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 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.

2.7 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 (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Financial assets

2.8.1 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 balance sheet date. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other accounts receivable' and cash and cash equivalents in the balance sheet (notes 2.12 and 2.13).

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.

2.8.2 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.

2.9 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.

2.10 Impairment of financial assets

a) *Assets carried at amortized cost*

The group assesses at each balance sheet date whether a financial asset 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.

The criteria that the group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties;
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  i)

adverse ii) changes in the payment status of borrowers in the portfolio; and

national or local economic conditions that correlate with defaults on the assets in the portfolio.

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 income statement. If a loan 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 instruments' 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 an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated income statement.

Impairment testing of trade receivables is performed when there is any indication of impairment.

According to our policies trade receivables are secured with confirmed letters of credit and collected within 30 and 60 days.

b) *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 income statement. Impairment losses recognized in the separate consolidated income statement on equity instruments are not reversed through the separate consolidated income statement. 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 separate consolidated income statement.

2.11 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 nonfishing 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 at the end of each year to the cost of inventories based on the actual normal operating capacity for each year based on the corresponding assigned quota granted by the Peruvian regulator (note 1-b-ii). 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 one year.

2.12 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 – a).

2.13 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less net of bank overdrafts.

2.14 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.

2.15 Trade payables

Trade payables 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.

2.16 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 income statement 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.

2.17 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, 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.

2.18 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 Peru 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.

Changes in accounting policy

Beginning September 2010, the group changed its accounting policy for the recognition of the workers' profit sharing. The previous accounting policy adopted by the group contemplated the recognition of the workers' profit sharing following the requirements of IAS 12 "Income taxes", giving effect to the recognition of temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. As a consequence under the previous policy a deferred workers' profit sharing was shown in the balance sheet and income statement. The charge to the statement of income of this workers' profit sharing was shown in a line immediately before the income tax charge for the year in the statement of income.

On November 2010, the IFRIC issued a staff paper responding to a request to add to its agenda the review of the accounting treatment of workers' profit sharing which calculation is derived from the taxable income. The Committee, after analyzing the alternatives for the recognition of such workers' profit sharing concluded that under IFRS it should be recognized following the criteria established in IAS 19 "Employee benefits".

Accordingly the group changed its accounting policy for the recognition of the workers' profit sharing following the criteria of IAS 19. The effects of the change in this accounting policy correspond to i) the derecognition of the deferred workers' profit sharing in the balance sheet and ii) the presentation of the current workers' profit sharing as an operating expense in the income statement.

In accordance with IAS 8 "Accounting Policies, Changes in Estimates and Errors", the effects of the change in the accounting treatment of the workers profit sharing was recognized retrospectively by the restatement of the balances formerly reported in the 2009 financial statements as stated below:

	Issued	**Restated**	**Difference**
	US$'000	*US$'000*	*US$'000*
Year ended 2009			
Balance Sheet			
Total assets	689,837	679,282	(10,555)
Total equity	366,706	378,416	11,710
Total liabilities	323,131	300,866	(22,265)
Income statement			
(Loss) profit before income tax	(4)	3,315	3,319
Net (loss) profit for the year	(3,512)	255	3,767
Cash flow statement			
Operating activities	26,722	24,804	(1,918)
Foreign exchange losses on operating activities	(5,244)	(14,830)	(9,586)
Changes in working capital:			
Other accounts payable	12,019	(3,461)	15,480
Earnings per share			
Basic earnings per share	(0.0600)	0.0044	0.0644
Diluted earnings per share	(0.0600)	0.0043	0.0643
Year ended 2008			
Balance Sheet			
Total assets	706,910	696,355	10,555
Total equity	339,996	352,752	12,756
Total liabilities	366,914	343,603	23,311

2.19 Share-based payments

The group operates an equity-settled, share-based compensation plan, under which the entity (Copeinca ASA) 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 vesting 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 entity revises its estimates of the number of options that are expected to vest based on the nonmarketing vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

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 income statement, with a corresponding credit to equity.

2.20 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.

2.21 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, 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. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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.

2.22 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 income statement 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 where 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 finance 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 income statement 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.

2.23 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.

2.24 Reclassifications and adjustments

Certain transactions of year 2009 have been reclassified in the accompanying financial statements in order to improve the clarity of the group's financial reporting.

Freights amounting to US$3,816 thousand have been reclassified from the selling expenses account to the cost of goods sold account since freights are invoiced to customers.

Sale of supplies and fuel amounting to US$3,788 thousand has been reclassified from sales to other income, and its corresponding costs of US$3,619 thousand have been reclassified from costs of goods sold to other expenses.

The depreciation and expenses of idle assets amounting to US$8,690 thousand have been reclassified from other expenses to costs of goods sold in an amount of US$6,725 thousand and to administrative expenses in an amount of US$1,965 thousand.

Other minor reclassifications from selling expenses amounting to US$429 thousand and from other expenses amounting to US$325 thousand were transferred to costs of goods sold totaling US$754 thousand.

In addition, as a result of the review of the prior year balances, the group noted that exchange differences from affiliated accounts were not properly eliminated through the consolidation process and that the Peruvian legal reserve was eliminated against the cumulative translation adjustment account instead affecting retained earnings in the statement of equity as appropriate. The effect of the elimination of these exchange differences implied a credit to the income statement amounting to US$4,813 thousand with charge to retained earnings in year 2009. These adjustments had no effect in the equity reported in 2009.

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 the US dollar, the NOK and the Euro. 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 debit balances in foreign currency, ii) maintaining the volumes of exports and their profitability, and iii) entering into forward contracts. As of 31 December 2010, Copeinca S.A.C. has signed forward contracts amounting to US$13,000,000 to reduce the risk of adverse exchange rate fluctuations. The fair value of these forward contracts amounts to US$23,000, which management has decided not to recognize in the financial statements since it is considered immaterial.

The Group has no specific policy for entering into forward foreign exchange contracts to hedge foreign currency exposures. In 2010 and 2009 management's strategy contemplated buying foreign currency in the spot market. The group does not have any forward foreign currency contracts outstanding at the reporting date, other than that disclosed in the paragraph above.

The balances in foreign currency (US$) as of 31 December are as follows:

	2010	**2009**
	US$'000	*US$'000*
Assets		
Trade receivables	7,730	29,095
Other accounts receivable	4,225	732
Cash and cash equivalents	11,457	9,456
	23,412	39,283
Liabilities		
Long-term borrowings (including current portion)	(216,532)	(143,819)
Bank loans and short term debt	(1,010)	–
Trade accounts payable	(12,715)	(16,113)
Other accounts payable	(624)	(1,927)
	(230,881)	(161,859)
Net liabilities	(207,469)	(122,576)

As of 31 December 2010, consolidated assets and liabilities in US dollars have been expressed at the exchange rates of S/.2.808 per US$1 for assets and S/.2.809 for liabilities per US$1 (S/.2.888 per US$1 for assets and S/.2.891 for liabilities per US$1 in 2009).

As of 31 December 2010 Copeinca ASA and its subsidiaries recorded net exchange gains amounting to US$7,370 thousand (exchange gains amounting to US$10,057 thousand in 2009) shown in the income statement.

If the exchange rate PEN-USD changes in +/- 10%, with all other variables held constant the posttax effect for the year would have been +/- US$21,052 thousand (US$11,770 thousand in 2009)

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.

iii) *Cash flows and fair value interest rate risk*

The group's cash flows interest rate risk is closely managed. In February 2010 the company prepaid an old variable interest rate debt with bonds bearing fixed coupons. During 2010 and 2009, the group's borrowings bear fixed interest rates and are denominated in US dollars.

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.

b) *Credit risk*

The group only sells on a cash basis or on a confirmation letter basis. 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 US 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.

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.

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. Comparative information has been restated as permitted by the amendments to IFRS 7 for the liquidity risk disclosures.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	US$'000	*US$'000*	*US$'000*	*US$'000*
31 December 2010				
Borrowings (excluding finance lease liabilities)	16,760	15,750	47,250	192,500
Finance lease liabilities	11,273	11,273	21,459	–
Trade and other payables	34,679	73	196	50
	62,712	27,096	68,905	192,550
31 December 2009				
Borrowings (excluding finance lease liabilities)	36,725	35,486	68,455	–
Finance lease liabilities	6,527	4,378	2,055	–
Trade and other payables	61,766	77	205	114
	105,018	39,941	70,715	114

The syndicated loan amounting to US$131,794,000 (note 15) outstanding at 31 December 2009 was repaid during the first quarter of 2010 with the proceeds from the issue of a seven year maturity bonds.

The outstanding balance of this syndicated loan at 31 December 2009 is allocated considering its original maturities between the bands in the table above.

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 Copeinca ASA may 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 2010 and 2009, the company's strategy was to continue reducing bank debt. The gearing ratios at 31 December were as follows:

	2010 *US$'000*	**2009** *US$'000*
Total borrowings (note 15)	217,542	143,819
Less: Cash and cash equivalents	(34,201)	(12,478)
Net debt	183,341	131,341
Total equity	331,737	378,416
Total capital	515,078	509,757
Gearing ratio (%)	36	26

The increase in the gearing ratio during 2010 is explained by the combined effect of the repayment of the long-term debt with the issue of US$175 million 7-year bond and by the payment of dividends of US$50 million in June 2010.

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 (note 8) 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*

The group tests annually whether goodwill has suffered any impairment (note 2.6). The recoverable amounts of cash generating units have been determined based on their fair value less cost of sales calculation. These calculations require the use of estimates (note 7).

If the estimated post-tax discount rate applied to the discounted cash flows for the vessels CGU had been 1% higher than management's estimates (for example, 8.09% instead of 7.09%), the group would have not had to recognize any additional adjustment against goodwill. To recognize an additional impairment the discount rate should have been 9.08%.

If the estimated post-tax discount rate applied to the discounted cash flows for the plants CGU had been 1% higher than management's estimates (for example, 8.09% instead of 7.09%), the group would have not had to recognize any additional adjustment against goodwill. To recognize an additional impairment the discount rate should have been 20.79%.

b) *Income taxes*

The group is subject to income taxes in numerous jurisdictions, but mainly in Peru. 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$2,127 thousand and the deferred tax liability by US$8,193 thousand, if unfavorable; or

- decrease the income tax liability by US$1,741 thousand and the deferred tax liability by US$6,703 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.

c) *Fair value of fishing licenses*

The group assesses the fair value of licenses each year based on discounted cash flows determined using the methodology of value in use.

d) *Book value of property, plant and equipment*

The group assesses the carrying value of property, plant and equipment each year based on discounted cash flows to determine the fair value less cost to sell of the assets and their value in use. If the asset is inoperative, it is tested for impairment using the fair value of the asset determined by independent appraisers.

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 the calendar year independently of the ban periods imposed by the Peruvian fishing authorities. In this regard management understands that the group's yearly costs of production correspond to all expenditures incurred in the calendar year. Consequently, non-fishing expenses incurred during the year are allocated to the cost of inventories based on the actual normal operating capacity for each year, which contemplates the corresponding assigned quota granted by the Peruvian regulator to Copeinca S.A.C. As of 31 December 2010 non-fishing expenses amounting to US$2,299 thousand are capitalized as part of the cost of inventories (US$2,752 thousand in 2009).

5 SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Chief Executive Officer. The CEO reviews the group's internal reporting in order to assess performance and allocate resources. Management has determined one operating segment based on these reports. Management considers the business from a product perspective. From a product perspective, management assesses the performance of fishmeal and fish oil in a consolidated basis. These products are sold in worldwide markets. Other products sold by the group include raw material (anchovy) and other minor fish.

The CEO assesses the performance of one operating segments based on a measure of adjusted earnings before interest, tax, depreciation and amortization (EBITDA). This measurement basis excludes the effects of non-recurring expenditures from the operating segments, such as deferred income taxes, legal expenses and goodwill impairments.

A reconciliation of adjusted EBITDA to (loss) profit before tax is provided as follows:

	2010	**2009**
	US$'000	*US$'000*
Adjusted EBITDA	76,227	59,003
Depreciation	(15,020)	(17,592)
Amortization	(961)	(676)
Impairment of fixed assets	(42,083)	(16,321)
Workers' profit sharing	(523)	(3,063)
Exchange difference	7,370	10,057
Finance costs, net	(22,955)	(13,173)
Other expenses, net	(19,180)	(14,920)
(Loss) profit before income tax	(17,125)	(3,315)

6 PROPERTY, PLANT AND EQUIPMENT

	Vessels and	**Machinery**			
	equipment	**and**	**Buildings**	**Other fixed**	
	of fleet	**equipment**	**and land**	**assets**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2009					
Cost	151,076	141,473	41,780	11,454	345,783
Accumulated depreciation and impairment	(41,565)	(35,117)	(2,050)	(5,356)	(84,088)
Net book amount	109,511	106,356	39,730	6,098	261,695
Year ended 31 December 2009					
Opening net book amount	109,511	106,356	39,730	6,098	261,695
Exchange differences	11,105	8,680	3,172	508	23,465
Reclassification	589	6,275	(749)	(6,115)	–
Additions	–	–	–	6,579	6,579
Disposals, net	(1,888)	(7,740)	(2,446)	(5,110)	(17,184)
Impairment charge	(2,462)	(8,089)	(5,770)	–	(16,321)
Reversal of impairment charge	782	2,542	411	–	3,735
Depreciation charge	(9,847)	(6,441)	(866)	(438)	(17,592)
Closing net book amount	107,790	101,583	33,482	1,522	244,377
At 31 December 2009					
Cost	159,750	149,256	43,549	7,075	359,630
Accumulated depreciation and impairment	(51,960)	(47,673)	(10,067)	(5,553)	(115,253)
Net book amount	107,790	101,583	33,482	1,522	244,377
Year ended 31 December 2010					
Opening net book amount	107,790	101,583	33,482	1,522	244,377
Exchange differences	3,768	2,899	957	38	7,662
Reclassification	613	15,943	4,377	(20,933)	–
Additions	482	–	–	60,001	60,483
Disposals, net	(1,312)	(4,754)	(1,751)	(119)	(7,936)
Write-off	(9,520)	–	–	(10)	(9,530)
Impairment charge	(22,581)	(17,221)	(2,281)	–	(42,083)
Reversal of impairment charge	–	–	–	–	–
Depreciation charge	(7,067)	(6,670)	(880)	(403)	(15,020)
Closing net book amount	72,173	91,780	33,904	40,096	237,953
At 31 December 2010					
Cost	104,463	156,941	45,273	44,480	351,157
Accumulated depreciation and impairment	(32,290)	(65,161)	(11,369)	(4,384)	(113,204)
Net book amount	72,173	91,780	33,904	40,096	237,953

Depreciation expense of US$14,361 thousand (US$17,234 thousand in 2009) has been charged to 'cost of goods sold', US$12 thousand (US$19 thousand in 2009) to 'selling expenses' and US$647 thousand (US$339 thousand in 2009) to 'administrative expenses'.

In connection with lease and leaseback transactions, Copeinca S.A.C. has pledge the legal title of seven vessels in favor of Banco Interbank, Banco Santander, Banco Continental and Banco Scotiabank in guarantee of the loans. Total carrying value of the assets with restricted legal title amounts to US$19,298 thousand at 31 December 2010 (US$12,880 thousand in 2009) (note 15).

Property, plant and equipment include assets acquired under finance leases and leasebacks for the following amounts:

	2010	**2009**
	US$'000	*US$'000*
Vessels and equipment of fleet	20,550	15,082
Accumulated depreciation	(1,252)	(2,202)
	19,298	12,880

Impairment tests of property, plant and equipment.

Copeinca S.A.C. recognized an impairment charge of US$42,083 thousand (US$16,321 thousand in 2009) shown in the line other expenses of the income statement.

In 2010 management decided to transfer permanently to operating vessels the quota of Copeinca S.A.C.'s 33 parked vessels. After this process is concluded, the parked vessels will no longer be authorized for fishing. On this basis, Copeinca S.A.C. has written-off from its accounting records an amount of US$9,530 thousand (note 22).

In 2009, as a consequence of the issue of the new Individual Transferable Quota law (note 1-b-ii) Copeinca S.A.C. recognized an impairment loss on certain assets that no longer would be used in production. Under the conditions established by this new law, Copeinca S.A.C. will enhance the efficiency in its operations, since it will operate at the same level of out-put with fewer assets. The impairment loss resulted in the impairment charge to income of the book value of fishmeal and fish oil plants that were unused in 2009 and of 12 vessels that were parked during the two fishing seasons of 2009.

The recoverable amount for these inoperative fishmeal plants and inoperative vessels corresponds to their fair value less costs to sell which was determined by independent appraisals as of 31 December 2010 and 2009.

Key assumptions used in the model for the determination of the value in use and of the fair value less cost to sell of vessels are as follows:

Prices: the model uses 20% of the fish price considered as raw material since small fishing companies have increased their negotiation power due to the issue of the new ITQ law and due to the increase in the fishmeal market prices. We believe that prices will decrease in the future. Copeinca S.A.C.'s price average for the last 3 years was 18%.

Quota: the model uses the budgeted quota awarded to Copeinca S.A.C. under the new ITQ law (10.7% of the total quota).

Extraction costs: operating costs, maintenance, and ban period expenses decreased during 2010 and will further decrease in the future due to new ITQ law. Personnel expenses (crew) will decrease as a consequence of the termination benefits contemplated in the new ITQ law for early retirement. Less fuel will be consumed as a lesser number of vessels will be used for catch under the conditions established by the new ITQ law. Extraction costs are based on budgeted costs as approved by the Board.

Discount rate: the model uses 7.09% post-tax rate not adjusted by inflation.

Key assumptions used in the model for the determination of the value in use and of the fair value less cost to sell of plants are as follows:

Prices: The model uses average fishmeal and fish oil prices of US$1,200 and US$850, respectively.

Management expects that prices will be stable and will increase steadily according to market expectations and demand.

Productions costs: the model assumes that the total raw material corresponds to that fished by Copeinca S.A.C.'s vessels and that are sold to its plants at market prices.

Discount rate: the model uses 7.09% post-tax rate not adjusted by inflation.

Management determined budgeted costs based on past performance and its expectations of the market according to the new conditions given by the ITQ law.

7 INTANGIBLE ASSETS

			Other intangible assets		
	Fishing licenses	Goodwill	Software licenses	Others	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2009					
Cost	189,592	135,395	4,281	14	4,295
Accumulated amortization and impairment	–	(14,031)	(2,324)	–	(2,324)
Net book amount	189,592	121,364	1,957	14	1,971
Year ended 31 December 2009					
Opening net book amount	189,592	121,364	1,957	14	1,971
Exchange difference	16,346	11,374	142	1	143
Additions	–	–	407	–	407
Disposals	–	–	–	–	–
Impairment charge	–	–	–	–	–
Amortization charge	–	–	(676)	–	(676)
Closing net book amount	205,938	132,738	1,830	15	1,845
At 31 December 2009					
Cost	205,938	146,769	5,057	15	5,072
Accumulated amortization and impairment	–	(14,031)	(3,227)	–	(3,227)
Net book amount	205,938	132,738	1,830	15	1,845
Year ended 31 December 2010					
Opening balances	205,938	132,738	1,830	15	1,845
Exchange difference	5,867	6,258	46	2	48
Additions	2,159	–	385	–	385
Disposals	–	–	–	–	–
Impairment charge	–	–	–	–	–
Amortization charge	–	–	(961)	–	(961)
Closing net book amount	213,964	138,996	1,300	17	1,317
At 31 December 2010					
Cost	213,964	153,027	4,796	17	4,813
Accumulated amortization and impairment	–	(14,031)	(3,496)	–	(3,496)
Net book amount	213,964	138,996	1,300	17	1,317

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-b-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 of intangible assets amounting to US$442 thousand (US$430 thousand in 2009) was charged to 'cost of goods sold' in the income statement; US$65 thousand (US$63 thousand in 2009) was charged to 'selling expenses'; and US$454 thousand (US$183 thousand in 2009) to 'administrative expenses'.

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

Impairment tests of goodwill

Goodwill is allocated to the group's cash-generating units (CGU's). The group distinguishes its cash-generating units (CGU) at the level of individual vessels and individual plants.

The allocation of goodwill by CGU is as follows:

	2010	**2009**
	US$'000	*US$'000*
Vessels	79,228	75,661
Plants	59,768	57,077
Total	138,996	132,738

The recoverable amount of a CGU is determined based on the higher between its value in use and its fair value less costs to sell. The calculation of the recoverable amount uses free cash flows projections based on financial budgets approved by management which cover a five-year period. Cash flows beyond the five-year period include perpetuity.

8 FINANCIAL INSTRUMENTS BY CATEGORY

a) Financial assets as of 31 December 2010 and 2009 are as follows:

	Loans and receivables	**Available for sale**	**Total**
	US$'000	*US$'000*	*US$'000*
31 December 2010			
Financial assets	–	15	15
Trade receivables	7,732	–	7,732
Other accounts receivable	6,471	–	6,471
Cash and cash equivalents	34,201	–	34,201
Total	48,404	15	48,419
31 December 2009			
Financial assets	–	15	15
Trade receivables	29,225	–	29,225
Other accounts receivable	3,062	–	3,062
Cash and cash equivalents	12,478	–	12,478
Total	44,765	15	44,780

b) Financial liabilities at amortized cost as of 31 December 2010 and 2009 are as follows:

	US$'000
31 December 2010	
Bank loans and short term debt	1,010
Current portion of long-term borrowings (excluding lease)	5,636
Current portion of long-term - finance lease liabilities	9,396
Long-term borrowings (excluding lease)	171,546
Long-term borrowings - finance lease liabilities	29,950
Trade accounts payable	17,142
Total	234,680
31 December 2009	
Current portion of long-term borrowings (excluding lease)	32,296
Current portion of long-term - finance lease liabilities	5,943
Long-term borrowings (excluding lease)	99,498
Long-term borrowings - finance lease liabilities	6,082
Trade accounts payable	29,786
Total	173,605

9 CREDIT QUALITY OF FINANCIAL ASSETS

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

During the years 2010 and 2009, neither existing nor new customers' accounts receivable have been impaired. Additions to provision for doubtful accounts relate to customers from acquired companies and from loans granted to third party owners of vessels (note 12) which have been identified as impaired.

10 INVENTORIES

	2010	**2009**
	US$'000	*US$'000*
Finished goods:		
• Fishmeal	7,739	29,193
• Fish oil	1,195	5,612
Spare parts, supplies and packaging	6,938	6,085
Provision for obsolete spare parts, supplies and packaging	(344)	(881)
	15,528	40,009

As of 31 December 2010, the stock of fishmeal FD, fishmeal SD and fish oil was 1,690 MT, 4,787 MT and 1,074 MT, respectively (4,578 MT, 25,622 MT and 5,934 MT as of 31 December 2009).

Cost per ton of inventories in 2010 was higher than in 2009 because the shorter number of days permitted for fishing by the Ministry of Production in Peru in 2010 did not allow fishing companies to catch its complete quota, and consequently, causing that higher non-fishing period expenses be allocated into a lower production.

As of 31 December 2010 the fair value of fishmeal and fish oil pledged as security for bank loans amounts to approximately US$1,010 thousand (nil in 2009).

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

	2010 *US$'000*	**2009** *US$'000*
Opening balance	881	1,402
Additions	370	318
Write-off	(933)	(880)
Exchange difference	26	41
Closing balance	344	881

11 TRADE RECEIVABLES

	2010 *US$'000*	**2009** *US$'000*
Trade receivables - abroad	7,729	24,132
Trade receivables - Peru	3	5,093
Doubtful accounts	191	2,542
	7,923	31,767
Less:		
Provision for doubtful accounts	(191)	(2,542)
	7,732	29,225

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 U.S. dollars, are of current maturity and are not interest-bearing.

As of 31 December 2010, approximately 67% of the abroad accounts receivable are secured with export credit documents and the 33% balance is subject to bank collections (cash against documents) (approximately 73% and 27%, respectively, in 2009).

The ageing of the trade accounts receivable is as follows:

	2010 *US$'000*	**2009** *US$'000*
Current	7,681	28,653
Past due for up to 60 days	–	65
Past due from 61 to 180 days	50	345
Past due from 181 to 360 days	1	162
Over 361 days	191	2,542
	7,923	31,767

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

	2010	**2009**
	US$'000	*US$'000*
Opening balance	2,542	2,521
Additions	61	–
Reclassifications	(1,415)	–
Recoveries	(1,149)	(19)
Write-off	(3)	–
Exchange difference	155	40
Closing balance	191	2,542

According to the terms of the syndicated loan agreement with Credit Suisse, until 31 December 2009, Copeinca S.A.C. had a bank checking account in foreign currency in the Bank of New York (BONY), in which collections of the Prime fishmeal and of fish oil invoices were credited. La Fiduciaria S.A. (in its roll of trust guarantor) was responsible for transferring on a quarterly basis the amount of the installments to the lenders. The balance of this checking account after the quarterly deductions for the installment payments to the lenders was of free use by Copeinca S.A.C.

12 OTHER ACCOUNTS RECEIVABLE

	2010	**2009**
	US$'000	*US$'000*
Accounts receivable from third party owners of vessels (1)	2,329	466
Refundable Value Added Tax (2)	57	4,730
Value Added Tax credit	6,670	3,821
Prepaid income tax (3)	6,470	136
Claims to third parties	801	–
Personnel	1,679	–
Prepaid expenses	28	235
Others	1,662	2,596
Doubtful accounts	6,780	6,807
	26,476	18,791
Less: provision for doubtful accounts	(6,780)	(6,807)
	19,696	11,984
Plus: loans to related parties (note 31)	132	688
	19,828	12,672

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

(1) 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 lended 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 0.8% (0.8% in 2009) and are offset with the invoices from the acquisition of raw materials delivered to Copeinca S.A.C.'s plants during the fishing periods.

(2) 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 27-f).

As of 31 December 2010, the amount of the refundable VAT relates to those amounts filed within the tax authorities in December 2010. During 2010, Copeinca S.A.C. received VAT refunds amounting to US$19,979 thousand (US$14,716 thousand in 2009).

(3) The total of income tax prepayments made in 2010 amounts to US$7,923 thousand (note 27-g). The balance as of 31 December 2010 is shown net of the income tax expense for the year amounting to US$1,453 thousand (note 27-d).

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

	2010	**2009**
	US$'000	*US$'000*
Opening balance	6,807	6,607
Balance from acquired companies	–	569
Provision for impaired receivables	301	50
Reclassifications	1,414	–
Write-off and recoveries	(1,876)	(12)
Exchange difference	134	(407)
Closing balance	6,780	6,807

13 SHARE CAPITAL AND SHARE PREMIUM

a) Share capital:

The authorized, signed, and paid-in capital under Copeinca ASA's by-laws as of December 31, 2010 comprises 58,500,000 common shares of NOK5 nominal value each.

	Number of shares	**Share capital**	**Share capital**	**Share premium**	**Total**
	(In thousands)	*NOK 000*	*US$'000*	*US$'000*	*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, 2009 and 2010	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 capital and share premium accounts are translated into the reporting currency at the historical exchange rates.

Copeinca ASA has only one class of common shares and each share gives the right to one vote at the annual general stockholders meeting. During 2010 the company made a dividend distribution in an amount of US$50 million and made the appropriation of US$18,528 thousand to cover the accumulated losses shown in its consolidated financial statements.

AGM 2010

In accordance with the Board's proposal the General Stockholders Meeting resolved that:

i) The Board of Directors is authorized to increase the share capital by up to NOK58,500 thousand.

ii) The Board may set aside the shareholders' preferential rights to subscribe for the new shares pursuant to the Public Limited Companies Act Section 10-4.

iii) The authorization covers increases of the share capital against non-cash contributions, and a right to incur in special obligations for the company, according to the Public Limited Companies Act section 10-2. The authorization also covers resolution on a merger in accordance with the Public Limited Company's Act section 13-5. This authorization may be used in takeover situations.

iv) The authorization can be used several times.

v) The authorization shall be valid until the annual general meeting to be held in 2011 (on 30 June 2011 at the latest).

vi) The authority replaces the authority for the same purpose granted in the general meeting in 2009.

AGM 2009

In accordance with the Board's proposal the General Stockholders Meeting unanimously resolved that:

i) The Board is granted authorization to, on behalf of the company; acquire Copeinca ASA shares with aggregate nominal value of up to 10% of the current share capital.

ii) The purchase price per share shall not be lower than NOK5 and not be higher than NOK100.

iii) The method for acquisition and disposal of own shares shall be at the Board's discretion.

iv) The authorization is valid until the Annual General Stockholders Meeting to be held in 2010 (30 June 2010 at the latest).

v) If Copeinca ASA shares are sold, the authorization also includes the right to purchase new Copeinca ASA shares to replace the shares sold as long as the holding of own shares does not exceed in aggregate a nominal value of more than 10% of the share capital.

b) Share premium

At 31 December 2010 and 2009 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.

The main shareholders of Copeinca ASA are as follows:

	2010		2009	
Investor	*Shares*	*%*	*Shares*	*%*
Dyer Coriat Holding	19,098,000	32.7	19,098,000	32.7
Andean Fishing LLC	8,118,075	13.9	8,118,075	13.9
ETVE Veramar Azul S.L.	6,032,970	10.3	–	0.0
Weilheim Investments S.L.	4,326,159	7.4	–	0.0
State Street Bank & Trust	2,884,777	4.9	2,448,300	4.2
South Winds AS	1,489,750	2.6	1,489,750	2.6
DNB NOR SMB	1,392,247	2.4	1,400,000	2.4
State Street Bank & Trust	1,367,395	2.3	610,491	1.0
GMO Emerging Illiquid Fund	1,145,350	2.0	1,145,350	2.0
State Street Bank & Trust	1,106,400	1.9	444,200	0.8
Alfred Berg Gambak	1,065,292	1.8	1,582,309	2.7
JP Morgan Clearing Corp.	738,160	1.3	–	0.0
Verdipapirfondet Handelsbanken	690,000	1.2	690,000	1.2
JP Morgan Chase Bank	493,712	0.8	–	0.0
Fidelity funds Latin America	470,386	0.8	449,600	0.8
Brought forward:				
Alfred Berg Norge +	452,846	0.8	870,545	1.5
DERIS SA	400,000	0.7	500,000	0.9
MP Pensjon	383,850	0.7	–	0.0
Alfred Berg Aktiv	348,983	0.6	897,800	1.5
VPF Nordea Kapital	309,800	0.5	–	0.0
Aldoflor Inc	–	0.0	4,937,291	8.4
Osterlin Luis Dyer Ampudia	–	0.0	2,377,020	4.1
Rodrigo Israel Dyer Fernanez	–	0.0	414,130	0.7
Sergio Ivan Dyer Osorio	–	0.0	430,000	0.7
SHB Stockholm Clients	–	0.0	450,200	0.8
Yasmin Ellie Dyer Osorio	–	0.0	414,130	0.7
Subtotal	**52,314,152**	**89.4**	**48,767,191**	**83.4**
Others	6,185,848	10.6	9,732,809	16.6
TOTAL	**58,500,000**	**100.0**	**58,500,000**	**100.0**

c) *Share options*

Copeinca ASA 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 Copeinca ASA 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.
- The options will vest to each employee over the next four years (subject to termination of employment) at a rate of 25% per year.

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 stock 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.

From the total of 1,060,000 share options issued, 190,000 have been terminated due to employees resignations (40,000 in 2008, 90,000 in 2009 and 60,000 in 2010) remaining a balance of 870,000 share options as of 31 December 2010. Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2010		**2009**	
	Average exercise price in NOK per share	**Options (thousands)**	**Average exercise price in NOK per share**	**Options (thousands)**
Opening balance	40	560	40	650
Granted	45	370	–	–
Terminated	37	(60)	40	(90)
Closing balance	42	870	40	560

The weighted-average assumptions used to determine the Black Scholes fair value of the options granted in 2010 were:

Underlying shares	370,000
Exercise price	NOK45.00
Weighted average share price at grant date	NOK44.83
Expected life	2.5 years
Volatility	60.00%
Risk free interest rate	2.67%
Dividends	–
Options' fair value	NOK12.07

The options' fair value during the period was determined by using the Black-Scholes valuation model. Expected volatility is based on historical volatilities of similar entities listed on the Oslo Stock Exchange. The following similar entities have been used: Marine Harvest, Domstein, Lerøy Seafood Group and Aker Seafoods.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

800,000 options expire on 31 May 2012 and 70,000 options expire on 31 May 2013, the weighted average exercise price is NOK37.47.

Exercise price is adjusted by dividends on the 19 May 2010, of NOK4.94.

Options not exercised will automatically become void and lapse with no compensation to the holder.

The total expensed amount in 2010 arising from the share-based payment plan amounts to NOK3,693 thousand equivalent to US$620 thousand and the total carrying amount in equity as of 31 December 2010 amounts to NOK8,383 thousand equivalent to US$1,431 thousand (NOK4,690 thousand equivalent to US$812 thousand in 2009).

Social security contributions payable in connection with the grant of the share options are considered an integral part of the grant itself and its corresponding charge will be treated as a cash-settled transaction.

14 CUMULATIVE TRANSLATION ADJUSTMENT AND RETAINED EARNINGS

The movement of these accounts for the years ended 31 December 2009 and 2010 is as follows:

	Cumulative translation adjustment	**Retained earnings (*)**
	US$'000	*US$'000*
Balance as of 1 January 2009	(44,770)	36,710
Exchange difference	29,856	–
Adjustment (note 2.24)	(4,813)	–
Stock options expense	–	380
Profit for the year	–	255
Balance as of 31 December 2009	(19,727)	37,345
Exchange difference	9,285	–
Dividend distribution	–	(50,000)
Stock options expense	–	620
Loss for the year	–	(6,493)
Appropriation of share premium to cover accumulated losses	–	18,528
Balance as of 31 December 2010	(10,442)	–

(*) *Retained earnings include the balance of the Peruvian legal reserve (see below) amounting to US$5,644 thousand.*

Peruvian legal reserve

In accordance with the Peruvian General Companies' 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.

15 LONG-TERM BORROWINGS

As of 31 December this account comprises the following:

	2010	**2009**
	US$'000	*US$'000*
Total borrowings		
Bonds	176,872	–
Bank borrowings	1,324	131,794
Finance lease liabilities	39,346	12,025
	217,542	143,819
Less current portion of borrowings:		
Bonds (accrued interests)	(5,584)	–
Bank borrowings	(1,062)	(32,296)
Finance lease liabilities	(9,396)	(5,943)
	(16,042)	(38,239)
Total long-term borrowings		
Bonds	171,288	–
Bank borrowings	262	99,498
Finance lease liabilities	29,950	6,082
	201,500	105,580
Current borrowings		
Total current portion of long-term borrowings	15,032	38,239
Bank loans and short-term debt	1,010	–
Total current borrowings	16,042	38,239

For purposes of reconciliation with the information provided in the statement of cash flows, following is the movement of long-term borrowings for the year ended 31 December 2010:

	Bonds	Bank borrowings	Finanace lease liabilities	Total long-term debt
	US$'000	*US$'000*	*US$'000*	*US$'000*
Balance as of 31 December 2009	–	131,794	12,025	143,819
Cash transactions				
Repayment of bank loans	–	(9,513)	–	(9,513)
Proceeds from bank loans	–	10,521	–	10,521
Repayment of long-term borrowings and bonds	–	(130,276)	(25,129)	(155,405)
Proceeds from long-term borrowings and bonds	174,153	–	52,450	226,603
Non-cash transactions				
Exchange differences	(3,474)	(1,204)	–	(4,678)
Accrued interest	6,193	2	–	6,195
Balance as of 31 December 2010	176,872	1,324	39,346	217,542

The detail of the obligations is as follows:

Name of Creditor	Type of guarantee	Annual interest rate	Maturity	Carrying amount 2010	Carrying amount 2009
				US$'000	*US$'000*
a) Non-current					
BBVA Banco Continental					
• Financial lease contracts Ymec	Leasebacks	5.50%	June 2015	3,638	–
• Loan	Notes	9.00%	November 2016	262	313
Credit Suisse					
• Loan	Trust	Libor+5.15%	May 2012	–	99,185
Banco Interbank					
• Financial lease contracts	Leasebacks	5.20%	March 2015	18,918	2,094
Banco Crédito					
• Financial lease contracts	Trust	7.85%	October 2012	–	3,988
Santander					
• Financial lease contracts	Leasebacks	6.00%	April 2013	3,029	–
Banco Scotiabank					
• Financial lease contracts	Leasebacks	5.50%	June 2015	4,365	–
Deutsch Bank					
• Bonds	None	9.00%	February 2017	171,288	–
Total non-current balance				201,500	105,580
b) Current					
BBVA Banco Continental					
• Bank loans		2.00%		1,010	–
Total bank loans				1,010	–
• Financial lease contracts	Leasebacks	5.50%	2011	926	386
Man B & W Diesel A/S					
• Loan	Notes	3.62%	2011	–	60
Ymec					
• Loan	Notes	9.00%	2011	52	52
Credit Suisse					
• Loan	Trust	Libor+5.15%	2011	–	32,130
Banco Interbank					
• Financial lease contracts	Pledge	10.40%	2011	–	3,671
• Loan	Trust	6.00%	2011	–	54
• Financial lease contracts	Leasebacks	5.20%	2011	5,221	–
Santander					
• Financial lease contracts	Trust	7.85%	2011	2,134	1,886
Banco Scotiabank					
• Financial lease contracts	Leasebacks	5.50%	2011	1,115	–
Deutsch Bank					
• Bonds	None	9.00%	2011	5,584	–
Total current portion of borrowings				15,032	38,239
Total current borrowings				16,042	38,239
Total borrowings				217,542	143,819

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

	2010	**2009**
	US$'000	*US$'000*
6 months or less	11,548	18,173
6-12 months	4,494	20,065
1-5 years	30,164	105,477
Over 5 years	171,336	104
	217,542	143,819

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**	
	2010	**2009**	**2010**	**2009**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Bonds	171,288	–	168,091	–
Bank borrowings	262	99,498	214	88,685
Finance lease liabilities	29,950	6,082	26,808	5,365
	201,500	105,580	195,113	94,050

The carrying amounts of short-term borrowings approximate to their fair value. The fair values of bonds and finance lease liabilities correspond to the cash flows of these financial instruments discounted using a rate based on the bonds rate of 9% and the finance lease liabilities of 5.4% (bank borrowings based on a rate of 7.10% and finance lease liabilities based on a rate of 10% in 2009).

The carrying amounts of the group's borrowings are denominated in the following currencies:

	2010	**2009**
	US$'000	*US$'000*
Peruvian Nuevo Sol	–	54
US Dollars	217,542	143,765
	217,542	143,819

a) Bonds

US$175 million 9% senior notes due 2017

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 Copeinca ASA. 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

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 (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.

f. At least 75% is paid in cash or cash equivalents

g. Or assumption of liabilities

h. Or securities that are converted to cash in less than 365 days

i. Or raw material (anchovy)

j. Within 360 days proceeds should be reinvested or used in the pre-payment of bonds by such amount.

k. 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:

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

vi) Change of control:

m. Sale of all of the assets to a third party.

n. 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.

vii) Permitted liens:

o. Liens that come with acquisitions of companies

p. Refinancing of outstanding debt (at time of issue of bond)

q. Liens in connection with CAPEX in ordinary course of business.

r. Leases under (the greater of) US$100 million or 15% of assets. Copeinca S.A.C. has contracted leases by US$45 million.

s. Other liens under US$3 million.

According to the income tax regime currently in force in Peru, 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.

b) Bank borrowings

Syndicated loan with Credit Suisse

On 14 June 2007, Copeinca signed a loan agreement up to the amount of US$185 million with Credit Suisse as lead arranger and Glitnir, BBVA and West LB as mandated lead arrangers. The loan was used to finance the acquisition of certain fishing companies in Peru and to refinance around US$50 million of old debt.

This loan had a 5 years term with a 30% balloon payment and bore interest at a rate of LIBOR plus 3.5%.

This loan was prepaid on 10 February 2010 with the issue of the bonds described in a) above. The balance of the old debt prepaid amounted to US$120 million.

c) Financial lease and sale and leaseback liabilities

Lease liabilities are effectively secured with the corresponding leased assets which title revert to the lessor in the event of default.

	2010	**2009**
	US$'000	*US$'000*
Gross finance lease liabilities-minimum lease payments		
No later than 1 year	11,537	6,527
Later than 1 year and no later than 5 years	36,169	6,434
	47,706	12,961
Future finance charges on finance leases	(8,360)	(936)
Present value of finance lease liabilities	39,346	12,025

The present values of finance lease liabilities mature as follows:

	2010	**2009**
	US$'000	*US$'000*
No later than 1 year	9,396	5,943
Later than 1 year and no later than 5 years	29,950	6,082
	39,346	12,025

Copeinca S.A.C. has pledged some of its vessels (note 6) securing its obligations from finance leases and lease-backs.

Effective interest rate

The annual effective rate of the bonds is 9.5% as of 31 December 2010 (4.79% effective interest rate of old syndicated loan as of 31 December 2009).

Interest from the syndicated loan with Credit Suisse determined using the amortized cost method amounted to US$2,368 thousand in 2010 (US$8,916 thousand in 2009) which were charged to the statement of income. Interest accrued using the nominal interest rates as per the terms of the loan agreement amounted to US$569 thousand (US$7,971 thousand in 2009).

Interest from the 7 years bond determined using the amortized cost method amounted to US$14,437 thousand in 2010. Interest accrued using the nominal interest rates as per the terms of the bond agreement amounted to US$14,000 thousand.

16 DEFERRED INCOME TAX

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

	2010	**2009**
	US$'000	*US$'000*
Deductible temporary differences:		
• Deductible temporary differences to be recovered after more than 12 months	(2,068)	(1,294)
• Deductible temporary differences to be recovered within 12 months	(6,212)	(3,888)
	(8,280)	(5,182)
Taxable temporary differences:		
• Taxable temporary difference to be settled after more than 12 months	249,586	273,432
• Taxable temporary differences to be settled within 12 months	45,487	49,833
	295,073	323,265
Taxable temporary differences (net)	286,793	318,083
Deferred income tax liability (30%)	86,038	95,425

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

	2010	**2009**
	US$'000	*US$'000*
Opening balance	95,425	90,653
Exchange difference	2,698	9,253
Credit to the statement of income (note 27)	(12,085)	(4,481)
Closing balance	86,038	95,425

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	Fair value of fixed assets	Impairment of fixed assets	Leased fixed assets	Other	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2009	44,661	47,152	(4,837)	7,437	(3,760)	90,653
Exchange difference	4,028	3,408	(552)	676	1,693	9,253
Charge (credit) to the statement of income	2,514	(7,222)	(3,323)	499	3,051	(4,481)
At 31 December 2009	51,203	43,338	(8,712)	8,612	984	95,425
Exchange difference	1,495	736	950	(563)	80	2,698
Charge (credit) to the statement of income	–	(7,403)	(9,561)	5,664	(785)	(12,085)
At 31 December 2010	52,698	36,671	(17,323)	13,713	279	86,038

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 not recognized a deferred income tax asset for an amount of US$4,688 thousand (US$4,457 thousand in 2009) related to tax losses carry-forward amounting to US$16,743 thousand (US$17,561 thousand in 2009). These tax losses carry-forward related to Copeinca ASA and do not expire.

17 TRADE AND OTHER ACCOUNTS PAYABLE

	2010	2009
	US$'000	*US$'000*
Trade accounts payable:		
Invoices payable	17,123	23,812
Notes payable	19	5,974
	17,142	29,786
Other accounts payable:		
Payroll, social security and other taxes	3,723	2,617
Workers' profit-sharing (a)	523	3,063
Loans to third parties	74	310
Accrued expenses (b)	828	1,658
Provisions (c)	9,858	15,338
Other accruals (d)	2,054	1,309
	17,060	24,295
Non-current portion	(9,858)	(15,338)
Current portion	7,202	8,957

(a) The amount of the workers' profit-sharing must be paid during the first quarter of 2011.

(b) Accrued expenses correspond to services received in 2010 the invoices of which were not received by the closing date. These accruals mainly relate to insurance, custom expenses and energy and are reversed on a monthly basis upon the receipt of the corresponding invoices.

(c) Provisions mainly include US$9,784 thousand (13,858 thousand in 2009) of legal provisions. From this amount Copeinca S.A.C. has recorded tax fines amounting to US$5,323 thousand (US$7,050 thousand in 2009), court actions amounting to US$1,135 thousand (US$3,736 thousand in 2009) and administrative proceedings amounting to US$3,326 thousand (US$3,072 thousand in 2009) all against Copeinca S.A.C.. In the case the Peruvian Tax Authorities require the payment of additional fines this provision would increase.

(d) Other accruals include US$1,494 thousand of expenses that are related to the training and labor costs committed with laid-off crew pursuant the Individual Transferrable Quota law (ITQ law).

18 SALES

Revenues from sales relate to the following products:

	2010	**2009**
	US$'000	*US$'000*
Revenues from flame dried (FD) fishmeal	25,431	64,665
Revenues from steam dried (SD) fishmeal	179,796	115,486
Revenues from fish oil	26,668	21,393
Others	1,147	1,617
	233,042	203,161

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

	2010	**2009**
	MT	*MT*
FD fishmeal	17,367	76,468
SD Fishmeal	118,529	123,020
Fish oil	30,975	33,174
	166,871	232,662

19 COST OF GOODS SOLD

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

	2010	**2009**
	US$'000	*US$'000*
Opening balance of finished products	34,805	36,961
Consumption of raw materials and other materials	62,596	75,098
Personnel	25,940	26,758
Depreciation	14,361	17,234
Amortization	442	430
Other manufacturing expenses	17,028	22,939
Closing balance of finished products	(8,934)	(34,805)
	146,238	144,615

20 SELLING EXPENSES

Selling expenses for the year ended 31 December comprise:

	2010	**2009**
	US$'000	*US$'000*
Personnel	845	750
Custom duties	6,432	4,935
Services rendered by third parties	3,692	7,405
Other management charges	385	486
Depreciation	12	19
Amortization	65	63
	11,431	13,658

21 ADMINISTRATIVE EXPENSES

Administrative expenses for the year ended 31 December comprise:

	2010	**2009**
	US$'000	*US$'000*
Personnel	6,992	7,607
Services rendered by third parties	5,391	4,141
Other taxes	649	388
Other management charges	1,517	3,741
Depreciation	647	339
Amortization	454	183
	15,650	16,399

22 OTHER INCOME AND OTHER EXPENSES

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

	2010 *US$'000*	**2009** *US$'000*
Other income:		
Lease of fleet	–	178
Reversal of provisions for legal lawsuits	5,255	–
Reversal of allowance for bad debts	2,155	476
Reversal of impairment charge	–	3,735
Sale of diesel and supplies	3,080	4,380
Other operating income	1,835	923
	12,325	9,692
Other expenses:		
Net loss on sale of fixed assets	(2,449)	(5,093)
Write-off of net book value of 33 vessels (note 6)	(9,530)	–
Allowance for doubtful accounts	(362)	(50)
Fines and sanctions	(675)	(284)
Employee severance indemnities (a)	(14,956)	(3,474)
Provisions for legal lawsuits	–	(1,355)
Cost of sale of diesel and supplies	(2,572)	(3,392)
Impairment loss - fixed assets (note 6)	(42,083)	(16,321)
Other operating expenses	(961)	(1,781)
	(73,588)	(31,750)

(a) Mainly comprise the cost of the lay-off of 237 crew members and 52 plant workers amounting to US$12,800 thousand.

23 EXPENSES BY NATURE

Expenses by nature for the year ended 31 December comprise:

	2010 *US$'000*	**2009** *US$'000*
Change in inventories of finished goods	25,871	2,156
Raw materials and consumables	62,596	71,479
Employee benefit expenses (note 24)	33,777	35,824
Depreciation and amortization (notes 6 and 7)	15,981	18,268
Services rendered by third parties	9,083	11,546
Taxes	649	388
Custom duties	6,432	4,935
Maintenance	7,631	10,616
Fishing rights	3,364	4,194
Insurances	1,772	2,144
Surveillance	1,384	1,609
Electricity and water	1,092	1,340
Provision for obsolescence	370	318
Other management charges	3,317	9,855
	173,319	174,672

24 EMPLOYEE BENEFIT EXPENSES AND AUDITORS' FEES

Employee benefit expenses for the year ended 31 December comprise:

	2010	**2009**
	US$'000	*US$'000*
Wages and salaries	28,020	28,499
Social security costs and holidays payments	3,843	5,143
Share options granted to employees	620	380
Other employee costs	1,294	1,802
	33,777	35,824
Number of employees	1,606	2,093

Compensation paid to the Board of Directors amounted to US$260,000 in 2010 (US$213,000 in 2009).

Auditors' fees billed to the company comprise the following services (VAT included):

	2010	**2009**
	US$'000	*US$'000*
Statutory audit	389	756
Tax advisory services	78	7
Other services	115	109
	582	872

25 FINANCE INCOME AND COSTS

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

	2010	**2009**
	US$'000	*US$'000*
Finance income:		
Interest income on held-to-maturity investments	–	1,142
Interest income on loans to related parties	–	19
Interest on deposits	427	110
Interest on other accounts receivable	75	157
Total finance income	502	1,428
Interest expenses:		
Bonds	(16,499)	–
Syndicated loan	(2,470)	(8,039)
Bank borrowings	(2,684)	(4,682)
Finance leases	(1,804)	(1,880)
Total finance costs	(23,457)	(14,601)
Finance income and costs, net (note 26)	(22,955)	(13,173)

26 CASH GENERATED FROM OPERATIONS

	2010 *US$'000*	2009 *US$'000*
(Loss) profit before income tax	(17,125)	3,315
Adjustments for:		
Depreciation (note 6)	15,020	17,592
Amortization (note 7)	961	676
Loss on sale of property and equipment (see below)	12,475	10,448
Impairment charge (note 6)	42,083	16,321
Share-based payment	620	380
Foreign exchange losses on operating activities	(4,942)	(14,830)
Finance costs, net (note 25)	22,955	13,173
Changes in working capital (net of the effects of acquisition and exchange differences on consolidation):		
Inventories	22,292	2,322
Trade receivables	19,894	(10,501)
Other accounts receivable	(7,849)	1,219
Trade accounts payable	(14,274)	7,753
Other accounts payable	(10,259)	(3,461)
Cash generated from operations	81,851	44,407

Comparative figures have been restated.

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

	2010 *US$'000*	2009 *US$'000*
Disposals, net (note 6)	7,936	17,184
Write-off (note 6)	9,530	–
Net book value	17,466	17,184
Loss on sale of property, plant and equipment	(12,475)	(10,448)
Proceeds from sale of property, plant and equipment	4,991	6,736

27 INCOME TAX EXPENSE

a) Copeinca ASA

As of 31 December 2010 and 2009, the income tax rate in Norway is 28. As of 31 December 2010 Copeinca ASA has a tax loss carry-forward amounting to NOK97,944 thousand equivalent to US$16,743 thousand (NOK101,503 thousand equivalent to US$17,571 thousand in 2009). 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, on an individual basis, for Copeinca S.A.C., under the general regime of the income tax as established by regulations currently in force in Peru, 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 2010 and 2009, the income tax rate in Peru is 30%. The taxable income has been determined as follows:

	2010 *US$'000*	2009 *US$'000*
(Loss) profit before income tax	(17,125)	3,315
Plus: Workers' profit sharing	523	3,063
	(16,602)	6,378
Non-deductible expenses	3,657	10,936
Temporary differences	40,284	14,937
Non-taxable revenues	(21,973)	(1,626)
Taxable income	5,366	30,625
Workers profit sharing (10%)	(523)	(3,063)
	4,843	27,562
Effect of 2009 unpaid worker's profit sharing by the date of the filing of the tax return	–	(2,426)
	4,843	25,136
Current income tax (30%)	1,453	7,541

c) **Other subsidiaries**

As of 31 December 2010 the other subsidiaries of the group have determined taxable income amounting to US$11 thousand (tax losses amounting to US$178 thousand in 2009). Copeinca ASA'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, 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:

	2010		2009	
	US$'000	%	*US$'000*	%
(Loss) profit before income tax	(17,125)		3,315	
Plus: Workers' profit sharing	523		3,063	
	(16,602)	100	6,378	100
Income tax and workers´ profit sharing	(4,981)	30	1,913	30
Other non taxable income	(5,242)	12	(519)	(8)
Other non deductible expenses	1,097	(7)	828	13
Other adjustments	(1,506)	29	838	13
Current and deferred income tax	(10,632)	64	3,060	48

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

	2010 *US$'000*	2009 *US$'000*
Current (see above and note 12)	(1,453)	(7,541)
Deferred (note 16)	12,085	4,481
	10,632	(3,060)

e) Peruvian tax authorities (SUNAT, Spanish acronym) have the right to review and, if applicable, amend the income tax determined by Copeinca S.A.C. and its Peruvian subsidiaries in the last four years as from the following year the tax returns have been filed (years subject to examination). Years 2006 to 2010 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. and its Peruvian subsidiaries 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 and its subsidiaries' management consider that no significant liabilities will arise as a result of these tax examinations.

f) Copeinca S.A.C. may obtain a refund of the VAT (IGV in Peru) 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 2010 amounts to approximately US$57 thousand (approximately US$4,730 thousand as of 31 December 2009) and is shown net in other accounts receivable in the balance sheet (note 12).

g) Copeinca S.A.C. reported a taxable income for the fiscal year 2009; consequently, it was under the obligation of making, during the year 2010, payments in advance of the 2010 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 2010 income tax between January and November of 2010 for a total amount of US$7,923 thousand (note 12) (US$4,368 thousand in 2009). Payments in advance of the income tax are applied against the final income tax filed within the tax authorities.

28 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of Copeinca ASA by the weighted-average number of ordinary shares outstanding and issued during the year (note 13).

	2010	2009
(Loss) profit attributable to equity holders of Copeinca ASA *(US$'000)*	(6,493)	255
Weighted-average number of common shares outstanding *(thousand)*	58,500	58,500
Basic (losses) earnings per share *(US$ per share)*	(0.1110)	0.0044
Diluted (losses) earnings per share *(US$ per share)*	(0.1110)	0.0043

The balances of basic and diluted earnings per share for the year ended 31 December 2009 have been restated to give effect to the change explained in note 2.18

29 DIVIDENDS DISTRIBUTION

In 2010 Copeinca ASA made a dividend distribution of an amount of US$50 million among its stockholders. The amount distributed represents NOK4.94 or US$0.85 per share. No dividends have been proposed in relation to the results for the year ended 31 December 2010.

30 CONTINGENCIES

As of 31 December 2010 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$6,323 thousand (US$7,622 thousand in 2009).

- Court actions (civil and labor-related actions) against Copeinca S.A.C. for an amount of US$2,230 thousand, (US$111 thousand in 2009).

- Administrative proceedings filed within the Production Ministry amounting to US$3,687 thousand (US$754 thousand in 2009).

Management believes that no material liabilities will arise from the final resolution of these cases.

31 RELATED-PARTY TRANSACTIONS

As of 31 December 2010, Copeinca ASA's major shareholders are Dyer and Coriat Holding holder of a 33% interest and Andean Fishing holder of a 14% interest. The remaining 53% interest is widely held.

Gestion del Pacifico S.A.C. is a company owned by D&C Holding which provides corporate affair services to Copeinca S.A.C. and other companies.

Marinasol S.A. was a subsidiary of Camposol S.A that manages fishing projects for direct human consumption. D&C Holding owns 28.73% of Camposol Holding PLC which wholly owns Camposol S.A.

The following balances with related parties are outstanding at 31 December:

a) Accounts receivable for the sale of goods and services rendered to related parties

	2010	**2009**
	US$'000	*US$'000*
Beginning balance	6	69
Services/goods rendered/purchased during the year	–	731
Payments received	(6)	(725)
Reclassification of accounts	–	(69)
Closing balance	–	6

b) Loans to related parties

	2010	**2009**
	US$'000	*US$'000*
Beginning balance	682	376
Loans granted during the year	208	287
Repayment of loans received	(772)	(10)
Interest charged	14	29
Closing balance	132	682

These loans include US$123 thousand from services rendered to Marinasol S.A. and US$85 thousand for assorted services to Gestion del Pacifico S.A.C. and interest of US$14 thousand.

c) **Accounts payable for services received from related parties**

	2010 *US$'000*	2009 *US$'000*
Beginning balance	215	201
Services received during the year	136	244
Acquisition of fixed assets and other assets	–	208
Condonation of outstanding balance	(209)	–
Payments done	(142)	(438)
Closing balance	–	215

The services received are related to image, communications and social responsibility services amounting to US$136 thousand.

d) **Board and management remuneration**

On the Nominations Committee dated 16 April 2010 the Board remuneration for 2009 and 2010 has been determined as follows:

Directors	**Board**	**Nominations Committee Proposed Fees** *NOK 000*	 *US$'000*
Mr. Kristjan Davidsson	Chairman	570	97
Mr. Samuel Dyer Ampudia	Deputy Chairman	470	80
Mrs. Mimi Berdal	Member	265	45
Mrs. Marianne Johnsen	Member	275	47
Mr. Osterling Luis Dyer Ampudia	Member	270	46
Mr. Piero Dyer Coriat	Member	275	47
Mr. Sheyla Dyer Coriat	Member	265	45
Mr. Ivan Orlic Ticeran	Member	295	50
		NOK2,685	US$457

The group has a Management team consisting of a CEO, a CFO and a COO; all employed by the main subsidiary Copeinca S.A.C. During 2010 the amounts paid to these executives were:

	Salary *US$'000*	**Bonus** *US$'000*	**Benefits in kind** *US$'000*	**Pension Cost** *US$'000*	**Value of options issued (*)** *US$'000*	**Total Remuneration** *US$'000*
Management						
Samuel Dyer Coriat (CEO)	332	164	56	–	579	1,131
Eduardo Castro-Mendivil (CFO)	186	92	18	–	228	524
Pablo Trapunsky Vilar (COO)	190	45	22	–	242	499
Total remuneration	708	301	96	–	1,049	2,154

(*) *Options issued but not exercised (note 13).*

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) *Stock options scheme*

Key management also benefits from a stock option plan (note 13).

32 GUARANTEES

As of 31 December 2010, the group has pledged the following assets

Type of Asset	Encumbered creditor	Type of Asset	Type of Asset indebtedness	Book value	Type of Asset guarantee
				US$'000	
Vessel	Fund. Stich.	Pachacutec 25	Overall	2,000	Mortgage
Vessel	Petroperú	Pachacutec 51	Line of credit	8,952	Mortgage
Vessel	Petroperú	Pachacutec 5	Line of credit	2,983	Mortgage
Vessel	Scotiabank	DC-1	Line of credit	849	Mortgage
Total				14,784	

33 SUBSEQUENT EVENTS

Up to the date of the approval of these financial statements no significant issue has taken place that may have required their adjustment.

REVENUE STATEMENT

Operating income and operating expenses	Notes	2010	2009
Payroll expenses	7	6,668,184	3,109,232
Other operating expenses	7	2,950,984	4,876,608
Operating expenses		9,619,68	7,985,840
Operating profit		–9,619,168	–7,985,840
Financial income and expenses			
Income from subsidiaries and other group entities	1	0	316,323,824
Interest income from group entities		4,600,734	4,430,257
Other interest income		236	825
Other financial income	8	4,872,898	0
Interest expense to group entities		36,825	0
Other financial expenses	8	9,298,795	27,129,395
Net financial income and expenses		138,247	293,625,511
Operating result before tax		–9,480,921	285,639,670
Operating result after tax		–9,480,921	285,639,670
Annual net profit		-9,480,921	285,639,670
Brought forward			
Dividend		0	288,800,000
Loss brought forward		1,298,915	0
From other equity		8,182,006	3,160,330
Net brought forward		–9,480,921	285,639,670

BALANCE SHEET

Parent Company Financial Statements year ending 31 December 2010

Assets	*Notes*	**2010**	**2009**
Fixed assets			
Financial fixed assets			
Investments in subsidiaries	*1*	1,688,051,213	1,640,800,877
Loans to group companies	*2,3*	142,124,421	136,366,944
Total financial fixed assets		1,830,175,634	1,777,167,821
Total fixed assets		1,830,175,634	1,777,167,821
Current assets			
Debtors			
Other receivables		168,450	129,200
Inter company receivables	*2,3*	22,575,649	332,053,524
Total debtors		22,744,099	332,182,723
Cash and bank deposits		1,446,967	1,059,863
Total current assets		24,191,066	333,242,587
Total assets		1,854,366,699	2,110,410,408

Equity	*Note*	**2010**	**2009**
Restricted equity			
Share capital (58,500,000 shares, nom. value NOK5)	*5*	292,500,000	292,500,000
Share premium reserve		1,493,773,248	1,493,773,248
Other reserves		8,295,320	4,690,721
Total restricted equity		1,794,568,568	1,790,963,969
Retained earnings			
Other equity		0	8,182,006
Accumulated translation differences		53,188,374	0
Loss brought forward		–1,298,915	0
Total retained earnings		51,889,459	8,182,006
Total equity	*4*	1,846,458,027	1,799,145,976
Liabilities			
Current liabilities			
Trade creditors		556,575	1,211,316
Inter company debt	*2,3*	7,352,097	21,253,117
Dividends	*4*	0	288,800,000
Total short term liabilities		7,908,673	311,264,432
Total liabilities		7,908,673	11,264,432
Total equity and liabilities		1,854,366,699	2,110,410,408

STATEMENT OF CASHFLOW

	2010	2009
Cash flow from operations		
Profit before taxes	–9,480,921	285,639,670
Changes in other receivables	309,438,625	–211,586,725
Changes in trade payables	–654,741	–184,396
Change in other items, included translation differences	–296,762,981	–68,029,959
Net cash generated from operating activities	2,539,982	5,838,590
Cash flow from investing activities		
Loans granted to subsidiaries	–5,757,477	–7,136,553
Net cash used in investing activities	–5,757,477	–7,136,553
Cash flow from financing activities		
Value of share options expensed	3,604,599	1,668,182
Net cash used in financing activities	3,604,599	1,668,182
Net decrease/increase in cash and cash equivalents	387,104	370,219
Cash and cash equivalents at beginning of the period	1,059,863	689,644
Cash and cash equivalents at the end of the period	1,446,967	1,059,863

ACCOUNTING PRINCIPLES

The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

Revenue recognition

Revenue from sales of goods is recognised at the time of delivery. Revenue from the sales of services is recognised when the services are executed. The share of sales revenue associated with future service is recorded in the balance sheet as deferred sales revenue, and is recognized as revenue at the time of execution.

Classification and valuation of balance sheet items

Assets intended for long term ownership or use have been classified as fixed assets. Assets expected to be realised in, or is intended for sale or consumption in the entity's normal operating cycle have been classified as current assets. Receivables are classified as current assets if they are expected to be realised within twelve months after the transaction date. Similar criteria apply to liabilities.

Current assets are valued at the lower of cost and fair value. Short term liabilities are reflected at nominal value.

Fixed assets are carried at historical cost. Fixed assets whose value will deteriorate are depreciated on a straight line basis over the asset's estimated useful life.

Fixed assets are written down to net realisable value if a value reduction occurs which is not expected to be temporary. Accruals are discounted to present value if the time value of money is material.

Subsidiaries, associated companies, and joint ventures

Investments in subsidiaries, associated companies and joint ventures are valued at cost in the company accounts. The investment is valued at the cost of acquiring the shares, providing they are not impaired.

Group contributions to subsidiaries, with tax deducted, are reflected as increases in the purchase costs of the shares.

Dividends and group contributions are recognised in the same year as they are recognised in the subsidiary/associated company accounts. If dividends exceed retained earnings after acquisition, the exceeding amount is regarded as reimbursement of invested capital and the distribution will reduce the recorded value of the acquisition in the balance sheet.

Trade and other receivables

Trade and other receivables are recognised in the balance sheet at nominal value after deduction of provision for bad debts. The provision for bad debts is estimated on the basis of an individual assessment of each receivable.

Foreign currencies

Items denominated in foreign currencies are translated into the functional currency of Copeinca ASA (PEN = Peruvian new sol) at the exchange rate on the balance sheet date.

The company changed its functional currency from NOK to PEN on 1 January 2010. One used the actual currency rates to establish the new balance sheet values (respectively 0.495 for assets and 0.504 for debt items). Balances in PEN as of 1 January 2010 represent new historical cost values.

Reference is also made to the consolidated accounts with respect to foreign currencies.

Taxes

The tax expense in the income statement consists both of taxes payable for the accounting period, and the period's changes in deferred tax. Deferred tax is calculated as 28% of the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences, both positive and negative, are offset within the same period. Deferred tax assets are recorded in the balance sheet when it is more likely than not that the tax assets will be utilized. Deferred tax assets and deferred tax liabilities are presented net in the balance sheet.

Tax on group contributions given, booked as an increase in the purchase price of shares in other companies, and tax on group contribution received booked directly to equity, have been booked directly against tax items in the balance sheet (offset against tax payable if the group contribution has affected tax payable, and offset against deferred taxes if the group contribution has affected deferred taxes).

Cash Flow Statement

The Cash Flow Statement is prepared using the indirect method. The application of this method implies that profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

NOTE 1
Subsidiaries

Subsidiaries	Location	Ownership %	Equity last year (100%) – TNOK	Profit/loss last year (100%) – TNOK	Book Value
Copeinca Internacional SLU	Spain	100.00%	115,507,516	–2,673,993	215,153,165
RAB Overseas Peru Limited SAC	Peru	56.40%	218,105,851	–904,905	366,325,067
Weimar Trading Peru Limited SAC	Peru	56.40%	13,332,241	–55,689	43,596,600
Corporation Pesquera Inca SAC	Peru	42.85%	1,027,086,495	–101,843,463	1,062,976,379
Gerzat SAC	Peru	0.01%	335,700,787	–	2
			1,709,732,890	–105,478,050	1,688,051,213

NOTE 2
Receivables and liabilities

The company has granted a subordinated loan for TNOK142.124 on one of its subsidiaries. The objective of the loan is to finance the subsidiary's investments in other group companies, and final repayment terms are not settled between the parties.

All other receivables are due for repayment within 12 months after 31 December 2010.

All liabilities of Copeinca ASA shall be repaid before 31 December 2015 (5 years after the end of 2010). None of the liabilities are secured with mortgages.

Reference is made to the notes of the consolidated accounts regarding market risk, credit risk and liquidity risk.

NOTE 3
Intercompany balances with group companies

Receivables			
Trade receivables		Other receivables	
2010	2009	2010	2009
0	2,057,231	164,700,069	466,363,237
0	2,057,231	164,700,069	466,363,237

Liabilities			
Other short term liabilities		Trade payables	
2010	2009	2010	2009
0	8,551,365	7,352,097	12,701,752
0	8,551,365	7,352,097	12,701,752

NOTE 4
Equity

	Share capital	Share premium reserve	Other paid up equity	Other equity	Translation differences	Total
Equity at 1 January	292,500,000	1,493,773,248	4,690,721	8,182,006		1,799,145,976
Value of share options issued			3,604,599			3,604,599
Translation difference 1)					53,188,374	53,188,374
Profit and loss of the year				–9,480,921		-9,480,921
Equity at 31 December	292,500,000	1,493,773,248	8,295,320	–1,298,915	53,188,374	1,846,458,027

1) Copeinca ASA changed its functional currency from Norwegian kroner to Peruvian sol with effect from 1 January 2010. The presentation currency is still Norwegien kroner, and translation differences arises from the conversion from sol to kroner at year end 2010.

Conversion to the presentation currency as of 31 December 2010 is made at 2,078 for assets (sales rate) and 2,128 for the debt (purchase rate). Profit & loss items are converted on the basis of the annual average rate of 2,103.

NOTE 5
Share capital and shareholder information

Copeinca ASA has business office in Haakonsgate VII, Oslo, where the consolidated group financial accounts can be obtained.

The share capital of NOK292,500,000 consists of 58,500,000 shares with a face value of NOK5 each. All shares have equal rights.

List of major shareholders at 31.12.	**Total Shares**	**Ownership**	**Voting Rights**
Dyer Coriat Holding	19,098,000	32.6%	32.6%
Andean Fishing LLC	8,118,075	13.9%	13.9%
ETVE Veramar Azul S.L.	6,032,970	10.3%	10.3%
Weilheim Investments S.L.	4,326,159	7.4%	7.4%
State Street Bank & Trust	2,884,777	4.9%	4.9%
South Winds AS	1,489,750	2.5%	2.5%
DNB NOR SMB	1,392,247	2.4%	2.4%
State Street Bank & Trust	1,367,395	2.3%	2.3%
GMO Emerging Illiquid Fund	1,145,350	2.0%	2.0%
State Street Bank & Trust	1,106,400	1.9%	1.9%
Alfred Berg Gambak	1,065,292	1.8%	1.8%
JP Morgan Clearing Corp.	738,160	1.3%	1.3%
Verdipapirfondet Handelsbanken	690,000	1.2%	1.2%
JP Morgan Chase Bank	493,712	0.8%	0.8%
Fidelity Funds Latin America	470,386	0.8%	0.8%
Alfred Berg Norge +	452,846	0.8%	0.8%
DERIS SA	400,000	0.7%	0.7%
MP Pensjon	383,850	0.7%	0.7%
Alfred Berg AKTIV	348,983	0.6%	0.6%
VPF Nordea Kapital	309,800	0.5%	0.5%
Top 20	52,314,152	89.4%	89.4%
Other	6,185,848	10.6%	10.6%
Total	58,500,000	100.0%	100.0%

NOTE 6
Taxes

Calculation of deferred tax/deferred tax asset

Temporary differences	**2010**	**2009**
Positive differences	–	9,489,715
Tax losses carried forward	–97,890,103	–101,503,496
Total	–97,890,103	–92,013,781
28% deferred tax	–27,409,229	–25,763,859
Deferred tax assets not recognised	–27,409,229	–25,763,859
Deferred tax in the balance sheet	0	0

Basis for income tax, changes in deferred tax and tax payable		
Profit/loss before income tax	–9,480,921	285,639,670
Permanent differences	3,604,599	–305,165,927
Basis for the tax expense of the year	–5,876,322	–19,526,257
Changes in temporary differences	9,489,715	–9,489,715
Basis for tax payable in the profit and loss statement	3,613,393	–29,015,972
– Charged against losses carried forward	–3,613,393	0
Basis for tax payable liability	0	0

The company has decided not to recognise deferred tax assets in the balance sheet as it is not likely that the loss brought forward can be utilized against future taxable profit.

NOTE 7
Employee benefits expense, number of employees, loans to employees and auditor's fee

Employee benefits expense	**2010**	**2009**
Board member remuneration	2,685,000	2,335,000
Social security expenses	378,585	329,235
Calculated value of share options issued	3,604,599	1,668,182
Reversal of previous years' accrual	–	–1,223,185
Total	6,668,184	3,109,232

The company has no employees.

Copeinca ASA has granted 1,060,000 share options to 11 key employees of the Group. At year end 2010 a total of 870,000 options remain outstanding. The value of the options is calculated on the basis of the Black Scholes model, and expensed in the Profit and loss account. Reference is also made to the consolidated accounts where a more information about the issue can be found.

Management remuneration	**General manager**	**Board**
Salaries	–	2,685,000

No loans/securities have been granted to the board chairman or other related parties. No individual loan/security amounts to more than 5% of the company's equity:

Auditor

The expensed fees to the company's auditor consist of the following (VAT included):

- Statutory Audit	837,500
- Other advisory services	366,976
Total fee to the auditor	1,204,476

NOTE 8
Currency gains and losses included in the profit and loss statement

	2010	**2009**
Currency gain	4,872,897	–
Currency loss	9,298,795	27,129,395

The table below shows how the conversion of assets and liabilities was made from NOK to PEN on 1 January 2010. The PEN values represent new historical cost values.

NOTE 9
Change of functional currency on 1 January 2010

	NOK ('000)	**PEN ('000)**
Investments in subsidiaries	1,640,801	812,180
Loans to group companies	136,367	67,500
Other receivables	129	64
Inter company receivables	332,054	164,363
Bank deposits	1,060	525
Suppliers	1,211	610
Debt to group companies	21,253	10,703
Dividend	288,800	145,435

To the Annual Shareholders' Meeting of Copeinca ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Copeinca ASA, 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 2010, and the income statement and 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 balance sheet at 31 December 2010, income statement, statement of comprehensive income, changes in equity, cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the financial statements of the parent company in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the financial statements of the group in accordance with simplified IFRS pursuant to § 3-9 of the Norwegian Accounting Act, and for such internal control as the Board of Directors and the Managing Director 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.

Opinion on the financial statements of the parent company

In our opinion, the financial statements of the parent company give a true and fair view of the financial position for Copeinca ASA as at 31 December 2010, 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 of the group

In our opinion, the financial statements of the group give a true and fair view of the financial position of the group Copeinca ASA as at 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 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 the company's 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.

Oslo, 26 April 2011
Issued by Copeinca's auditor

II. MANAGEMENT DISCUSSION AND ANALYSIS OF COPEINCA GROUP

The following is an extract of the unaudited financial statements for the first quarter ended 31 March 2013, 2012 board of director's report, 2011 annual report and 2010 annual report of Copeinca which relates to the management discussion and analysis of the Copeinca Group for the quarter ended 31 March 2013 and for the years ended 2012, 2011 and 2010. For the avoidance of doubt, references to the "Company" and the "Group" under this section shall mean Copeinca and the Copeinca Group, respectively.

FOR THE FIRST QUARTER ENDED 31 MARCH 2013

Market Situation

Fishmeal

On the supply side, the second fishing season of 2012 has a reduced quota of 810,000 MT (the lowest quota allocated since the ITQ system was implemented in 2009) finished in early January 2013. Even if the season was not an easy one and catching costs became higher than expected, the Company managed to catch 100% of its own quota.

During this period, fishing season in the South began in January 1st 2013 with a total quota of 400,000 MT and with a new regulation in which established a restriction for industrial catching less than 10 nautical miles from coast (after March when the regulation was modified from 10 to 7 nautical miles from coast), however, fishing reached only 5,593 MT of the quota.

Under this scenery, in which supply is very limited, fishmeal prices have increased to record high levels.

Current fishmeal price in 2013 is USD2,200/MT FOB compared to 2012, in which the average price was USD1,588/MT FOB for Super Prime (SP) grade.

Current fishmeal/soybean meal ratio is about 3.21:1 in China and 3.8:1 in Europe. Current ratio is considered average in the market.

Fish Oil

For Q1'13 fish oil average price for Aqua grade rose to USD2,572/MT FOB Peru compared to USD1,353/MT FOB Peru for the same period in 2012 (USD 1,219/MT higher).

During Q1'13, the average price for omega 3 quality was USD3,000/MT FOB Peru, increased by USD1,187/MT in comparison to the same period in 2012, when the average price was USD1,813/MT FOB Peru.

Current FOB Peru price level for aqua feed grade is USD2,600/MT while price for omega 3 profile is trading at USD3,000/MT FOB Peru. There are small transactions if any due to low availability.

Current ratio in Europe for fish oil/soybean oil at 2.21:1 and fish oil/ rapeseed oil is at 2.09. Current ratio is considered high in the market.

Mackerel and Jack Mackerel caught for Direct Human Consumption (DHC)

On January 20th 2013, the Government announced a total quota of 119,000 MT, out of which 48,792 MT was caught by all companies.

The Company caught 5,942 MT (representing 12.2% of the total captured in the Peruvian coast).

PROFIT/LOSS AND OPERATIONS FOR THE FIRST QUARTER ENDED 31 MARCH 2013

EBITDA for the first quarter of 2013 totaled USD4.5 million on revenues of USD36.1 million compared to an EBITDA of USD34.2 million on revenues of USD99.1 million for the same period in the previous year. Volume sold was 18,429 MT in Q1'13, down from 77,734 MT in Q1'12.

During Q1'13, average fishmeal price per ton was USD1,744/MT and average fish oil price per ton was USD2,102/MT compared to an average fishmeal price per ton of USD1,212/MT, and an average fish oil price per ton of USD1,357/MT during the same period of the previous year. Weighted average price per ton was USD1,957/MT in Q1'13 compared to USD1,274/MT in Q1'12.

Total cost of goods sold (COGS) for Q1'13 was USD1,511/MT (USD27.8 million) compared to USD742/MT (USD57.7 million) in Q1'12.

The increase in COGS (USD1,511/MT – USD742/MT = USD769/MT) is mainly explained by, higher off-season period expenses allocated to lower volumes of production, higher fuel consumption by fleet and higher prices of raw material, derived from the lower quota allocated for the second fishing season 2012 and the difficulties in catching.

Production Cash Costs

Production cash costs for the second fishing season 2012 were USD1,314/MT, which were USD694/MT higher than in the corresponding period in 2011. The difference is mainly explained by purchases of raw material with higher costs, higher off-season period expenses allocated to lower volumes of production and higher fuel consumption by fleet.

Administrative Expenses

The main difference in administrative expenses in Q1'13 (USD3.6 million) compared to Q1'12 (USD3.1 million), was an increase in personnel expenses by USD 0.9 million due to an increase in the provision of the stock options, partially offset by a decrease in services rendered for third parties by USD0.2 million.

Selling Expenses

Selling expenses were USD1.7 million (USD93/MT) compared to USD5.8 million (USD75/MT) as a consequence of lower metric tons sold during the year.

Other Expenses

Other expenses of USD2.1 million in Q1'13 are mainly explained by USD1.3 million as a result of the provision of prior year expenses and USD0.6 million from legal provisions, among others. In Q1'12 other expenses amounted to USD2.2 million.

Other income

Other income in Q1'13 was USD0.4 million and USD0.1 million in Q1'12.

Financial expenses

Financial expenses for the first quarter 2013 were USD6.1 million, composed as follows: USD5.3 million of interest accrued from the company's bonds, USD0.7 million of other financial expenses and USD0.1 million interest from sale and leaseback operations. During the same period in 2012, financial expenses were USD5.2 million.

The exchange difference was negative by USD1.3 million and corresponds to the depreciation of the PEN against the US dollar as of 31 March 2013.

BALANCE SHEET, CASH FLOW AND LIQUIDITY AS OF 31 MARCH 2013

The Company's total assets were USD787.1 million as of 31 March 2013. Non-current assets decreased from USD666.5 million at the end of 2012 to USD658.6 million at the end of March 2013 as a result of the decrease licenses of USD3.6 million, decrease in goodwill in USD2.4 million and in property plant and equipment of USD1.9 million.

Current assets increased from USD87.7 million for the previous year to USD128.5 million at the end of March 2013. This is the result of an increase in cash and cash equivalents of USD36.8 million (mainly explained by the senior notes reopened on January 2013, receiving a total of USD75.0 million, and offset by the payment of leasing obligations of USD29.9 million, payment of inventory financing of USD10.0 million, among others), an increase in other accounts receivable by USD12.0 million, and the increase in other assets of USD1.4 million offset by a decrease in trade accounts receivable by USD9.4 million.

The Company's property, plant and equipment decreased from USD276.7 million to USD274.8 million as a result of new investments of USD4.4 million offset by a decrease in: exchange difference by USD4.4 million, depreciation by USD1.6 million, and disposal of assets of USD0.3 million.

Licenses and goodwill decreased by USD3.6 million and USD2.4 million respectively, as a result of the exchange rate difference of the translation from PEN to USD.

Total liabilities increased by USD45.0 million, from USD344.1 million to USD389.1 million, mainly as a result of the increase in long-term debt by USD47.9 million, increase in inventory financing of USD14.3 million, offset by the decrease in other and trade accounts payable of USD14.0 million and a decrease in other long term provisions by USD3.2 million.

The Company had a working capital of USD88.7 million as of 31 March 2013 compared to USD38.4 million as of 31 December 2012 as a result of the increase of the cash and cash equivalents.

Cash balance increased from USD39.1 million in December 2012 to an ending balance of USD75.9 million as of 31 March 2013. USD20.9 million were used in operating activities, USD4.0 million were used on investing activities, while USD61.7 million were generated from financing operations.

Capital Expenditure

Capital expenditure approved for 2013 was USD14.0 million, out of which USD4.4 million has been executed as of 31 March 2013.

Liquidity and Financial Resources

In January 2013, the Company reopened its USD175 million 9% senior notes due in 2017 raising gross proceeds of USD75 million, which are guaranteed by the Group. The issue of these notes corresponded to a single issue of, the USD175 million 9% senior notes due 2017. The total aggregate principal amount of the 9.00% senior notes due in 2017 outstanding following such reopening amounts to USD250 million. The net proceeds from the additional bond issue were used to repay lease obligations, to fund capital expenditures and for general corporate purposes.

Gearing Ratio

The gearing ratios at 31 March were as follows:

	2013	**2012**
	US$ million	*US$ million*
Total borrowings	286.1	235.6
Less: Cash and cash equivalent	(75.9)	(63.4)
Net debt	210.2	172.2
Total equity	398.0	407.4
Total capital	608.2	579.6
Gearing*Note*	35%	30%

Note: Gearing is calculated as net debt divided by total capital (financials are extracted from the Company's balance sheet as of 31 March 2013)

FOR THE YEAR ENDED 31 DECEMBER 2012

The following is an extract of Copeinca's board of director's report 2012 (pages 4-5).

Revenues were US$314.2 million in 2012 compared to US$254.5 million in 2011. Fishmeal and fish oil volume sold were 178,753 MT and 41,932 MT respectively in 2012, up from 148,589 MT and 35,246 MT respectively in 2011. Average price obtained per ton of product was US$1,424 in 2012, higher in US$40, from US$1,384 in 2011.

EBITDA decreased by 2.5% and reached US$103.8 million on revenues of US$314.2 million compared to an EBITDA of US$106.5 million on revenues of US$254.5 million in 2011.

EBITDA per ton in 2012 was US$470 per MT, lower than in 2011 (US$579 per MT), mainly explained by a higher cost per ton of product.

Gross profit increased from US$111.4 million (44%) in 2011 to US$117.4 million (37%) in 2012.

Cost of goods sold (COGS) for 2012 was US$196.9 million (US$892 per MT), higher than US$143.1 million (US$778 per MT) in 2011. Cost of goods sold increased on a per ton basis from 2011 to 2012, because of higher prices of raw material, higher off-season period expenses allocated into lower volumes of production and higher fuel consumption by fleet, derived from the lower quota awarded for the second fishing season 2012 and the difficulties in catching.

Operating profit in 2012 was US$75.1 million, up from US$74.3 million in 2011.

Financial expenses for 2012 were US$21.1 million on an outstanding US$223.8 million debt. For 2011, financial expenses were US$21.0 million on an outstanding debt of US$266.3 million.

Net income for 2012 was US$49.6 million compared to US$47.8 million in 2011.

The group's total assets were US$754.2 million as of December 31st 2012. Non-current assets increased from US$627.1 million at the end of 2011 to US$666.5 million at the end of December 2012. The increase in non-current assets were due to the increase on property plant and equipment of US$18.2 million, increase in licenses by US$12.8 million and increase in goodwill and other intangibles assets by US$8.4 million.

Current assets decreased from US$166.4 million for the previous year to US$87.7 million at the end of December 2012. This is result of a decrease in the level of the inventories of US$44.2 million, cash and cash equivalents by US$21.4 million, a decrease in trade accounts receivable by US$9.1 million and a decrease in other accounts receivable by US$4.0 million.

The Company's property, plant and equipment increased from US$258.5 million to US$276.7 million as a result of new investments of US$20.4 million and increase in exchange difference of US$14.0 million, offset by a depreciation of US$9.2 million, and disposal of assets of US$7.0 million.

Licenses and goodwill increased by US$12.8 million and US$8.3 million respectively, as a result of the exchange rate difference of the translation from PEN to US$.

Total liabilities decreased by US$60.8 million from US$404.9 million to US$344.1 million mainly as a result of the decrease in inventory financing of US$25.4 million, decrease in other and trade accounts payable of US$22.8 million and long-term debt by US$ 17.1 million offset by an increase in other long term provisions by US$4.5 million.

The Company had a working capital of US$38.4 million as of December 31st 2012 compared to US$68.4 million as of December 31st 2011; this decrease is mainly a result of the reduction of the short term debt and a subsequent decrease in cash.

Cash Flow from operations for the year 2012 was US$83.2 million (US$11.5 million in 2011). This significant difference is explained by the unusual high inventory at the end of 2011 (76,831 MT) vs. the average inventory at the end of 2012 (7,847 MT).

Cash Flow from investments was a negative of US$18.8 million, reflecting US$20.8 million of our CAPEX plan, including the of environmental footprint reduction projects, and upgrading our fleet offset by US$2.0 million from sales of fixed assets.

Cash Flow from financing was a negative of US$86.7 million, which includes new inventory financing of US$70.4 million, offset by the payment of inventory financing of US$95.8 million, payment of US$40.0 million of dividends, payment of US$17.5 million of leasebacks and US$3.8 million of a share buyback program.

Our CAPEX plan was financed by cash from our operations and financing from banks. COPEINCA has access to a variety of lines of credit from Peruvian and Norwegian banks.

FOR THE YEAR ENDED 31 DECEMBER 2011

Revenues were USD 254.5 million in 2011 compared to USD 233.0 million in 2010. Fishmeal and fish oil volume sold were 148,589 MT and 35,246 MT respectively in 2011, up from 135,896 MT and 30,975 MT respectively in 2010.

Average price obtained per ton of product was USD 1,384 in 2011, down USD 13, from USD 1,397 in 2010.

EBITDA increased by 32% and reached USD 100.0 million on revenues of USD 254.5 million compared to an EBITDA of USD 75.7 million on revenues of USD 233.0 million in 2010.

EBITDA per ton in 2011 was USD 544 per MT, significantly higher than in 2010 (USD 454 per MT), mainly due to the favorable price of fishmeal and fish oil in the first nine months, linked to a sustained demand and a limited supply for these products. Cost savings such as a lower raw material price, fixed costs better absorbed by a higher volume of production and a shorter fishing season also contributed to a higher EBITDA.

Gross profit increased from USD 82.0 million (35%) in 2010 to USD 111.4 million (44%) in 2011.

Cost of goods sold (COGS) for 2011 was USD 143.1 million (USD 778 per MT), down from USD 151.0 million (USD 905 per MT) in 2010. Cost of goods sold decreased on a per ton basis from 2010 to 2011, as a result of the higher production and the allocation of expenses on significantly higher tonnage.

Operating profit in 2011 was USD 74.3 million, up from operating loss of USD 1.5 million in 2010.

Financial expenses for 2011 were USD 21.0 million on an outstanding USD 266.3 million debt. For 2010, financial expenses were USD 23.5 million on an outstanding debt of USD 217.5 million.

Net income for 2011 was USD 47.8 million while net loss in 2010 was USD 6.5 million.

The Group's total assets were USD 793.5 million as of 31 December 2011, increased by USD 124.0 million from year end 2010. This is a result of the increase in the level of inventories in the amount of USD 48.4 million, increase in cash and cash equivalents of USD 26.3 million, increase on property plant and equipment of USD 20.6 million, increase in trade accounts receivable of USD 16.4 million, increase in intangibles of USD 8.5 million, increase of goodwill of USD 5.8 million and decrease in other assets of USD 2.0 million.

The Company's net fixed assets increased from USD 237.9 million to USD 258.5 million as a result of additions to cost of USD 36.4 million and the increase in the exchange difference of USD 9.5 million from the translation of PEN to USD, offset by a depreciation of USD 14.1 million, disposal of assets of USD 6.2 million and a provision for impairment of assets of USD 5.0 million.

Licenses and Goodwill increased by USD 14.8 million as a result of the exchange rate difference of the translation from PEN to USD.

Current assets increased, from USD 77.3 million at the end of 2010, to USD 166.4 million at the end of 2011 as inventories increased by USD 48.4 million, cash increased by USD 26.3 million and trade accounts receivable increased by USD 16.4 million, offset by other current assets of USD 2.0 million.

Total liabilities increased by USD 67.1 million from USD 337.8 million to USD 404.9 million as a result of the increase in inventor y financing of USD 24.3 million, other and trade accounts payable of USD 26.0 million and long-term debt by USD 24.4 million, offset by long term provision of USD 7.6 million.

The Company had a working capital (current assets less current liabilities) of USD 68.4 million as of December 2011 compared to USD 36.9 million as of December 2010. The increase is mainly a result of higher level of inventories, cash and trade accounts receivable from sales during the period.

Cash flow from operations for the year 2011 was only USD 9.7 million (USD 57.4 million in 2010) as the inventor y increased from 7,551 MT at the end of 2010 to 75,829 MT at the end of 2011 used cash generated from the operations.

Cash flow from investments was a negative of USD 33.0 million, reflecting USD 36.4 million of our CAPEX plan, including the construction of 3 new vessels, the conversion of all of our plants to new Steam Dried technology and USD 0.3 million of purchase of intangible assets, offset by USD 3.7 million from sales of fixed assets.

Cash flow from financing was a positive of USD 49.2 million, which includes new inventor y financing of USD 83.1 million, new bank loans of USD 20.0 million and USD 15.0 million from sale and leaseback financing, and exchange difference of USD 7.7 million, offset by the payment of inventor y financing of USD 58.7 million and payment of USD 17.0 million of leasebacks, bond interests and USD 0.9 million of a share buyback program.

Our CAPEX plan was carried out through cash from our operations and financing from banks. Copeinca has access to a variety of lines of credit from Peruvian and Norwegian banks.

The difference between net cash generated by operating activities of USD 9.7 million and operating profit of USD 74.3 million is mainly due to the increase of USD 50.2 million in inventories and USD 17.3 million of trade accounts receivables.

FOR THE YEAR ENDED 31 DECEMBER 2010

Revenues were USD 233.0 million on 2010 compared to USD 203.2 million in 2009. Fishmeal and fish oil volume sold were 135,896 MT and 30,975 MT respectively in 2010, down from 199,488 MT and 33,174 MT respectively in 2009. Average price obtained per ton of product was USD 1,397 in 2010, up USD 524/MT from USD 873 in 2009. Fishmeal and fish oil prices improved during 2010 due to the effect of the earthquake in Chile in February 2010 which leaded the prices to trading levels of USD 1,900-2,000/MT FOB Peru; and second, the current scarcity of fishmeal due to poor fishing seasons in Peru and Chile.

EBITDA increased by 29% and reached USD 76.2 million on revenues of USD 233.0 million compared to an EBITDA of USD 59.0 million on revenues of USD 203.2 million in 2009 despite significantly lower sales volume (166,871 MT vs. 232,662 MT).

EBITDA per ton improved from USD 254/MT in 2009 to USD 457/MT in 2010 due to the favorable price trends of fishmeal and fish oil linked to a sustained demand and a limited supply for these products.

Gross profit increased from USD 58.5 million (29%) in 2009 to USD 86.8 million (37%) in 2010.

During 2010 volumes of fishmeal and fish oil sold were 166,871 MT, while total production for the year was 138,826 MT (fishmeal and fish oil). The second fishing season of 2010 was extended until January 2011, so 10,912 MT of production were shifted onto the first quarter of 2011.

Cost of goods sold (COGS) for 2010 was USD 146.2 million (USD 876/MT), down from USD 144.6 million (USD 622/MT) in 2009. Cost of goods sold increased on a per ton basis from 2009 to 2010, as a result of the lower production and allocation of fixed expenses over inventories in the second fishing season of 2010.

Operating loss in 2010 was USD 1.5 million, down from operating profit of USD 6.4 million in 2009. This operating loss includes a provision of USD 42.1 million in 2010 (USD 16.3 million in 2009) for the discontinued use of company assets, lay-off of crew members amounting to USD 12.8 million, the write-off of the costs of vessels amounting to USD 9.5 million and non-fishing period expenses of USD 14.1 million charged to the P/L. While maintaining the same production capacity COPEINCA has discontinued the use of some of its assets, allowing for increased efficiency and lower fixed costs under the ITQ system legislation.

Financial expenses for 2010 were USD 23.5 million on an outstanding USD 216.5 million debt including one-off penalties of USD 1.8 million relating to the prepayment of syndicated loan. For 2009 financial expenses were USD 14.6 million on an outstanding debt of USD 143.8 million.

Net loss for 2010 was USD 6.5 million while net income in 2009 was USD 0.3 million. 2010 losses reflect, among other things, the impairment provisions of USD 42.1 million, as assets are being reduced in order to take advantage of the possibilities for increased efficiencies of the ITQ system law. Net income in 2009 includes USD 16.3 million in impairment provisions only.

As of 31 December 2010, COPEINCA ASA's total assets amounted to USD 669.5 million, lower by USD 9.8 million from year end 2009 as a result of the decrease in the level of inventories in the amount of USD 24.5 million, the decrease on trade and accounts receivable of USD 21.5 million and the decrease on property plant and equipment of USD 6.4 million, offset by the increase in cash of USD 21.7 million, an increase in intangibles of USD 13.8 million, and other assets of USD 7.1 million. The Company's net fixed assets decreased from USD 244.4 million to USD 238.0 million as a result of additions to investments of USD 60.5 million and the exchange rate difference from the translation of PEN to USD of USD 7.7 million, offset by a depreciation of USD 15.0 million, and disposal of assets of USD 17.5 million and a USD 42.1 million provision for impairment of assets.

Licenses increased by USD 8.0 million as a result of the acquisition of a license amounting to USD 2.1 million and USD 5.9 million as a result of the exchange rate difference of the translation from PEN to USD. From 31 December 2009 thru 31 December 2010 the PENS´s exchange rate has decreased from PEN 2.888 per 1 USD to 2.808 per 1 USD. Current assets decreased, from USD 94.4 million at the end of 2009, to USD 77.2 million at the end of December 2010 as inventories decreased by USD 24.5 million and trade accounts receivable decreased by USD 21.5 million, both reduced as a consequence of lower production during the fourth quarter of 2010, offset by an increase of cash and cash equivalents by USD 21.7 million and increase in other accounts receivable by USD 7.1 million explained by the income tax and VAT credit.

Total liabilities increased by USD 36.9 million from USD 300.9 million to USD 337.8 million as a result of the increase in long-term debt by USD 72.7 million from the USD 175 million bond issue and USD 1.0 million in short-term borrowings offset by the decrease in deferred income tax of USD 9.4 million, decrease in trade accounts payable for USD 12.6 million, other accounts payable of USD 14.8 million.

Non-current liabilities increased by USD 81 million while current liabilities decreased USD 44.1 million as the USD 175 million principal of the bonds is due in the year 2017 without amortization.

The Company had a working capital of USD 36.9 million as of December 2010 compared to USD 9.9 million as of December 2009, as there is a substantial decrease in current portion of long-term borrowings and an increase in cash and cash equivalents.

Positive cash flow from operations for the year 2010 was USD 57.4 million representing an increase of USD 32.6 million from year 2009. During year 2010 cash flow from operations increased by USD 22 million from sales and collection of trade accounts receivable compared to year 2009.

Cash flow from investments was a negative of USD 58.1 million, reflecting USD 58.6 million of our fleet and plants CAPEX plan, USD 2.0 million from other purchases and USD 2.5 million of purchases of intangibles, partially offset by USD 5.0 million from sales of fixed assets.

Positive cash flow from financing was USD 22.2 million which includes new inventory financing of USD 10.5 million, bonds financing of USD 175 million and USD 51.6 million from sale and leasebacks financing, offset by the payment of long-term borrowings of USD 155.4 million, payment of inventor y financing of USD 9.5 million and payment of USD 50 million of dividends. As of 31 December 2010 total cash was USD 34.2 million.

Main differences between net cash generated by operating activities of USD 57.4 million and operating loss of USD 1.5 million include depreciation and amortization of USD 16.0 million, write-off of assets and impairment amounting to USD 51.6 million, variation of balance sheet accounts of USD 0.7 million and deferred income taxes of USD 10.6 million, partially offset by financial expenses net of USD 16.8 million, exchange differences of USD 2.6 million.

APPENDIX J

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION ON THE ENLARGED GROUP IN MINIMUM GO SCENARIO

UNAUDITED ENLARGED GROUP PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEARS ENDED 28 SEPTEMBER 2010, 2011, 2012 AND SIX-MONTH PERIOD ENDED 28 MARCH 2013

	Note	**FY2010**	**FY2011**	**FY2012**	**2QFY2013**
		US$'000	*US$'000*	*US$'000*	*US$'000*
Revenue		**794,181**	**914,422**	**910,040**	**356,182**
Cost of sales		(206,572)	(232,199)	(290,601)	(197,822)
Charter hire expenses		(83,422)	(74,481)	(47,698)	–
Vessel operating costs		(209,155)	(290,153)	(275,975)	(51,503)
Gross profit		295,032	317,589	295,766	106,857
Other operating income		15,824	10,293	13,487	2,799
Selling expenses		(45,659)	(58,788)	(55,141)	(20,831)
Administration expenses		(32,621)	(28,201)	(36,138)	(15,251)
Other operating expenses		(58,091)	(39,200)	(11,265)	(4,362)
Finance costs:					
– Interest expense		(53,552)	(56,733)	(45,612)	(32,641)
– Cost of early redemption of senior notes		–	(16,454)	–	–
Profit before income tax		**120,933**	**128,506**	**161,097**	**36,571**
Income tax expense		(5,376)	(7,685)	(24,313)	14,571
Profit for the year/period		115,557	120,821	136,784	51,142
Revaluation of properties, representing other comprehensive income for the year/period		1,603	1,533	750	2,001
Total comprehensive income for the year/period		117,160	122,354	137,534	53,143
Profit attributable to:					
Owners of the Enlarged Group		**108,549**	**112,241**	**107,352**	**53,622**
Non-controlling interests		7,008	8,580	29,432	(2,480)
		115,557	120,821	136,784	51,142
Total comprehensive income attributable to:					
Owners of the Enlarged Group		110,152	113,774	108,102	55,623
Non-controlling interests		7,008	8,580	29,432	(2,480)
		117,160	122,354	137,534	53,143
Earning per share attributable to Owners of the Enlarged Group (US cents per share)					
– Basic	*4*	5.66	5.51	5.25	2.62
– Diluted	*4*	5.66	5.51	5.25	2.62

UNAUDITED ENLARGED GROUP PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 28 MARCH 2013

	Enlarged Group *US$'000*
ASSETS	
Current assets	
Cash and bank balances	231,413
Trade receivables	110,318
Other receivables and prepayments	170,735
Prepaid income tax	959
Deferred expenses	27,316
Inventories	86,635
Current portion of prepayment to Suppliers	29,098
Total current assets	**656,474**
Non-current assets	
Prepayment to Suppliers	241,525
Advances to Suppliers	40,500
Property, plant and equipment	783,718
Investment properties	3,192
Goodwill	365,398
Fishing and plant permits and licences	465,897
Other intangible assets	935
Total non-current assets	**1,901,165**
Total assets	**2,557,639**
LIABILITIES AND EQUITY	
Current liabilities	
Trade payables	22,091
Other payables and accrued expenses	18,705
Derivative financial instruments	1,408
Income tax payable	1,053
Current portion of finance leases	3,947
Current portion of bank loans	213,228
Total current liabilities	**260,432**
Non-current liabilities	
Finance leases	2,322
Bank loans	497,202
Senior notes	280,203
Long term provision	6,726
Deferred tax liabilities	133,678
Total non-current liabilities	**920,131**
Captial and reserves	
Share capital	102,318
Reserves	1,016,211
Equity attributable to equity holders	1,118,529
Non-controlling interests	258,547
Net equity	**1,377,076**
Total liabilities and equity	**2,557,639**

UNAUDITED ENLARGED GROUP PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 28 SEPTEMBER 2012

	Enlarged Group *US$'000*
ASSETS	
Current assets	
Cash and bank balances	223,368
Trade receivables	142,422
Other receivables and prepayments	193,762
Prepaid income tax	1,953
Deferred expenses	22,441
Inventories	91,156
Current portion of prepayment to Suppliers	22,133
Total current assets	**697,235**
Non-current assets	
Prepayment to Suppliers	113,723
Advances to Suppliers	40,500
Property, plant and equipment	812,451
Investment properties	3,320
Goodwill	361,180
Fishing and plant permits and licences	465,182
Other intangible assets	921
Total non-current assets	**1,797,277**
Total assets	**2,494,512**
LIABILITIES AND EQUITY	
Current liabilities	
Trade payables	25,567
Other payables and accrued expenses	40,355
Derivative financial instruments	2,511
Income tax payable	3,978
Current portion of finance leases	3,789
Current portion of bank loans	166,938
Total current liabilities	**243,138**
Non-current liabilities	
Finance leases	4,336
Bank loans	474,947
Senior notes	279,363
Long term provision	6,141
Deferred tax liabilities	144,824
Total non-current liabilities	**909,611**
Captial and reserves	
Share capital	102,318
Reserves	976,356
Equity attributable to equity holders	1,078,674
Non-controlling interests	263,089
Net equity	**1,341,763**
Total liabilities and equity	**2,494,512**

UNAUDITED ENLARGED GROUP PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED 28 MARCH 2013

	Enlarged Group *US$'000*
Net cash from operating activities	129,470
Net cash used in investing activities	(561,677)
Net cash from financing activities	570,857
Net increase in cash and cash equivalents	138,650
Cash and cash equivalents at beginning of period	92,763
Cash and cash equivalents at end of period	231,413

UNAUDITED ENLARGED GROUP PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 28 SEPTEMBER 2012

	Enlarged Group *US$'000*
Net cash from operating activities	149,964
Net cash used in investing activities	(529,035)
Net cash from financing activities	507,039
Net increase in cash and cash equivalents	127,968
Cash and cash equivalents at beginning of year	95,400
Cash and cash equivalents at end of year	223,368

1. BACKGROUND

This appendix has been prepared for inclusion in the circular to the shareholders of China Fishery Group Limited ("**CFGL**" or the "**Company**") in connection with the proposed acquisition of the 50.01% issued and paid-up capital of Copeinca A.S.A ("**Copeinca**") ("**Proposed Acquisition**"). The enlarged group of companies comprising the Company and its subsidiaries ("**CFGL Group**") and Copeinca and its subsidiaries ("**Copeinca Group**"), following the completion of the Proposed Acquisition, are collectively known as the "Enlarged Group".

2. BASIS OF PREPARATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

(a) The unaudited Enlarged Group pro forma consolidated financial information set out in this appendix is expressed in United States Dollars ("**US$**") and all values are rounded to the nearest thousand (US$'000) except where otherwise indicated. The financial information has been prepared for illustration purposes only. It has been prepared based on certain assumptions and after making certain adjustments, to show what:

i) the unaudited Enlarged Group pro forma consolidated statement of financial position of the Enlarged Group as at 28 September 2012 and 28 March 2013 would have been if the Proposed Acquisition had occurred as at 28 September 2012;

ii) the unaudited Enlarged Group pro forma consolidated statements of comprehensive income of the Enlarged Group for the financial years ended 28 September 2010, 2011, 2012 and six-month period ended 28 March 2013 would have been had the Proposed Acquisition had occurred on 29 September 2009;

iii) the unaudited Enlarged Group pro forma consolidated statement of cash flows of the Enlarged Group for the financial year ended 28 September 2012 and six-month period ended 28 March 2013 would have been had the Enlarged Group structure been in place since 29 September 2011 and 29 September 2012;

iv) The difference between the fair value of the purchase consideration and the fair values of the net assets acquired is presented as goodwill on the unaudited pro forma consolidated statement of financial position. The fair values of the net assets acquired are assumed to be equivalent to the carrying amounts of the net assets of Copeinca as at the relevant acquisition date for the purposes of the preparation of the unaudited pro forma consolidated financial information. This may differ from the fair values of the net assets as at the actual date of completion of the Proposed Acquisition upon the full completion of a purchase price allocation exercise. As the carrying value of the net assets of Copeinca excludes the fair value adjustments of the assets, liabilities and contingent liabilities arising from the Proposed Acquisition of Copeinca, the unaudited pro forma consolidated financial information excludes the effects of any changes to depreciation and amortization, and any other adjustments arising from these fair value adjustments. As the actual goodwill will have to be determined at the completion of the Proposed Acquisition, the actual goodwill could be materially different from the amount derived based on the assumption used.

The objective of the unaudited Enlarged Group pro forma consolidated financial information is to show what the historical financial information would have been had the Enlarged Group existed since 29 September 2009. However, the unaudited Enlarged Group pro forma consolidated financial information is not necessarily indicative of the results of operations or related effects on financial position that would have been obtained had the Enlarged Group actually existed earlier.

(b) The unaudited pro forma consolidated financial information of the Enlarged Group is based on the following:

i) the audited consolidated financial statements of CFGL Group for the financial years ended 28 September 2010, 2011 and 2012 which were prepared in accordance with SFRS, audited by Deloitte & Touche LLP and were not subject to any qualification;

ii) the unaudited consolidated financial statements of CFGL Group for the six months ended 28 March 2013 which were prepared in accordance with SFRS;

iii) the audited consolidated financial statements of Copeinca Group for the financial years ended 31 December 2010 and 2011 which were prepared in accordance with IFRS, audited by PricewaterhouseCoopers AS and were not subject to any qualification;

iv) the unaudited consolidated financial information of Copeinca Group for the three months ended 31 December 2009, 2010, 2011 and 2012 which were prepared in accordance with IFRS;

v) the unaudited consolidated financial information of Copeinca Group for the nine months ended 30 September 2010, 2011 and 2012 which were prepared in accordance with IFRS;

vi) the unaudited consolidated financial information of Copeinca Group for the 3 months ended 31 March 2013 which were prepared in accordance with IFRS.

(c) In presenting the unaudited pro forma consolidated financial information of the Enlarged Group, the following assumptions were taken into account:

i) On 26 February 2013, the Company announced the Rights Issue of up to 1,049,843,939 new shares at an issue price of S$0.34 per share by way of rights on 1 new share for each 1 existing shares. As the Rights Issue has been completed and 1,023,177,273 new shares issued on 19 April 2013. The Rights Issue are assumed to have been completed on 28 September 2012, and the estimated professional expenses of approximately US$3,000,000 in relation to the Right Issue;

ii) estimated professional expenses of approximately US$15,000,000 in relation to the Proposed Acquisition;

iii) estimated bank loan of approximately US$70,000,000 for 28 March 2013 and US$125,000,000 for 28 September 2012 to finance the shortfall for the Proposed Acquisition after the Rights Issue;

iv) the settlement of the purchased consideration of US$378,572,000 on 28 September 2012 and US$324,350,000 on 28 March 2013 in respect of the Proposed Acquisition of 50.01% interest in Copeinca;

v) there is no realignment of Copeinca Group's accounting policies to CFGL Group's accounting policies;

vi) Copeinca Group announced on 5 April 2013 the private placement of 11,700,000 new Copeinca Shares with a par value of NOK5 each, in computing the financial effects of the Ocean Harvest Transaction, Call Option Transaction and the New Offer on the NTA and gearing of the Enlarged Group, the private placement is assumed to have been completed on 28 September 2012;

vii) The fair values of the available-for-sale investment used in computing the financial effects of the Ocean Harvest Transaction and Call Option Transaction on the earnings and the NTA of the Enlarged Group may differ from the fair values as at the actual date of completion of the Acquisition.

(d) CFGL Group have financial year end of 28 September while Copeinca Group has a financial year end of 31 December. For the purpose of inclusion in the Circular, the following financial information have been used to derive the unaudited consolidated financial information of Copeinca Group for each of the (12 months) financial years ended 28 September 2010 to 2012 and the six-month period ended 28 March 2013 in order to be co-terminus with the financial year end of CFGL Group of 28 September, and we assume there was no significant transaction happened for the period of 29-30 September 2009, 2010, 2011, 2012 and 29-31 March in Copeinca Group, and the financial effect for the transaction happened during these two days is immaterial:

i) the audited consolidated financial statements of Copeinca Group for the financial years ended 31 December 2010 and 2011; and

ii) the unaudited consolidated financial information of Copeinca Group for the three months ended 31 December 2009, 2010, 2011 and 2012; and

iii) the unaudited consolidated financial information of Copeinca Group for the nine months ended 30 September 2010, 2011 and 2012; and

iv) the unaudited consolidated financial information of Copeinca Group for the three months ended 31 March 2013.

3. STATEMENT OF ADJUSTMENTS

The following adjustments have been made in arriving at the unaudited pro forma consolidated financial information of the Enlarged Group:

Unaudited Enlarged Group Pro Forma Consolidated Statement of Comprehensive Income for the year ended 28 September 2010

	Audited consolidated statement of comprehensive income of CFGL Group	Unaudited consolidated statement of comprehensive income of Copeinca Group	Unaudited Pro Forma Adjustments	Note	Unaudited Pro Forma consolidated statement of comprehensive income of Enlarged Group
	US$'000	*US$'000*	*US$'000*		*US$'000*
Revenue	538,931	255,250			794,181
Cost of sales	(46,921)	(159,651)			(206,572)
Charter hire expenses	(83,422)	–			(83,422)
Vessel operating costs	(209,155)	–			(209,155)
Gross profit	199,433	95,599			295,032
Other operating income	6,543	9,281			15,824
Selling expenses	(34,882)	(10,777)			(45,659)
Administration expenses	(13,869)	(8,752)			(32,621)
Other operating expenses	(5,028)	(38,063)	(15,000)	*(a)*	(58,091)
Finance costs:					
– Interest expense	(32,890)	(20,662)			(53,552)
– Cost of early redemption of senior notes	–	–			–
Profit before income tax	119,307	16,626			120,933
Income tax expense	(2,768)	(2,608)			(5,376)
Profit for the year	116,539	14,018			115,557
Revaluation of properties, representingother comprehensive income for the year	1,603	–			1,603
Total comprehensive income for the year	118,142	14,018			117,160
Profit attributable to:					
Owners of the Enlarged Group	116,539	14,018	(22,008)	*(a), (b)*	108,549
Non-controlling interests	–	–	7,008	*(b)*	7,008
	116,539	14,018			115,557
Total comprehensive income attributable to:					
Owners of the Enlarged Group	118,142	14,018	(22,008)	*(a), (b)*	110,152
Non-controlling interests	–	–	7,008	*(b)*	7,008
	118,142	14,018			117,160

Note:

(a) The estimated professional expenses of approximately US$15,000,000 in relation to the Proposed Acquisition.

(b) The adjustment represents the recognition of 49.99% non-controlling interests' share of post-acquisition profit of US$7,008,000 in the Copeinca Group.

Unaudited Enlarged Group Pro Forma Consolidated Statement of Comprehensive Income for the year ended 28 September 2011

	Audited consolidated statement of comprehensive income of CFGL Group	Unaudited consolidated statement of comprehensive income of Copeinca Group	Unaudited Pro Forma Adjustments		Unaudited Pro Forma consolidated statement of comprehensive income of Enlarged Group
	US$'000	*US$'000*	*US$'000*		*US$'000*
Revenue	685,450	228,972			914,422
Cost of sales	(94,294)	(137,905)			(232,199)
Charter hire expenses	(74,481)	–			(74,481)
Vessel operating costs	(290,153)	–			(290,153)
Gross profit	226,522	91,067			317,589
Other operating income	4,642	5,651			10,293
Selling expenses	(47,860)	(10,928)			(58,788)
Administration expenses	(15,864)	(12,337)			(28,201)
Other operating expenses	(6,829)	(32,371)			(39,200)
Finance costs:					
– Interest expense	(36,407)	(20,326)			(56,733)
– Cost of early redemption of senior notes	(16,454)	–			(16,454)
Profit before income tax	107,750	20,756			128,506
Income tax expense	(4,092)	(3,593)			(7,685)
Profit for the year	103,658	17,163			120,821
Revaluation of properties, representing other comprehensive income for the year	1,533	–			1,533
Total comprehensive income for the year	105,191	17,163			122,354
Profit attributable to:					
Owners of the Enlarged Group	103,658	17,163	(8,580)	*(c)*	112,241
Non-controlling interests	–	–	8,580	*(c)*	8,580
	103,658	17,163			120,821
Total comprehensive income attributable to:					
Owners of the Enlarged Group	105,191	17,163	(8,580)	*(c)*	113,774
Non-controlling interests	–	–	8,580	*(c)*	8,580
	105,191	17,163			122,354

Note:

(c) The adjustment represents the recognition of 49.99% noncontrolling interests' share of post-acquisition profit of US$8,580,000 in the Copeinca Group.

Unaudited Enlarged Group Pro Forma Consolidated Statement of Comprehensive Income for the year ended 28 September 2012

	Audited consolidated statement of comprehensive income of CFGL Group	Unaudited consolidated statement of comprehensive income of Copeinca Group	Unaudited Pro Forma Adjustments	Note	Unaudited Pro Forma consolidated statement of comprehensive income of Enlarged Group
	US$'000	*US$'000*	*US$'000*		*US$'000*
Revenue	604,001	306,039			910,040
Cost of sales	(108,945)	(181,656)			(290,601)
Charter hire expenses	(47,698)	–			(47,698)
Vessel operating costs	(275,975)	–			(275,975)
Gross profit	171,383	124,383			295,766
Other operating income	6,226	7,468	(207)	*(d)*	13,487
Selling expenses	(37,747)	(17,394)			(55,141)
Administration expenses	(22,337)	(13,801)			(36,138)
Other operating expenses	(10,130)	(1,135)			(11,265)
Finance costs:					
– Interest expense	(26,176)	(19,436)			(45,612)
– Cost of early redemption of senior notes	–	–			–
Profit before income tax	81,219	80,085			161,097
Income tax expense	(3,103)	(21,210)			(24,313)
Profit for the year	78,116	58,875			136,784
Revaluation of properties, representing other comprehensive income for the year	750	–			750
Total comprehensive income for the year	78,866	58,875			137,534
Profit attributable to:					
Owners of the Enlarged Group	78,116	58,875	(29,639)	*(d), (e)*	107,352
Non-controlling interests	–	–	29,432	*(e)*	29,432
	78,116	58,875			136,784
Total comprehensive income attributable to:					
Owners of the Enlarged Group	78,866	58,875	(29,639)	*(d), (e)*	108,102
Non-controlling interests	–	–	29,432	*(e)*	29,432
	78,866	58,875			137,534

Note:

(d) The adjustment represents the recognition of fair value gain on the Available-For-Sale investment upon the completion of the Acquisition.

(e) The adjustment represents the recognition of 49.99% non-controlling interests' share of post-acquisition profit of US$29,432,000 in the Copeinca Group.

Unaudited Enlarged Group Pro Forma Consolidated Statement of Comprehensive Income for the six-month period ended 28 March 2013

	Unaudited consolidated statement of comprehensive income of CFGL Group	Unaudited consolidated statement of comprehensive income of Copeinca Group	Unaudited Pro Forma Adjustments	Note	Unaudited Pro Forma consolidated statement of comprehensive income of Enlarged Group
	US$'000	*US$'000*	*US$'000*		*US$'000*
Revenue	270,783	85,399			356,182
Cost of sales	(131,321)	(66,501)			(197,822)
Charter hire expenses	–	–			–
Vessel operating costs	(51,503)	–			(51,503)
Gross profit	87,959	18,898			106,857
Other operating income	1,935	1,071	(207)	*(f)*	2,799
Selling expenses	(16,264)	(4,567)			(20,831)
Administration expenses	(7,749)	(7,502)			(15,251)
Other operating expenses	(1,469)	(2,893)			(4,362)
Finance costs:					
– Interest expense	(23,379)	(9,262)			(32,641)
– Cost of early redemption of senior notes	–	–			–
Profit before income tax	41,033	(4,255)			36,571
Income tax expense	13,693	878			14,571
Profit for the period	54,726	(3,377)			51,142
Revaluation of properties, representing other comprehensive income for the period	2,001	–			2,001
Total comprehensive income for the period	56,727	(3,377)			53,143
Profit attributable to:					
Owners of the Enlarged Group	55,518	(3,377)	1,481	*(f), (g)*	53,622
Non-controlling interests	(792)	–	(1,688)	*(g)*	(2,480)
	54,726	(3,377)			51,142
Total comprehensive income attributable to:					
Owners of the Enlarged Group	57,519	(3,377)	1,481	*(f), (g)*	55,623
Non-controlling interests	(792)	–	(1,688)	*(g)*	(2,480)
	56,727	(3,377)			53,143

Note:

(f) The adjustment represents the recognition of fair value gain on the Available-For-Sale investment upon the completion of the Acquisition.

(g) The adjustment represents the recognition of 49.99% non-controlling interests' share of post-acquisition profit of US$1, 688,000 in the Copeinca Group.

Unaudited Enlarged Group Pro Forma Consolidated Statement of Financial Position as at 28 September 2012

	Audited consolidated statement of financial position of CFGL Group	Unaudited consolidated statement of financial position of Copeinca Group	Net Proceeds from the Rights Issue	Unaudited Pro Forma Adjustments	Note	Unaudited consolidated statement of financial position of Enlarged Group
	US$'000	*US$'000*	*US$'000*	*US$'000*		*US$'000*
ASSETS						
Current assets						
Cash and bank balances	51,415	41,348	278,377	(147,772)	*(h)*	223,368
Trade receivables	134,432	7,990				142,422
Other receivables and prepayments	182,975	10,787				193,762
Prepaid income tax	1,953	–				1,953
Deferred expenses	22,441	–				22,441
Inventories	57,276	33,880				91,156
Current portion of prepayment to Suppliers	22,133	–				22,133
Total current assets	**472,625**	**94,005**				**697,235**
Non-current assets						
Prepayment to Suppliers	113,723	–				113,723
Advances to Suppliers	40,500	–				40,500
Property, plant and equipment	541,577	270,874				812,451
Investment properties	3,320	–				3,320
Goodwill	95,721	150,289		115,170	*(i)*	361,180
Fishing and plant permits and licenses	233,834	231,348				465,182
Other intangible assets	–	921				921
Total non-current assets	**1,028,675**	**653,432**				**1,797,277**
Total assets	**1,501,300**	**747,437**				**2,494,512**
LIABILITIES AND EQUITY						
Current liabilities						
Trade payables	19,818	5,749				25,567
Other payables and accrued expenses	19,823	20,532				40,355
Derivative financial instruments	2,511	–				2,511
Income tax payable	3,978	–				3,978
Current portion of finance leases	3,789	–				3,789
Current portion of bank loans	148,910	18,028				166,938
Total current liabilities	**198,829**	**44,309**				**243,138**

	Audited consolidated statement of financial position of CFGL Group	Unaudited consolidated statement of financial position of Copeinca Group	Net Proceeds from the Rights Issue	Unaudited Pro Forma Adjustments	Note	Unaudited consolidated statement of financial position of Enlarged Group
	US$'000	*US$'000*	*US$'000*	*US$'000*		*US$'000*
Non-current liabilities						
Finance leases	4,336	–				4,336
Bank loans	142,577	207,370		125,000	*(j)*	474,947
Senior notes	279,363	–				279,363
Long term provision	–	6,141				6,141
Deferred tax liabilities	60,691	84,133				144,824
Total non-current liabilities	**486,967**	**297,644**				**909,611**
Captial and reserves						
Share capital	51,159	55,004	51,159	(55,004)	*(k)*	102,318
Reserves	764,345	350,480	227,218	(365,687)	*(k)*	976,356
Equity attributable to equity holders	815,504	405,484				1,078,674
Non-controlling interests	–	–		263,089	*(l)*	263,089
Net equity	**815,504**	**405,484**				**1,341,763**
Total liabilities and equity	**1,501,300**	**747,437**				**2,494,512**

Note:

(h) Pursuant to the New Offer (as defined in this Circular), NOK68.17 being the offer price for each Copeinca share, so the aggregate purchase consideration for the Proposed Acquisition will be US$393,572,000 which included the estimated professional expenses of approximately US$15,000,000. And it will be partially financed by bank loan of USD125,000,000. And the pro forma adjustments included the cash proceeds of USD120,800,000 from the private placement of new shares from Copeinca Group.

(i) Goodwill arising from the Proposed Acquisition represents the difference between the purchase consideration and the Group's share of the fair value of the identifiable assets and liabilities of the Copeinca Group.

(j) The estimated bank loan of approximately US$125,000,000 to finance the shortfall for the Proposed Acquisition after the Right Issue.

(k) The adjustments reflect the elimination of share capital of the Copeinca Group amounting to US$55,004,000, pre-acquisition reserves of US$350,687,000 and recognition of the estimated professional expenses of approximately US$15,000,000 in relation to the Proposed Acquisition.

(l) The adjustment represents the recognition of 49.99% non-controlling interests' share of interest of US$263,089,000 in the Copeinca Group.

Unaudited Enlarged Group Pro Forma Consolidated Statement of Financial Position as at 28 March 2013

	Unaudited consolidated statement of financial position of CFGL Group	Unaudited consolidated statement of financial position of Copeinca Group	Net Proceeds from the Rights Issue	Unaudited Pro Forma Adjustments	Note	Unaudited consolidated statement of financial position of Enlarged Group
	US$'000	*US$'000*	*US$'000*	*US$'000*		*US$'000*
ASSETS						
Current assets						
Cash and bank balances	25,735	75,851	278,377	(148,550)	*(m)*	231,413
Trade receivables	105,042	5,276				110,318
Other receivables and prepayments	143,528	27,207				170,735
Prepaid income tax	959	–				959
Deferred expenses	27,316	–				27,316
Inventories	66,476	20,159				86,635
Current portion of prepayment to Suppliers	29,098	–				29,098
Total current assets	**398,154**	**128,493**				**656,474**
Non-current assets						
Prepayment to Suppliers	241,525	–				241,525
Advances to Suppliers	40,500	–				40,500
Property, plant and equipment	508,901	274,817				783,718
Investment properties	3,192	–				3,192
Goodwill	95,721	150,754		118,923	*(n)*	365,398
Available-for-sale investments	56,174	–		(56,174)	*(o)*	–
Fishing and plant permits and licenses	233,834	232,063				465,897
Other intangible assets	–	935				935
Total non-current assets	**1,179,847**	**658,569**				**1,901,165**
Total assets	**1,578,001**	**787,062**				**2,557,639**
LIABILITIES AND EQUITY						
Current liabilities						
Trade payables	16,434	5,657				22,091
Other payables and accrued expenses	11,117	7,588				18,705
Derivative financial instruments	1,408	–				1,408
Income tax payable	1,053	–				1,053
Current portion of finance leases	3,947	–				3,947
Current portion of bank loans	186,722	26,506				213,228
Total current liabilities	**220,681**	**39,751**				**260,432**

	Unaudited consolidated statement of financial position of CFGL Group *US$'000*	Unaudited consolidated statement of financial position of Copeinca Group *US$'000*	Net Proceeds from the Rights Issue *US$'000*	Unaudited Pro Forma Adjustments *US$'000*	Note	Unaudited consolidated statement of financial position of Enlarged Group *US$'000*
Non-current liabilities						
Finance leases	2,322	–				2,322
Bank loans	167,613	259,589		70,000	*(p)*	497,202
Senior notes	280,203	–				280,203
Long term provision	–	6,726				6,726
Deferred tax liabilities	50,663	83,015				133,678
Total non-current liabilities	**500,801**	**349,330**				**920,131**
Captial and reserves						
Share capital	51,159	55,004	51,159	(55,004)	*(q)*	102,318
Reserves	806,152	342,977	227,218	(360,136)	*(q)*	1,016,211
Equity attributable to equity holders	857,311	397,981				1,118,529
Non-controlling interests	(792)	–		259,339	*(r)*	258,547
Net equity	**856,519**	**397,981**				**1,377,076**
Total liabilities and equity	**1,578,001**	**787,062**				**2,557,639**

Note:

(m) Pursuant to the New Offer (as defined in this Circular), NOK68.17 being the offer price for each Copeinca share, so the aggregate purchase consideration for the Proposed Acquisition will be US$339,350,000 which included the estimated professional expenses of approximately US$15,000,000. And it will be partially financed by bank loan of USD70,000,000. And the pro forma adjustments included the cash proceeds of USD120,800,000 from the private placement of new shares from Copeinca Group.

(n) Goodwill arising from the Proposed Acquisition represents the difference between the purchase consideration and the Group's share of the fair value of the identifiable assets and liabilities of the Copeinca Group.

(o) The adjustment represents the de-recognition of the Available-For-Sale investment upon the completion of the Acquisition.

(p) The estimated bank loan of approximately US$70,000,000 to finance the shortfall for the Proposed Acquisition after the Rights Issue.

(q) The adjustments reflect the elimination of share capital of the Copeinca Group amounting to US$55,004,000, pre-acquisition reserves of US$345,136,000 and recognition of the estimated professional expenses of approximately US$15,000,000 in relation to the Proposed Acquisition.

(r) The adjustment represents the recognition of 49.99% non-controlling interests' share of interest of US$259,339,000 in the Copeinca Group.

Unaudited Enlarged Group Pro Forma Consolidated Statement of Cash flows for the year ended 28 September 2012

	Audited consolidated statement of cash flows of CFGL Group	Unaudited consolidated statement of cash flows of Copeinca Group	Unaudited Pro Forma Adjustments	Note	Unaudited consolidated statement of cash flows of Enlarged Group
	US$'000	*US$'000*	*US$'000*		*US$'000*
Net cash from operating activities	90,757	59,207			149,964
Net cash used in investing activities	(108,963)	(26,500)	(393,572)	*(s)*	(529,035)
Net cash from (used in) financing activities	45,462	(62,600)	524,177	*(t)*	507,039
Net increase (decrease) in cash and cash equivalents	27,256	(29,893)			127,968
Cash and cash equivalents at beginning of year	24,159	71,241			95,400
Cash and cash equivalents at end of year	51,415	41,348			223,368

Note:

(s) Pursuant to the New Offer (as defined in this circular), the aggregate purchase consideration for the Proposed Acquisition is US$393,572,000 for 70,200,000 ordinary shares of Copeinca at NOK68.17 per share which included the estimated professional expenses of approximately US$15,000,000 in relation to the Proposed Acquisition.

(t) Based on the 1,023,177,273 Rights Shares issued, the net proceeds of the Rights Issue, after deducting estimated expenses of approximately US$3,000,000, is expected to be approximately US$278,377,000. And the estimated bank loan of approximately US$125,000,000 to finance the shortfall for the Proposed Acquisition after the Right Issue. And the pro froma adjustments included the cash proceeds of USD120,800,000 from the private placement of new shares from Copeinca Group.

Unaudited Enlarged Group Pro Forma Consolidated Statement of Cash flows for the six-month period ended 28 March 2013

	Unaudited consolidated statement of cash flows of CFGL Group	Unaudited consolidated statement of cash flows of Copeinca Group	Unaudited Pro Forma Adjustments	Note	Unaudited consolidated statement of cash flows of Enlarged Group
	US$'000	*US$'000*	*US$'000*		*US$'000*
Net cash from (used in)operating activities	144,067	(14,597)			129,470
Net cash used in investing activities	(215,027)	(7,300)	(339,350)	*(u)*	(561,677)
Net cash from financing activities	45,280	56,400	469,177	*(v)*	570,857
Net increase (decrease) in cash and cash equivalents	(25,680)	34,503			138,650
Cash and cash equivalents at beginning of period	51,415	41,348			92,763
Cash and cash equivalents at end of period	25,735	75,851			231,413

Note:

(u) Pursuant to the New Offer (as defined in this circular), the aggregate purchase consideration for the Proposed Acquisition is US$339,350,000 for 70,200,000 ordinary shares of Copeinca at NOK68.17 per share which included the estimated professional expenses of approximately US$15,000,000 in relation to the Proposed Acquisition.

(v) Based on the 1,023,177,273 Rights Shares to be issued, the net proceeds of the Rights Issue, after deducting estimated expenses of approximately US$3,000,000, is expected to be approximately US$278,377,000. And the estimated bank loan of approximately US$70,000,000 to finance the shortfall for the Proposed Acquisition after the Right Issue. And the pro froma adjustments included the cash proceeds of USD120,800,000 from the private placement of new shares from Copeinca Group.

4. BASIC EARNINGS PER SHARE

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share ("**EPS**") for the financial years ended 28 September 2010, 2011, 2012 and the six-month period ended 28 March 2013:

	FY2010	FY2011	FY2012	2QFY2013
Enlarged Group earnings used for calculation of EPS				
Profit for the year attributable to Owners of the Enlarged Group (USD'000)	108,549	112,241	107,352	53,622
Number of shares after the proposed right issue and acquisition used for the calculation of basic and diluted EPS:				
– Weighted average number of shares used for the calculation of basic EPS:	1,917,880,115	2,035,817,867	2,046,001,994	2,046,354,546
– Weighted average number of shares used for the calculation of diluted EPS:	1,919,066,303	2,036,969,543	2,046,407,275	2,046,354,546
Earnings per share (US cents)				
– Basic	5.66	5.51	5.25	2.62
– Diluted	5.66	5.51	5.25	2.62

EPS is calculated on the Enlarged Group's profit for the financial year attributable to Owners of the Enlarged Group divided by the total number of ordinary shares after proposed rights issue acquisition.

APPENDIX K

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION ON THE ENLARGED GROUP IN PRE-ACCEPTANCE GO SCENARIO

UNAUDITED ENLARGED GROUP PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEARS ENDED 28 SEPTEMBER 2010, 2011, 2012 AND SIX-MONTH PERIOD ENDED 28 MARCH 2013

	Note	**FY2010**	**FY2011**	**FY2012**	**2QFY2013**
		US$'000	*US$'000*	*US$'000*	*US$'000*
Revenue		794,181	914,422	910,040	356,182
Cost of sales		(206,572)	(232,199)	(290,601)	(197,822)
Charter hire expenses		(83,422)	(74,481)	(47,698)	–
Vessel operating costs		(209,155)	(290,153)	(275,975)	(51,503)
Gross profit		295,032	317,589	295,766	106,857
Other operating income		15,824	10,293	13,487	2,799
Selling expenses		(45,659)	(58,788)	(55,141)	(20,831)
Administration expenses		(32,621)	(28,201)	(36,138)	(15,251)
Other operating expenses		(58,091)	(39,200)	(11,265)	(4,362)
Finance costs:					
– Interest expense		(53,552)	(56,733)	(45,612)	(32,641)
– Cost of early redemption of senior notes		–	(16,454)	–	–
Profit before income tax		**120,933**	**128,506**	**161,097**	**36,571**
Income tax expense		(5,376)	(7,685)	(24,313)	14,571
Profit for the year/period		115,557	120,821	136,784	51,142
Revaluation of properties, representing other comprehensive income for the year/period		1,603	1,533	750	2,001
Total comprehensive income for the year/period		117,160	122,354	137,534	53,143
Profit attributable to:					
Owners of the Enlarged Group		**111,945**	**116,398**	**121,612**	**52,804**
Non-controlling interests		3,612	4,423	15,172	(1,662)
		115,557	120,821	136,784	51,142
Total comprehensive income attributable to:					
Owners of the Enlarged Group		113,548	117,931	122,362	54,805
Non-controlling interests		3,612	4,423	15,172	(1,662)
		117,160	122,354	137,534	53,143
Earning per share attributable to Owners of the Enlarged Group (US cents per share)					
– Basic	*4*	5.84	5.72	5.94	2.58
– Diluted	*4*	5.83	5.71	5.94	2.58

UNAUDITED ENLARGED GROUP PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 28 MARCH 2013

	Enlarged Group *US$'000*
ASSETS	
Current assets	
Cash and bank balances	198,289
Trade receivables	110,318
Other receivables and prepayments	170,735
Prepaid income tax	959
Deferred expenses	27,316
Inventories	86,635
Current portion of prepayment to Suppliers	29,098
Total current assets	**623,350**
Non-current assets	
Prepayment to Suppliers	241,525
Advances to Suppliers	40,500
Property, plant and equipment	783,718
Investment properties	3,192
Goodwill	432,873
Fishing and plant permits and licences	465,897
Other intangible assets	935
Total non-current assets	**1,968,640**
Total assets	**2,591,990**
LIABILITIES AND EQUITY	
Current liabilities	
Trade payables	22,091
Other payables and accrued expenses	18,705
Derivative financial instruments	1,408
Income tax payable	1,053
Current portion of finance leases	3,947
Current portion of bank loans	213,228
Total current liabilities	**260,432**
Non-current liabilities	
Finance leases	2,322
Bank loans	657,202
Senior notes	280,203
Long term provision	6,726
Deferred tax liabilities	133,678
Total non-current liabilities	**1,080,131**
Captial and reserves	
Share capital	102,318
Reserves	1,016,211
Equity attributable to equity holders	1,118,529
Non-controlling interests	132,898
Net equity	**1,251,427**
Total liabilities and equity	**2,591,990**

UNAUDITED ENLARGED GROUP PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 28 SEPTEMBER 2012

	Enlarged Group *US$'000*
ASSETS	
Current assets	
Cash and bank balances	170,244
Trade receivables	142,422
Other receivables and prepayments	193,762
Prepaid income tax	1,953
Deferred expenses	22,441
Inventories	91,156
Current portion of prepayment to Suppliers	22,133
Total current assets	**644,111**
Non-current assets	
Prepayment to Suppliers	113,723
Advances to Suppliers	40,500
Property, plant and equipment	812,451
Investment properties	3,320
Goodwill	426,838
Fishing and plant permits and licences	465,182
Other intangible assets	921
Total non-current assets	**1,862,935**
Total assets	**2,507,046**
LIABILITIES AND EQUITY	
Current liabilities	
Trade payables	25,567
Other payables and accrued expenses	40,355
Derivative financial instruments	2,511
Income tax payable	3,978
Current portion of finance leases	3,789
Current portion of bank loans	166,938
Total current liabilities	**243,138**
Non-current liabilities	
Finance leases	4,336
Bank loans	614,947
Senior notes	279,363
Long term provision	6,141
Deferred tax liabilities	144,824
Total non-current liabilities	**1,049,611**
Captial and reserves	
Share capital	102,318
Reserves	976,356
Equity attributable to equity holders	1,078,674
Non-controlling interests	135,623
Net equity	**1,214,297**
Total liabilities and equity	**2,507,046**

UNAUDITED ENLARGED GROUP PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED 28 MARCH 2013

	Enlarged Group *US$'000*
Net cash from operating activities	129,470
Net cash used in investing activities	(754,801)
Net cash from financing activities	730,857
Net increase in cash and cash equivalents	105,526
Cash and cash equivalents at beginning of period	92,763
Cash and cash equivalents at end of period	198,289

UNAUDITED ENLARGED GROUP PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 28 SEPTEMBER 2012

	Enlarged Group *US$'000*
Net cash from operating activities	149,964
Net cash used in investing activities	(722,159)
Net cash from financing activities	647,039
Net decrease in cash and cash equivalents	74,844
Cash and cash equivalents at beginning of year	95,400
Cash and cash equivalents at end of year	170,244

1. BACKGROUND

This appendix has been prepared for inclusion in the circular to the shareholders of China Fishery Group Limited ("**CFGL**" or the "**Company**") in connection with the proposed acquisition of the 74.23% issued and paid-up capital of Copeinca A.S.A ("**Copeinca**") ("**Proposed Acquisition**"). The enlarged group of companies comprising the Company and its subsidiaries ("**CFGL Group**") and Copeinca and its subsidiaries ("**Copeinca Group**"), following the completion of the Proposed Acquisition, are collectively known as the "Enlarged Group".

2. BASIS OF PREPARATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

(a) The unaudited Enlarged Group pro forma consolidated financial information set out in this appendix is expressed in United States Dollars ("**US$**") and all values are rounded to the nearest thousand (US$'000) except where otherwise indicated. The financial information has been prepared for illustration purposes only. It has been prepared based on certain assumptions and after making certain adjustments, to show what:

(i) the unaudited Enlarged Group pro forma consolidated statement of financial position of the Enlarged Group as at 28 September 2012 and 28 March 2013 would have been if the Proposed Acquisition had occurred as at 28 September 2012;

(ii) the unaudited Enlarged Group pro forma consolidated statements of comprehensive income of the Enlarged Group for the financial years ended 28 September 2010, 2011, 2012 and six-month period ended 28 March 2013 would have been had the Proposed Acquisition had occurred on 29 September 2009;

(iii) the unaudited Enlarged Group pro forma consolidated statement of cash flows of the Enlarged Group for the financial year ended 28 September 2012 and six-month period ended 28 March 2013 would have been had the Enlarged Group structure been in place since 29 September 2011 and 29 September 2012;

(iv) The difference between the fair value of the purchase consideration and the fair values of the net assets acquired is presented as goodwill on the unaudited pro forma consolidated statement of financial position. The fair values of the net assets acquired are assumed to be equivalent to the carrying amounts of the net assets of Copeinca as at the relevant acquisition date for the purposes of the preparation of the unaudited pro forma consolidated financial information. This may differ from the fair values of the net assets as at the actual date of completion of the Proposed Acquisition upon the full completion of a purchase price allocation exercise. As the carrying value of the net assets of Copeinca excludes the fair value adjustments of the assets, liabilities and contingent liabilities arising from the Proposed Acquisition of Copeinca, the unaudited pro forma consolidated financial information excludes the effects of any changes to depreciation and amortization, and any other adjustments arising from these fair value adjustments. As the actual goodwill will have to be determined at the completion of the Proposed Acquisition, the actual goodwill could be materially different from the amount derived based on the assumption used.

The objective of the unaudited Enlarged Group pro forma consolidated financial information is to show what the historical financial information would have been had the Enlarged Group existed since 29 September 2009. However, the unaudited Enlarged Group pro forma consolidated financial information is not necessarily indicative of the results of operations or related effects on financial position that would have been obtained had the Enlarged Group actually existed earlier.

(b) The unaudited pro forma consolidated financial information of the Enlarged Group is based on the following:

(i) the audited consolidated financial statements of CFGL Group for the financial years ended 28 September 2010, 2011 and 2012 which were prepared in accordance with SFRS, audited by Deloitte & Touche LLP and were not subject to any qualification;

(ii) the unaudited consolidated financial statements of CFGL Group for the six months ended 28 March 2013 which were prepared in accordance with SFRS;

(iii) the audited consolidated financial statements of Copeinca Group for the financial years ended 31 December 2010 and 2011 which were prepared in accordance with IFRS, audited by PricewaterhouseCoopers AS and were not subject to any qualification;

(iv) the unaudited consolidated financial information of Copeinca Group for the three months ended 31 December 2009, 2010, 2011 and 2012 which were prepared in accordance with IFRS;

(v) the unaudited consolidated financial information of Copeinca Group for the nine months ended 30 September 2010, 2011 and 2012 which were prepared in accordance with IFRS;

(vi) the unaudited consolidated financial information of Copeinca Group for the 3 months ended 31 March 2013 which were prepared in accordance with IFRS.

(c) In presenting the unaudited pro forma consolidated financial information of the Enlarged Group, the following assumptions were taken into account:

(i) On 26 February 2013, the Company announced the Rights Issue of up to 1,049,843,939 new shares at an issue price of S$0.34 per share by way of rights on 1 new share for each 1 existing shares. As the Rights Issue has been completed and 1,023,177,273 new shares issued on 19 April 2013. The Rights Issue are assumed to have been completed on 28 September 2012, and the estimated professional expenses of approximately US$3,000,000 in relation to the Right Issue;

(ii) estimated professional expenses of approximately US$15,000,000 in relation to the Proposed Acquisition;

(iii) estimated bank loan of approximately US$230,000,000 for 28 March 2013 and US$265,000,000 for 28 September 2012 to finance the shortfall for the Proposed Acquisition after the Rights Issue;

(iv) the settlement of the purchased consideration of US$571,696,000 on 28 September 2012 and and US$ 517,474,000 on 28 March 2013 in respect of the Proposed Acquisition of 74.23% interest in Copeinca;

(v) there is no realignment of Copeinca Group's accounting policies to CFGL Group's accounting policies;

(vi) Copeinca Group announced on 5 April 2013 the private placement of 11,700,000 new Copeinca Shares with a par value of NOK5 each, in computing the financial effects of the Ocean Harvest Transaction, Call Option Transaction and the New Offer on the NTA and gearing of the Enlarged Group, the private placement is assumed to have been completed on 28 September 2012;

(vii) The fair values of the available-for-sale investment used in computing the financial effects of the Ocean Harvest Transaction and Call Option Transaction on the earnings and the NTA of the Enlarged Group may differ from the fair values as at the actual date of completion of the Acquisition.

(d) CFGL Group have financial year end of 28 September while Copeinca Group has a financial year end of 31 December. For the purpose of inclusion in the Circular, the following financial information have been used to derive the unaudited consolidated financial information of Copeinca Group for each of the (12 months) financial years ended 28 September 2010 to 2012 and the six-months period ended 28 March 2013 in order to be co-terminus with the financial year end of CFGL Group of 28 September, and we assume there was no significant transaction happened for the period of 29-30 September 2009, 2010, 2011, 2012 and 29-31 March in Copeinca Group, and the financial effect for the transaction happened during these two days is immaterial:

(i) the audited consolidated financial statements of Copeinca Group for the financial years ended 31 December 2010 and 2011; and

(ii) the unaudited consolidated financial information of Copeinca Group for the three months ended 31 December 2009, 2010, 2011 and 2012; and

(iii) the unaudited consolidated financial information of Copeinca Group for the nine months ended 30 September 2010, 2011 and 2012; and

(iv) the unaudited consolidated financial information of Copeinca Group for the three months ended 31 March 2013.

3. STATEMENT OF ADJUSTMENTS

The following adjustments have been made in arriving at the unaudited pro forma consolidated financial information of the Enlarged Group:

Unaudited Enlarged Group Pro Forma Consolidated Statement of Comprehensive Income for the year ended 28 September 2010

	Audited consolidated statement of comprehensive income of CFGL Group	Unaudited consolidated statement of comprehensive income of Copeinca Group	Unaudited Pro Forma Adjustments	Note	Unaudited Pro Forma consolidated statement of comprehensive income of Enlarged Group
	US$'000	*US$'000*	*US$'000*		*US$'000*
Revenue	538,931	255,250			794,181
Cost of sales	(46,921)	(159,651)			(206,572)
Charter hire expenses	(83,422)	–			(83,422)
Vessel operating costs	(209,155)	–			(209,155)
Gross profit	199,433	95,599			295,032
Other operating income	6,543	9,281			15,824
Selling expenses	(34,882)	(10,777)			(45,659)
Administration expenses	(13,869)	(18,752)			(32,621)
Other operating expenses	(5,028)	(38,063)	(15,000)	*(a)*	(58,091)
Finance costs:					
– Interest expense	(32,890)	(20,662)			(53,552)
– Cost of early redemption of senior notes	–	–			–
Profit before income tax	119,307	16,626			120,933
Income tax expense	(2,768)	(2,608)			(5,376)
Profit for the year	116,539	14,018			115,557
Revaluation of properties, representing other comprehensive income for the year	1,603	–			1,603
Total comprehensive income for the year	118,142	14,018			117,160
Profit attributable to:					
Owners of the Enlarged Group	116,539	14,018	(18,612)	*(a), (b)*	111,945
Non-controlling interests	–	–	3,612	*(b)*	3,612
	116,539	14,018			115,557
Total comprehensive income attributable to:					
Owners of the Enlarged Group	118,142	14,018	(18,612)	*(a), (b)*	113,548
Non-controlling interests	–	–	3,612	*(b)*	3,612
	118,142	14,018			117,160

Note:

(a) The estimated professional expenses of approximately US$15,000,000 in relation to the Proposed Acquisition.

(b) The adjustment represents the recognition of 25.77% non-controlling interests' share of post-acquisition profit of US$3,612,000 in the Copeinca Group.

Unaudited Enlarged Group Pro Forma Consolidated Statement of Comprehensive Income for the year ended 28 September 2011

	Audited consolidated statement of comprehensive income of CFGL Group	Unaudited consolidated statement of comprehensive income of Copeinca Group	Unaudited Pro Forma Adjustments		Unaudited Pro Forma consolidated statement of comprehensive income of Enlarged Group
	US$'000	*US$'000*	*US$'000*		*US$'000*
Revenue	685,450	228,972			914,422
Cost of sales	(94,294)	(137,905)			(232,199)
Charter hire expenses	(74,481)	–			(74,481)
Vessel operating costs	(290,153)	–			(290,153)
Gross profit	226,522	91,067			317,589
Other operating income	4,642	5,651			10,293
Selling expenses	(47,860)	(10,928)			(58,788)
Administration expenses	(15,864)	(12,337)			(28,201)
Other operating expenses	(6,829)	(32,371)			(39,200)
Finance costs:					
– Interest expense	(36,407)	(20,326)			(56,733)
– Cost of early redemption of senior notes	(16,454)	–			(16,454)
Profit before income tax	107,750	20,756			128,506
Income tax expense	(4,092)	(3,593)			(7,685)
Profit for the year	103,658	17,163			120,821
Revaluation of properties, representing other comprehensive income for the year	1,533	–			1,533
Total comprehensive income for the year	105,191	17,163			122,354
Profit attributable to:					
Owners of the Enlarged Group	103,658	17,163	(4,423)	*(c)*	116,398
Non-controlling interests	–	–	4,423	*(c)*	4,423
	103,658	17,163			120,821
Total comprehensive income attributable to:					
Owners of the Enlarged Group	105,191	17,163	(4,423)	*(c)*	117,931
Non-controlling interests	–	–	4,423	*(c)*	4,423
	105,191	17,163			122,354

Note:

(c) The adjustment represents the recognition of 25.77% non-controlling interests' share of post-acquisition profit of US$4,423,000 in the Copeinca Group.

Unaudited Enlarged Group Pro Forma Consolidated Statement of Comprehensive Income for the year ended 28 September 2012

	Audited consolidated statement of comprehensive income of CFGL Group	Unaudited consolidated statement of comprehensive income of Copeinca Group	Unaudited Pro Forma Adjustments	Note	Unaudited Pro Forma consolidated statement of comprehensive income of Enlarged Group
	US$'000	*US$'000*	*US$'000*		*US$'000*
Revenue	604,001	306,039			910,040
Cost of sales	(108,945)	(181,656)			(290,601)
Charter hire expenses	(47,698)	–			(47,698)
Vessel operating costs	(275,975)	–			(275,975)
Gross profit	171,383	124,383			295,766
Other operating income	6,226	7,468	(207)	*(d)*	13,487
Selling expenses	(37,747)	(17,394)			(55,141)
Administration expenses	(22,337)	(13,801)			(36,138)
Other operating expenses	(10,130)	(1,135)			(11,265)
Finance costs:					
– Interest expense	(26,176)	(19,436)			(45,612)
– Cost of early redemption of senior notes	–	–			–
Profit before income tax	81,219	80,085			161,097
Income tax expense	(3,103)	(21,210)			(24,313)
Profit for the year	78,116	58,875			136,784
Revaluation of properties, representing other comprehensive income for the year	750	–			750
Total comprehensive income for the year	78,866	58,875			137,534
Profit attributable to:					
Owners of the Enlarged Group	78,116	58,875	(15,379)	*(d), (e)*	121,612
Non-controlling interests	–	–	15,172	*(e)*	15,172
	78,116	58,875			136,784
Total comprehensive income attributable to:					
Owners of the Enlarged Group	78,866	58,875	(15,379)	*(d), (e)*	122,362
Non-controlling interests	–	–	15,172	*(e)*	15,172
	78,866	58,875			137,534

Note:

(d) The adjustment represents the recognition of fair value gain on the Available-For-Sale investment upon the completion of the Acquisition.

(e) The adjustment represents the recognition of 25.77% non-controlling interests' share of post-acquisition profit of US$15,172,000 in the Copeinca Group.

Unaudited Enlarged Group Pro Forma Consolidated Statement of Comprehensive Income for the six-month period ended 28 March 2013

	Unaudited consolidated statement of comprehensive income of CFGL Group	Unaudited consolidated statement of comprehensive income of Copeinca Group	Unaudited Pro Forma Adjustments	Note	Unaudited Pro Forma consolidated statement of comprehensive income of Enlarged Group
	US$'000	*US$'000*	*US$'000*		*US$'000*
Revenue	270,783	85,399			356,182
Cost of sales	(131,321)	(66,501)			(197,822)
Charter hire expenses	–	–			–
Vessel operating costs	(51,503)	–			(51,503)
Gross profit	87,959	18,898			106,857
Other operating income	1,935	1,071	(207)	*(f)*	2,799
Selling expenses	(16,264)	(4,567)			(20,831)
Administration expenses	(7,749)	(7,502)			(15,251)
Other operating expenses	(1,469)	(2,893)			(4,362)
Finance costs:					
– Interest expense	(23,379)	(9,262)			(32,641)
– Cost of early redemption of senior notes	–	–			–
Profit before income tax	41,033	(4,255)			36,571
Income tax expense	13,693	878			14,571
Profit for the period	54,726	(3,377)			51,142
Revaluation of properties, representing other comprehensive income for the period	2,001	–			2,001
Total comprehensive income for the period	56,727	(3,377)			53,143
Profit attributable to:					
Owners of the Enlarged Group	55,518	(3,377)	663	*(f), (g)*	52,804
Non-controlling interests	(792)	–	(870)	*(g)*	(1,662)
	54,726	(3,377)			51,142
Total comprehensive income attributable to:					
Owners of the Enlarged Group	57,519	(3,377)	663	*(f), (g)*	54,805
Non-controlling interests	(792)	–	(870)	*(g)*	(1,662)
	56,727	(3,377)			53,143

Note:

(f) The adjustment represents the recognition of fair value gain on the Available-For-Sale investment upon the completion of the Acquisition.

(g) The adjustment represents the recognition of 25.77% non-controlling interests' share of post-acquisition loss of US$870,000 in the Copeinca Group.

Unaudited Enlarged Group Pro Forma Consolidated Statement of Financial Position as at 28 September 2012

	Audited consolidated statement of financial position of CFGL Group	Unaudited consolidated statement of financial position of Copeinca Group	Net Proceeds from the Rights Issue	Unaudited Pro Forma Adjustments	Note	Unaudited consolidated statement of financial position of Enlarged Group
	US$'000	*US$'000*	*US$'000*	*US$'000*		*US$'000*
ASSETS						
Current assets						
Cash and bank balances	51,415	41,348	278,377	(200,896)	*(h)*	170,244
Trade receivables	134,432	7,990				142,422
Other receivables and prepayments	182,975	10,787				193,762
Prepaid income tax	1,953	–				1,953
Deferred expenses	22,441	–				22,441
Inventories	57,276	33,880				91,156
Current portion of prepayment to Suppliers	22,133	–				22,133
Total current assets	**472,625**	**94,005**				**644,111**
Non-current assets						
Prepayment to Suppliers	113,723	–				113,723
Advances to Suppliers	40,500	–				40,500
Property, plant and equipment	541,577	270,874				812,451
Investment properties	3,320	–				3,320
Goodwill	95,721	150,289		180,828	*(i)*	426,838
Fishing and plant permits and licences	233,834	231,348				465,182
Other intangible assets	–	921				921
Total non-current assets	**1,028,675**	**653,432**				**1,862,935**
Total assets	**1,501,300**	**747,437**				**2,507,046**
LIABILITIES AND EQUITY						
Current liabilities						
Trade payables	19,818	5,749				25,567
Other payables and accrued expenses	19,823	20,532				40,355
Derivative financial instruments	2,511	–				2,511
Income tax payable	3,978	–				3,978
Current portion of finance leases	3,789	–				3,789
Current portion of bank loans	148,910	18,028				166,938
Total current liabilities	**198,829**	**44,309**				**243,138**

	Audited consolidated statement of financial position of CFGL Group	Unaudited consolidated statement of financial position of Copeinca Group	Net Proceeds from the Rights Issue	Unaudited Pro Forma Adjustments	Note	Unaudited consolidated statement of financial position of Enlarged Group
	US$'000	*US$'000*	*US$'000*	*US$'000*		*US$'000*
Non-current liabilities						
Finance leases	4,336	–				4,336
Bank loans	142,577	207,370		265,000	*(j)*	614,947
Senior notes	279,363	–				279,363
Long term provision	–	6,141				6,141
Deferred tax liabilities	60,691	84,133				144,824
Total non-current liabilities	**486,967**	**297,644**				**1,049,611**
Captial and reserves						
Share capital	51,159	55,004	51,159	(55,004)	*(k)*	102,318
Reserves	764,345	350,480	227,218	(365,687)	*(k)*	976,356
Equity attributable to equity holders	815,504	405,484				1,078,674
Non-controlling interests	–	–		135,623	*(l)*	135,623
Net equity	**815,504**	**405,484**				**1,214,297**
Total liabilities and equity	**1,501,300**	**747,437**				**2,507,046**

Note:

(h) Pursuant to the New Offer (as defined in this Circular), NOK68.17 being the offer price for each Copeinca share, so the aggregate purchase consideration for the Proposed Acquisition will be US$586,696,000 which included the estimated professional expenses of approximately US$15,000,000. And it will be partially financed by bank loan of USD265,000,000. And the pro forma adjustments included the cash proceeds of USD120,800,000 from the private placement of new shares from Copeinca Group.

(i) Goodwill arising from the Proposed Acquisition represents the difference between the purchase consideration and the Group's share of the fair value of the identifiable assets and liabilities of the Copeinca Group.

(j) The estimated bank loan of approximately US$265,000,000 to finance the shortfall for the Proposed Acquisition after the Rights Issue.

(k) The adjustments reflect the elimination of share capital of the Copeinca Group amounting to US$55,004,000, pre-acquisition reserves of US$350,687,000 and recognition of the estimated professional expenses of approximately US$15,000,000 in relation to the Proposed Acquisition.

(l) The adjustment represents the recognition of 25.77% non-controlling interests' share of interest of US$135,623,000 in the Copeinca Group.

Unaudited Enlarged Group Pro Forma Consolidated Statement of Financial Position as at 28 March 2013

	Unaudited consolidated statement of financial position of CFGL Group	Unaudited consolidated statement of financial position of Copeinca Group	Net Proceeds from the Rights Issue	Unaudited Pro Forma Adjustments	Note	Unaudited consolidated statement of financial position of Enlarged Group
	US$'000	*US$'000*	*US$'000*	*US$'000*		*US$'000*
ASSETS						
Current assets						
Cash and bank balances	25,735	75,851	278,377	(181,674)	*(m)*	198,289
Trade receivables	105,042	5,276				110,318
Other receivables and prepayments	143,528	27,207				170,735
Prepaid income tax	959	–				959
Deferred expenses	27,316	–				27,316
Inventories	66,476	20,159				86,635
Current portion of prepayment to Suppliers	29,098	–				29,098
Total current assets	**398,154**	**128,493**				**623,350**
Non-current assets						
Prepayment to Suppliers	241,525	–				241,525
Advances to Suppliers	40,500	–				40,500
Property, plant and equipment	508,901	274,817				783,718
Investment properties	3,192	–				3,192
Prepaid lease payment	–	–				–
Goodwill	95,721	150,754		186,398	*(n)*	432,873
Available-for-sale investments	56,174	–		(56,174)	*(o)*	–
Fishing and plant permits and licences	233,834	232,063				465,897
Other intangible assets	–	935				935
Total non-current assets	**1,179,847**	**658,569**				**1,968,640**
Total assets	**1,578,001**	**787,062**				**2,591,990**
LIABILITIES AND EQUITY						
Current liabilities						
Trade payables	16,434	5,657				22,091
Other payables and accrued expenses	11,117	7,588				18,705
Derivative financial instruments	1,408	–				1,408
Income tax payable	1,053	–				1,053
Current portion of finance leases	3,947	–				3,947
Current portion of bank loans	186,722	26,506				213,228
Total current liabilities	**220,681**	**39,751**				**260,432**

	Unaudited consolidated statement of financial position of CFGL Group	Unaudited consolidated statement of financial position of Copeinca Group	Net Proceeds from the Rights Issue	Unaudited Pro Forma Adjustments	Note	Unaudited consolidated statement of financial position of Enlarged Group
	US$'000	*US$'000*	*US$'000*	*US$'000*		*US$'000*
Non-current liabilities						
Finance leases	2,322	–				2,322
Bank loans	167,613	259,589		230,000	*(p)*	657,202
Senior notes	280,203	–				280,203
Long term provision	–	6,726				6,726
Deferred tax liabilities	50,663	83,015				133,678
Total non-current liabilities	**500,801**	**349,330**				**1,080,131**
Captial and reserves						
Share capital	51,159	55,004	51,159	(55,004)	*(q)*	102,318
Reserves	806,152	342,977	227,218	(360,136)	*(q)*	1,016,211
Equity attributable to equity holders	857,311	397,981				1,118,529
Non-controlling interests	(792)	–		133,690	*(r)*	132,898
Net equity	**856,519**	**397,981**				**1,251,427**
Total liabilities and equity	**1,578,001**	**787,062**				**2,591,990**

Note:

(m) Pursuant to the New Offer (as defined in this Circular), NOK68.17 being the offer price for each Copeinca share, so the aggregate purchase consideration for the Proposed Acquisition will be US$532,474,000 which included the estimated professional expenses of approximately US$15,000,000. And it will be partially financed by bank loan of USD230,000,000. And the pro forma adjustments included the cash proceeds of USD120,800,000 from the private placement of new shares from Copeinca Group.

(n) Goodwill arising from the Proposed Acquisition represents the difference between the purchase consideration and the Group's share of the fair value of the identifiable assets and liabilities of the Copeinca Group.

(o) The adjustment represents the de-recognition of the Available-For-Sale investment upon the completion of the Acquisition.

(p) The estimated bank loan of approximately US$230,000,000 to finance the shortfall for the Proposed Acquisition after the Rights Issue;

(q) The adjustments reflect the elimination of share capital of the Copeinca Group amounting to US$55,004,000, pre-acquisition reserves of US$345,136,000 and recognition of the estimated professional expenses of approximately US$15,000,000 in relation to the Proposed Acquisition.

(r) The adjustment represents the recognition of 25.77% non-controlling interests' share of interest of US$133,690,000 in the Copeinca Group.

Unaudited Enlarged Group Pro Forma Consolidated Statement of Cash flows for the year ended 28 September 2012

	Audited consolidated statement of cash flows of CFGL Group	Unaudited consolidated statement of cash flows of Copeinca Group	Unaudited Pro Forma Adjustments	Note	Unaudited consolidated statement of cash flows of Enlarged Group
	US$'000	*US$'000*	*US$'000*		*US$'000*
Net cash from operating activities	90,757	59,207			149,964
Net cash used in investing activities	(108,963)	(26,500)	586,696	*(s)*	(722,159)
Net cash from (used in) financing activities	45,462	(62,600)	664,177	*(t)*	647,039
Net increase (decrease) in cash and cashequivalents	27,256	(29,893)			74,844
Cash and cash equivalents at beginning of year	24,159	71,241			95,400
Cash and cash equivalents at end of year	51,415	41,348			170,244

Note:

(s) Pursuant to the New Offer (as defined in this circular), the aggregate purchase consideration for the Proposed Acquisition is US$586,696,000 for 70,200,000 ordinary shares of Copeinca at NOK68.17 per share which included recognition of the estimated professional expenses of approximately US$15,000,000 in relation to the Proposed Acquisition.

(t) Based on the 1,023,177,273 Rights Shares issued, the net proceeds of the Rights Issue, after deducting estimated expenses of approximately US$3,000,000, is expected to be approximately US$278,377,000. And the estimated bank loan of approximately US$265,000,000 to finance the shortfall for the Proposed Acquisition after the Right Issue. And the pro forma adjustments included the cost proceeds of USD120,800,000 from the private placement of new shares from Copeinca Group

Unaudited Enlarged Group Pro Forma Consolidated Statement of Cash flows for the six-month period ended 28 March 2013

	Unaudited consolidated statement of cash flows of CFGL Group	Unaudited consolidated statement of cash flows of Copeinca Group	Unaudited Pro Forma Adjustments	Note	Unaudited consolidated statement of cash flows of Enlarged Group
	US$'000	*US$'000*	*US$'000*		*US$'000*
Net cash from (used in) operating activities	144,067	(14,597)			129,470
Net cash used in investing activities	(215,027)	(7,300)	(532,474)	*(u)*	(754,801)
Net cash from financing activities	45,280	56,400	629,177	*(v)*	730,857
Net increase (decrease) in cash and cashequivalents	(25,680)	34,503			105,526
Cash and cash equivalents at beginning of period	51,415	41,348			92,763
Cash and cash equivalents at end of period	25,735	75,851			198,289

Note:

(u) Pursuant to the New Offer (as defined in this circular), the aggregate purchase consideration for the Proposed Acquisition is US$532,474,000 for 70,200,000 ordinary shares of Copeinca at NOK68.17 per share which included the estimated professional expenses of approximately US$15,000,000 in relation to the Proposed Acquisition.

(v) Based on the 1,023,177,273 Rights Shares to be issued, the net proceeds of the Rights Issue, after deducting estimated expenses of approximately US$3,000,000, is expected to be approximately US$278,377,000. And the estimated bank loan of approximately US$230,000,000 to finance the shortfall for the Proposed Acquisition after the Rights Issue. And the pro forma adjustments included the cash proceeds of USD120,800,000 from the private placement of new shares form Copeinca Group.

4. BASIC EARNINGS PER SHARE

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share ("**EPS**") for the financial years ended 28 September 2010, 2011, 2012 and six-month period ended 28 March 2013:

	FY2010	FY2011	FY2012	2QFY2013
Enlarged Group earnings used for calculationof EPS				
Profit for the year attributable to Owners of the Enlarged Group (USD'000)	111,945	116,398	121,612	52,804
Number of shares after the proposed right issue and acquisition used for the calculation of basic and diluted EPS:				
– Weighted average number of shares used for the calculation of basic EPS:	1,917,880,115	2,035,817,867	2,046,001,994	2,046,354,546
–Weighted average number of shares used for the calculation of diluted EPS:	1,919,066,303	2,036,969,543	2,046,407,275	2,046,354,546
Earnings per share (US cents)				
– Basic	5.84	5.72	5.94	2.58
– Diluted	5.83	5.71	5.94	2.58

EPS is calculated on the Enlarged Group's profit for the financial year attributable to Owners of the Enlarged Group divided by the total number of ordinary shares after proposed rights issue acquisition.

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION ON THE ENLARGED GROUP IN MAXIMUM GO SCENARIO

UNAUDITED ENLARGED GROUP PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEARS ENDED 28 SEPTEMBER 2010, 2011, 2012 AND SIX-MONTH PERIOD ENDED 28 MARCH 2013

	Note	**FY2010**	**FY2011**	**FY2012**	**2QFY2013**
		US$'000	*US$'000*	*US$'000*	*US$'000*
Revenue		**794,181**	**914,422**	**910,040**	**356,182**
Cost of sales		(206,572)	(232,199)	(290,601)	(197,822)
Charter hire expenses		(83,422)	(74,481)	(47,698)	–
Vessel operating costs		(209,155)	(290,153)	(275,975)	(51,503)
Gross profit		295,032	317,589	295,766	106,857
Other operating income		15,824	10,293	13,487	2,799
Selling expenses		(45,659)	(58,788)	(55,141)	(20,831)
Administration expenses		(32,621)	(28,201)	(36,138)	(15,251)
Other operating expenses		(58,091)	(39,200)	(11,265)	(4,362)
Finance costs:					
– Interest expense		(53,552)	(56,733)	(45,612)	(32,641)
– Cost of early redemption of senior notes		–	(16,454)	–	–
Profit before income tax		**120,933**	**128,506**	**161,097**	**36,571**
Income tax expense		(5,376)	(7,685)	(24,313)	14,571
Profit for the year/period		**115,557**	**120,821**	**136,784**	**51,142**
Revaluation of properties, representing other comprehensive income for the year/period		1,603	1,533	750	2,001
Total comprehensive income for the year, attributable to the Owners of the Enlarged Group		117,160	122,354	137,534	53,143
Earning per share attributable to Owners of the Enlarged Group (US cents per share)					
– Basic	*4*	6.03	5.93	6.69	2.50
– Diluted	*4*	6.02	5.93	6.68	2.50

UNAUDITED ENLARGED GROUP PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 28 MARCH 2013

	Enlarged Group
	US$'000
ASSETS	
Current assets	
Cash and bank balances	200,763
Trade receivables	110,318
Other receivables and prepayments	134,129
Prepaid income tax	959
Deferred expenses	27,316
Inventories	86,635
Current portion of prepayment to Suppliers	29,098
Total current assets	**589,218**
Non-current assets	
Prepayment to Suppliers	241,525
Advances to Suppliers	40,500
Property, plant and equipment	783,718
Investment properties	3,192
Goodwill	504,715
Fishing and plant permits and licences	465,897
Other intangible assets	935
Total non-current assets	**2,040,482**
Total assets	**2,629,700**
LIABILITIES AND EQUITY	
Current liabilities	
Trade payables	22,091
Other payables and accrued expenses	18,705
Derivative financial instruments	1,408
Income tax payable	1,053
Current portion of finance leases	3,947
Current portion of bank loans	213,228
Total current liabilities	**260,432**

	Enlarged Group
	US$'000
Non-current liabilities	
Finance leases	2,322
Bank loans	828,602
Senior notes	280,203
Long term provision	6,726
Deferred tax liabilities	133,678
Total non-current liabilities	**1,251,531**
Captial and reserves	
Share capital	102,318
Reserves	1,016,211
Equity attributable to equity holders	**1,118,529**
Non-controlling interests	(792)
Net equity	1,117,737
Total liabilities and equity	**2,629,700**

UNAUDITED ENLARGED GROUP PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 28 SEPTEMBER 2012

	Enlarged Group
	US$'000
ASSETS	
Current assets	
Cash and bank balances	166,733
Trade receivables	142,422
Other receivables and prepayments	128,141
Prepaid income tax	1,953
Deferred expenses	22,441
Inventories	91,156
Current portion of prepayment to Suppliers	22,133
Total current assets	**574,979**
Non-current assets	
Prepayment to Suppliers	113,723
Advances to Suppliers	40,500
Property, plant and equipment	812,451
Investment properties	3,320
Goodwill	496,747
Fishing and plant permits and licences	465,182
Other intangible assets	921
Total non-current assets	**1,932,844**
Total assets	**2,507,823**
LIABILITIES AND EQUITY	
Current liabilities	
Trade payables	25,567
Other payables and accrued expenses	40,355
Derivative financial instruments	2,511
Income tax payable	3,978
Current portion of finance leases	3,789
Current portion of bank loans	166,938
Total current liabilities	**243,138**

	Enlarged Group
	US$'000
Non-current liabilities	
Finance leases	4,336
Bank loans	751,347
Senior notes	279,363
Long term provision	6,141
Deferred tax liabilities	144,824
Total non-current liabilities	**1,186,011**
Captial and reserves	
Share capital	102,318
Reserves	976,356
Net equity	1,078,674
Total liabilities and equity	**2,507,823**

UNAUDITED ENLARGED GROUP PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED 28 MARCH 2013

	EnlargedGroup
	US$'000
Net cash from operating activities	166,076
Net cash used in investing activities	(960,333)
Net cash from financing activities	902,257
Net increase in cash and cash equivalents	108,000
Cash and cash equivalents at beginning of period	92,763
Cash and cash equivalents at end of period	200,763

UNAUDITED ENLARGED GROUP PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 28 SEPTEMBER 2012

	Enlarged Group
	US$'000
Net cash from operating activities	215,585
Net cash used in investing activities	(927,691)
Net cash from financing activities	783,439
Net increase in cash and cash equivalents	71,333
Cash and cash equivalents at beginning of year	95,400
Cash and cash equivalents at end of year	166,733

1. BACKGROUND

This appendix has been prepared for inclusion in the circular to the shareholders of China Fishery Group Limited ("**CFGL**" or the "**Company**") in connection with the proposed acquisition of the 100% issued and paid-up capital of Copeinca A.S.A ("**Copeinca**") ("**Proposed Acquisition**"). The enlarged group of companies comprising the Company and its subsidiaries ("**CFGL Group**") and Copeinca and its subsidiaries ("**Copeinca Group**"), following the completion of the Proposed Acquisition, are collectively known as the "Enlarged Group".

2. BASIS OF PREPARATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

(a) The unaudited Enlarged Group pro forma consolidated financial information set out in this appendix is expressed in United States Dollars ("**US$**") and all values are rounded to the nearest thousand (US$'000) except where otherwise indicated. The financial information has been prepared for illustration purposes only. It has been prepared based on certain assumptions and after making certain adjustments, to show what:

(i) the unaudited Enlarged Group pro forma consolidated statement of financial position of the Enlarged Group as at 28 September 2012 and 28 March 2013 would have been if the Proposed Acquisition had occurred as at 28 September 2012;

(ii) the unaudited Enlarged Group pro forma consolidated statements of comprehensive income of the Enlarged Group for the financial years ended 28 September 2010, 2011, 2012 and six-month period ended 28 March 2013 would have been had the Proposed Acquisition had occurred on 29 September 2009;

(iii) the unaudited Enlarged Group pro forma consolidated statement of cash flows of the Enlarged Group for the financial year ended 28 September 2012 and six-month period ended 28 March 2013 would have been had the Enlarged Group structure been in place since 29 September 2011 and 29 September 2012;

(iv) The difference between the fair value of the purchase consideration and the fair values of the net assets acquired is presented as goodwill on the unaudited pro forma consolidated statement of financial position. The fair values of the net assets acquired are assumed to be equivalent to the carrying amounts of the net assets of Copeinca as at the relevant acquisition date for the purposes of the preparation of the unaudited pro forma consolidated financial information. This may differ from the fair values of the net assets as at the actual date of completion of the Proposed Acquisition upon the full completion of a purchase price allocation exercise. As the carrying value of the net assets of Copeinca excludes the fair value adjustments of the assets, liabilities and contingent liabilities arising from the Proposed Acquisition of Copeinca, the unaudited pro forma consolidated financial information excludes the effects of any changes to depreciation and amortization, and any other adjustments arising from these fair value adjustments. As the actual goodwill will have to be determined at the completion of the Proposed Acquisition, the actual goodwill could be materially different from the amount derived based on the assumption used.

The objective of the unaudited Enlarged Group pro forma consolidated financial information is to show what the historical financial information would have been had the Enlarged Group existed since 29 September 2009. However, the unaudited Enlarged Group pro forma consolidated financial information is not necessarily indicative of the results of operations or related effects on financial position that would have been obtained had the Enlarged Group actually existed earlier.

(b) The unaudited pro forma consolidated financial information of the Enlarged Group is based on the following:

(i) the audited consolidated financial statements of CFGL Group for the financial years ended 28 September 2010, 2011 and 2012 which were prepared in accordance with SFRS, audited by Deloitte & Touche LLP and were not subject to any qualification;

(ii) the unaudited consolidated financial statements of CFGL Group for the six months ended 28 March 2013 which were prepared in accordance with SFRS;

(iii) the audited consolidated financial statements of Copeinca Group for the financial years ended 31 December 2010 and 2011 which were prepared in accordance with IFRS, audited by PricewaterhouseCoopers AS and were not subject to any qualification;

(iv) the unaudited consolidated financial information of Copeinca Group for the three months ended 31 December 2009, 2010, 2011 and 2012 which were prepared in accordance with IFRS;

(v) the unaudited consolidated financial information of Copeinca Group for the nine months ended 30 September 2010, 2011 and 2012 which were prepared in accordance with IFRS;

(vi) the unaudited consolidated financial information of Copeinca Group for the 3 months ended 31 March 2013 which were prepared in accordance with IFRS.

(c) In presenting the unaudited pro forma consolidated financial information of the Enlarged Group, the following assumptions were taken into account:

(i) On 26 February 2013, the Company announced the Rights Issue of up to 1,049,843,939 new shares at an issue price of S$0.34 per share by way of rights on 1 new share for each 1 existing shares. As the Rights Issue has been completed and 1,023,177,273 new shares issued on 19 April 2013. The Rights Issue are assumed to have been completed on 28 September 2012, and the estimated professional expenses of approximately US$3,000,000 in relation to the Rights Issue;

(ii) estimated professional expenses of approximately US$15,000,000 in relation to the Proposed Acquisition;

(iii) estimated bank loan of approximately US$401,400,000 for 28 March 2013 and for 28 September 2012 to finance the shortfall for the Proposed Acquisition after the Rights Issue;

(iv) the settlement of the purchased consideration of US$777,228,000 on 28 September 2012 and US$723,006,000 on 28 March 2013 in respect of the Proposed Acquisition of 100.00% interest in Copeinca;

(v) there is no realignment of Copeinca Group's accounting policies to CFGL Group's accounting policies;

(vi) Copeinca Group announced on 5 April 2013 the private placement of 11,700,000 new Copeinca Shares with a par value of NOK5 each, in computing the financial effects of the Ocean Harvest Transaction, Call Option Transaction and the New Offer on the NTA and gearing of the Enlarged Group, the private placement is assumed to have been completed on 28 September 2012;

(vii) The fair values of the available-for-sale investment used in computing the financial effects of the Ocean Harvest Transaction and Call Option Transaction on the earnings and the NTA of the Enlarged Group may differ from the fair values as at the actual date of completion of the Acquisition.

(d) CFGL Group have financial year end of 28 September while Copeinca Group has a financial year end of 31 December. For the purpose of inclusion in the Circular, the following financial information have been used to derive the unaudited consolidated financial information of Copeinca Group for each of the (12 months) financial years ended 28 September 2010 to 2012 and the six-month period ended 28 March 2013 in order to be co-terminus with the financial year end of CFGL Group of 28 September, and we assume there was no significant transaction happened for the period of 29-30 September 2009, 2010, 2011, 2012 and 29-31 March in Copeinca Group, and the financial effect for the transaction happened during these two days is immaterial:

(i) the audited consolidated financial statements of Copeinca Group for the financial years ended 31 December 2010 and 2011; and

(ii) the unaudited consolidated financial information of Copeinca Group for the three months ended 31 December 2009, 2010, 2011 and 2012; and

(iii) the unaudited consolidated financial information of Copeinca Group for the nine months ended 30 September 2010, 2011 and 2012; and

(iv) the unaudited consolidated financial information of Copeinca Group for the three months ended 31 March 2013.

3. STATEMENT OF ADJUSTMENTS

The following adjustments have been made in arriving at the unaudited pro forma consolidated financial information of the Enlarged Group:

Unaudited Enlarged Group Pro Forma Consolidated Statement of Comprehensive Income for the year ended 28 September 2010

	Audited consolidated statement of comprehensive income of CFGL Group	Unaudited consolidated statement of comprehensive income of Copeinca Group	Purchase consideration for the Acquisition	Unaudited Pro Forma Adjustments	Note	Unaudited Pro Forma consolidated statement of comprehensive income of Enlarged Group
	US$'000	*US$'000*	*US$'000*	*US$'000*		*US$'000*
Revenue	538,931	255,250				794,181
Cost of sales	(46,921)	(159,651)				(206,572)
Charter hire expenses	(83,422)	–				(83,422)
Vessel operating costs	(209,155)	–				(209,155)
Gross profit	199,433	95,599				295,032
Other operating income	6,543	9,281				15,824
Selling expenses	(34,882)	(10,777)				(45,659)
Administration expenses	(13,869)	(18,752)				(32,621)
Other operating expenses	(5,028)	(38,063)	(15,000)	(15,000)	*(a)*	(58,091)
Finance costs:						
– Interest expense	(32,890)	(20,662)				(53,552)
– Cost of early redemption of senior notes	–	–				–
Profit before income tax	119,307	16,626				120,933
Income tax expense	(2,768)	(2,608)				(5,376)
Profit for the year	116,539	14,018				115,557
Other comprehensive income for the year	1,603	–				1,603
Total comprehensive income for the year	118,142	14,018				117,160

Note:

(a) The estimated professional expenses of approximately US$15,000,000 in relation to the Proposed Acquisition.

Unaudited Enlarged Group Pro Forma Consolidated Statement of Comprehensive Income for the year ended 28 September 2011

	Audited consolidated statement of comprehensive income of CFGL Group	Unaudited consolidated statement of comprehensive income of Copeinca Group	Unaudited Pro Forma Adjustments	Unaudited Pro Forma consolidated statement of comprehensive income of Enlarged Group
	US$'000	*US$'000*	*US$'000*	*US$'000*
Revenue	685,450	228,972		914,422
Cost of sales	(94,294)	(137,905)		(232,199)
Charter hire expenses	(74,481)	–		(74,481)
Vessel operating costs	(290,153)	–		(290,153)
Gross profit	226,522	91,067		317,589
Other operating income	4,642	5,651		10,293
Selling expenses	(47,860)	(10,928)		(58,788)
Administration expenses	(15,864)	(12,337)		(28,201)
Other operating expenses	(6,829)	(32,371)		(39,200)
Finance costs:				
– Interest expense	(36,407)	(20,326)		(56,733)
– Cost of early redemption of senior notes	(16,454)	–		(16,454)
Profit before income tax	107,750	20,756		128,506
Income tax expense	(4,092)	(3,593)		(7,685)
Profit for the year	103,658	17,163		120,821
Other comprehensive income for the year	1,533	–		1,533
Total comprehensive income for the year	105,191	17,163		122,354

Unaudited Enlarged Group Pro Forma Consolidated Statement of Comprehensive Income for the year ended 28 September 2012

	Audited consolidated statement of comprehensive income of CFGL Group	Unaudited consolidated statement of comprehensive income of Copeinca Group	Unaudited Pro Forma Adjustments	Note	Unaudited Pro Forma consolidated statement of comprehensive income of Enlarged Group
	US$'000	*US$'000*	*US$'000*		*US$'000*
Revenue	604,001	306,039			910,040
Cost of sales	(108,945)	(181,656)			(290,601)
Charter hire expenses	(47,698)	–			(47,698)
Vessel operating costs	(275,975)	–			(275,975)
Gross profit	171,383	124,383			295,766
Other operating income	6,226	7,468	(207)	*(b)*	13,487
Selling expenses	(37,747)	(17,394)			(55,141)
Administration expenses	(22,337)	(13,801)			(36,138)
Other operating expenses	(10,130)	(1,135)			(11,265)
Finance costs:					
– Interest expense	(26,176)	(19,436)			(45,612)
– Cost of early redemption of senior notes	–	–			–
Profit before income tax	81,219	80,085			161,097
Income tax expense	(3,103)	(21,210)			(24,313)
Profit for the year	78,116	58,875			136,784
Other comprehensive income for the year	750	–			750
Total comprehensive income for the year	78,866	58,875			137,534

Note:

(b) The adjustment represents the recognition of fair value gain on the Available-For-Sale investment upon the completion of the Acquisition.

Unaudited Enlarged Group Pro Forma Consolidated Statement of Comprehensive Income for the six-month period ended 28 March 2013

	Audited consolidated statement of comprehensive income of CFGL Group	Unaudited consolidated statement of comprehensive income of Copeinca Group	Unaudited Pro Forma Adjustments	Note	Unaudited Pro Forma consolidated statement of comprehensive income of Enlarged Group
	US$'000	*US$'000*	*US$'000*		*US$'000*
Revenue	270,783	85,399			356,182
Cost of sales	(131,321)	(66,501)			(197,822)
Charter hire expenses	–	–			–
Vessel operating costs	(51,503)	–			(51,503)
Gross profit	87,959	18,898			106,857
Other operating income	1,935	1,071	(207)	*(c)*	2,799
Selling expenses	(16,264)	(4,567)			(20,831)
Administration expenses	(7,749)	(7,502)			(15,251)
Other operating expenses	(1,469)	(2,893)			(4,362)
Finance costs:					
– Interest expense	(23,379)	(9,262)			(32,641)
– Cost of early redemption of senior notes	–	–			–
Profit before income tax	41,033	(4,255)			36,571
Income tax expense	13,693	878			14,571
Profit for the period	54,726	(3,377)			51,142
Other comprehensive income for the period	2,001	–			2,001
Total comprehensive income for the period	56,727	(3,377)			53,143
Profit attributable to:					
Owners of the Enlarged Group	55,518	(3,377)	(207)	*(c)*	51,934
Non-controlling interests	(792)	–			(792)
	54,726	(3,377)			51,142
Total comprehensive income attributable to:					
Owners of the Enlarged Group	57,519	(3,377)	(207)	*(c)*	53,935
Non-controlling interests	(792)	–			(792)
	56,727	(3,377)			53,143

Note:

(c) The adjustment represents the recognition of fair value gain on the Available-For-Sale investment upon the completion of the Acquisition.

Unaudited Enlarged Group Pro Forma Consolidated Statement of Financial Position as at 28 September 2012

	Audited consolidated statement of financial position of CFGL Group	Unaudited consolidated statement of financial position of Copeinca Group	Net Proceeds from the Rights Issue	Unaudited Pro Forma Adjustments	Note	Unaudited consolidated statement of financial position of Enlarged Group
	US$'000	*US$'000*	*US$'000*	*US$'000*		*US$'000*
ASSETS						
Current assets						
Cash and bank balances	51,415	41,348	278,377	(204,407)	*(d)*	166,733
Trade receivables	134,432	7,990		(65,621)	*(d)*	142,422
Other receivables and prepayments	182,975	10,787				128,141
Prepaid income tax	1,953	–				1,953
Deferred expenses	22,441	–				22,441
Inventories	57,276	33,880				91,156
Current portion of prepayment to Suppliers	22,133	–				22,133
Total current assets	**472,625**	**94,005**				**574,979**
Non-current assets						
Prepayment to Suppliers	113,723	–				113,723
Advances to Suppliers	40,500	–				40,500
Property, plant and equipment	541,577	270,874				812,451
Investment properties	3,320	–				3,320
Goodwill	95,721	150,289		250,737	*(e)*	496,747
Fishing and plant permits and licences	233,834	231,348				465,182
Other intangible assets	–	921				921
Total non-current assets	**1,028,675**	**653,432**				**1,932,844**
Total assets	**1,501,300**	**747,437**				**2,507,823**
LIABILITIES AND EQUITY						
Current liabilities						
Trade payables	19,818	5,749				25,567
Other payables and accrued expenses	19,823	20,532				40,355
Derivative financial instruments	2,511	–				2,511
Income tax payable	3,978	–				3,978
Current portion of finance leases	3,789	–				3,789
Current portion of bank loans	148,910	18,028				166,938
Total current liabilities	**198,829**	**44,309**				**243,138**

	Audited consolidated statement of financial position of CFGL Group	Unaudited consolidated statement of financial position of Copeinca Group	Net Proceeds from the Rights Issue	Unaudited Pro Forma Adjustments	Note	Unaudited consolidated statement of financial position of Enlarged Group
	US$'000	*US$'000*	*US$'000*	*US$'000*		*US$'000*
Non-current liabilities						
Finance leases	4,336	–				4,336
Bank loans	142,577	207,370		401,400	*(f)*	751,347
Senior notes	279,363	–				279,363
Long term provision	–	6,141				6,141
Deferred tax liabilities	60,691	84,133				144,824
Total non-current liabilities	**486,967**	**297,644**				**1,186,011**
Captial and reserves						
Share capital	51,159	55,004	51,159	(55,004)	*(g)*	102,318
Reserves	764,345	350,480	227,218	(365,687)	*(g)*	976,356
Net equity	815,504	405,484				1,078,674
Total liabilities and equity	**1,501,300**	**747,437**				**2,507,823**

Note:

(d) Pursuant to the New Offer (as defined in this Circular), NOK68.17 being the offer price for each Copeinca share, so the aggregate purchase consideration for the Proposed Acquisition will be US$792,228,000 which included the estimated professional expenses of approximately US$15,000,000. And it will be partially financed by bank loan of USD401,400,000 and USD65,621,000 of working capital of operation from the Company. And the pro forma adjustments included the cash proceeds of USD120,800,000 from the private placement of new shares from Copeinca Group.

(e) Goodwill arising from the Proposed Acquisition represents the difference between the purchase consideration and the Group's share of the fair value of the identifiable assets and liabilities of the Copeinca Group.

(f) The committed bank loan of US$401,400,000 to finance the shortfall for the Proposed Acquisition after the Rights Issue.

(g) The adjustments reflect the elimination of share capital of the Copeinca Group amounting to US$55,004,000, pre-acquisition reserves of US$350,687,000 and recognition of the estimated professional expenses of approximately US$15,000,000 in relation to the Proposed Acquisition.

Unaudited Enlarged Group Pro Forma Consolidated Statement of Financial Position as at 28 March 2013

	unaudited consolidated statement of financial position of CFGL Group	Unaudited consolidated statement of financial position of Copeinca Group	Net Proceeds from the Rights Issue	Unaudited Pro Forma Adjustments	Note	Unaudited consolidated statement of financial position of Enlarged Group
	US$'000	*US$'000*	*US$'000*	*US$'000*		*US$'000*
ASSETS						
Current assets						
Cash and bank balances	25,735	75,851	278,377	(179,200)	*(h)*	200,763
Trade receivables	105,042	5,276				110,318
Other receivables and prepayments	143,528	27,207		(36,606)	*(h)*	134,129
Prepaid income tax	959	–				959
Deferred expenses	27,316	–				27,316
Inventories	66,476	20,159				86,635
Current portion of prepayment to Suppliers	29,098	–				29,098
Total current assets	**398,154**	**128,493**				**589,218**
Non-current assets						
Prepayment to Suppliers	241,525	–				241,525
Advances to Suppliers	40,500	–				40,500
Property, plant and equipment	508,901	274,817				783,718
Investment properties	3,192	–				3,192
Goodwill	95,721	150,754		258,240	*(i)*	504,715
Available-for-sale investments	56,174			(56,174)	*(j)*	–
Fishing and plant permits and licences	233,834	232,063				465,897
Other intangible assets	–	935				935
Total non-current assets	**1,179,847**	**658,569**				**2,040,482**
Total assets	**1,578,001**	**787,062**				**2,629,700**
LIABILITIES AND EQUITY						
Current liabilities						
Trade payables	16,434	5,657				22,091
Other payables and accrued expenses	11,117	7,588				18,705
Derivative financial instruments	1,408	–				1,408
Income tax payable	1,053	–				1,053
Current portion of finance leases	3,947	–				3,947
Current portion of bank loans	186,722	26,506				213,228
Total current liabilities	**220,681**	**39,751**				**260,432**

	unaudited consolidated statement of financial position of CFGL Group	Unaudited consolidated statement of financial position of Copeinca Group	Net Proceeds from the Rights Issue	Unaudited Pro Forma Adjustments	Note	Unaudited consolidated statement of financial position of Enlarged Group
	US$'000	*US$'000*	*US$'000*	*US$'000*		*US$'000*
Non-current liabilities						
Finance leases	2,322	–				2,322
Bank loans	167,613	259,589		401,400	*(k)*	828,602
Senior notes	280,203	–				280,203
Long term provision	–	6,726				6,726
Deferred tax liabilities	50,663	83,015				133,678
Total non-current liabilities	**500,801**	**349,330**				**1,251,531**
Captial and reserves						
Share capital	51,159	55,004	51,159	(55,004)	*(l)*	102,318
Reserves	806,152	342,977	227,218	(360,136)	*(l)*	1,016,211
Equity attributable to equity holders	**857,311**	**397,981**				**1,118,529**
Non-controlling interests	(792)	–				(792)
Net equity	856,519	397,981				1,117,737
Total liabilities and equity	**1,578,001**	**787,062**				**2,629,700**

Note:

(h) Pursuant to the New Offer (as defined in this Circular), NOK68.17 being the offer price for each Copeinca share, so the aggregate purchase consideration for the Proposed Acquisition will be US$738,006,000 which included the estimated professional expenses of approximately US$15,000,000. And it will be partially financed by bank loan of USD401,400,000 and USD36,606,000 of working capital of operation from the Company. And the pro forma adjustments included the cash proceeds of USD120,800,000 from the private placement of new shares from Copeinca Group.

(i) Goodwill arising from the Proposed Acquisition represents the difference between the purchase consideration and the Group's share of the fair value of the identifiable assets and liabilities of the Copeinca Group.

(j) The adjustment represents the de-recognition of the Available-For-Sale investment upon the completion of the Acquisition.

(k) The committed bank loan of US$401,400,000 to finance the shortfall for the Proposed Acquisition after the Rights Issue.

(l) The adjustments reflect the elimination of share capital of the Copeinca Group amounting to US$55,004,000, pre-acquisition reserves of US$345,136,000 and recognition of the estimated professional expenses of approximately US$15,000,000 in relation to the Proposed Acquisition.

Unaudited Enlarged Group Pro Forma Consolidated Statement of Cash flows for the year ended 28 September 2012

	Audited consolidated statement of cash flows of CFGL Group	Unaudited consolidated statement of cash flows of Copeinca Group	Unaudited Pro Forma Adjustments	Note	Unaudited consolidated statement of cash flows of Enlarged Group
	US$'000	*US$'000*	*US$'000*		*US$'000*
Net cash from operating activities	90,757	59,207	65,621	*(m)*	215.585
Net cash used in investing activities	(108,963)	(26,500)	(792,228)	*(n)*	(927,691)
Net cash from (used in) financing activities	45,462	(62,600)	800,577	*(o)*	783,439
Net increase (decrease) in cash and cash equivalents	27,256	(29,893)			71,333
Cash and cash equivalents at beginning of year	24,159	71,241			95,400
Cash and cash equivalents at end of year	51,415	41,348			166,733

Note:

(m) The acquisition will be partly financed by working capital from operation.

(n) Pursuant to the New Offer (as defined in this circular), the aggregate purchase consideration for the Proposed Acquisition is US$792,228,000 for 70,200,000 ordinary shares of Copeinca at NOK68.17 per share which included the estimated professional expenses of approximately US$15,000,000 in relation to the Proposed Acquisition.

(o) Based on the 1,023,177,273 Rights Shares issued, the net proceeds of the Rights Issue, after deducting estimated expenses of approximately US$3,000,000, is expected to be approximately US$278,377,000. And the estimated bank loan of approximately US$401,400,000 to finance the shortfall for the Proposed Acquisition after the Rights Issue. And the pro forma adjustments included the cash proceeds of USD120,800,000 from the private placement of new shares from Copeinca Group.

Unaudited Enlarged Group Pro Forma Consolidated Statement of Cash flows for the six-month period ended 28 March 2013

	Unaudited consolidated statement of cash flows of CFGL Group	Unaudited consolidated statement of cash flows of Copeinca Group	Unaudited Pro Forma Adjustments	Note	Unaudited consolidated statement of cash flows of Enlarged Group
	US$'000	*US$'000*	*US$'000*		*US$'000*
Net cash from (used in) operating activities	144,067	(14,597)	36,606	*(p)*	166,076
Net cash used in investing activities	(215,027)	(7,300)	(738,006)	*(q)*	(960,333)
Net cash from financing activities	45,280	56,400	800,577	*(r)*	902,257
Net increase (decrease) in cash and cash equivalents	(25,680)	34,503			108,000
Cash and cash equivalents at beginning of period	51,415	41,348			92,763
Cash and cash equivalents at end of period	25,735	75,851			200,763

Note:

(p) The acquisition will be partly financed by working capital from operation.

(q) Pursuant to the New Offer (as defined in this circular), the aggregate purchase consideration for the Proposed Acquisition is US$738,006,000 for 70,200,000 ordinary shares of Copeinca at NOK68.17 per share which included the estimated professional expenses of approximately US$15,000,000 in relation to the Proposed Acquisition.

(r) Based on the 1,023,177,273 Rights Shares issued, the net proceeds of the Rights Issue, after deducting estimated expenses of approximately US$3,000,000, is expected to be approximately US$278,377,000. And the estimated bank loan of approximately US$401,400,000 to finance the shortfall for the Proposed Acquisition after the Rights Issue. And the pro forma adjustments included the cash proceeds of USD120,800,000 from the private placement of new shares from Copeinca Group.

4. BASIC EARNINGS PER SHARE

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share ("**EPS**") for the financial years ended 28 September 2010, 2011, 2012 and six-month period ended 28 March 2013:

	FY2010	FY2011	FY2012	2QFY2013
Enlarged Group earnings used for calculation of EPS				
Profit for the year attributable to Owners of the Enlarged Group (USD'000)	115,557	120,821	136,784	51,142
Number of shares after the proposed right issueand acquisition used for the calculation of basic and diluted EPS:				
– Weighted average number of shares used for the calculation of basic EPS:	1,917,880,115	2,035,817,867	2,046,001,994	2,046,354,546
– Weighted average number of shares used for the calculation of diluted EPS:	1,919,066,303	2,036,969,543	2,046,407,275	2,046,354,546
Earnings per share (US cents)				
– Basic	6.03	5.93	6.69	2.50
– Diluted	6.02	5.93	6.68	2.50

EPS is calculated on the Enlarged Group's profit for the financial year attributable to Owners of the Enlarged Group divided by the total number of ordinary shares after proposed rights issue acquisition.

CHINA FISHERY GROUP LIMITED

(Incorporated in the Cayman Islands)

(the "**Company**")

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an EGM of the Company will be held at Millenia 3, Level 2, The Ritz-Carlton Millenia Singapore, 7 Raffles Avenue, Singapore 039799, on Thursday, 22 August 2013 at 9.30 a.m., for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolution as set out below.

Terms used in this Notice of EGM which are not defined herein shall have the same meanings ascribed to them in the Circular dated 6 August 2013 to Shareholders ("**Circular**").

ORDINARY RESOLUTION:–

THE ACQUISITION OF A SIGNIFICANT EQUITY INTEREST IN COPEINCA ASA

THAT:–

(a) the acquisition by the Group (including Grand Success Investment (Singapore) Private Limited, a wholly-owned subsidiary of the Company), of an equity interest of between 50.01% to 100% (both numbers inclusive) in Copeinca ASA, at the New Offer Price or such price as the Directors acting in the interest of the Shareholders and the Company as a whole may deem fit, in the manner described in the Circular (the terms and conditions of the Acquisition as may be amended, modified or supplemented from time to time as the Directors may deem appropriate and as may be permitted under the Norwegian Takeover Code, the Peruvian Tender Regulations and all other laws and regulations applicable to the Acquisition) be and is hereby approved;

(b) the entry into and execution of the Penalty Fee Undertaking and Escrow Agreement be and is hereby approved and ratified;

(c) the Directors be and are hereby authorised to prepare, finalise, approve and execute any instruments, filings, notices, announcements, agreements and other documents and do all acts and things which they may in their absolute discretion consider necessary desirable or expedient for the purposes of or in connection with the Acquisition (the terms and conditions of which as may be amended, modified or supplemented from time to time as may be permitted under the Norwegian Takeover Code, the Peruvian Tender Regulations and all other laws and regulations applicable to the Acquisition) and to give effect to this ordinary resolution.

By Order of the Board
Yvonne Choo
Company Secretary
6 August 2013
Singapore

Notes:

i. Pursuant to Rule 1005 of the Listing Manual, the Ocean Harvest Transaction and Call Option Transaction will be aggregated for the purpose of determining if the thresholds of Rule 1006 of the Listing Manual have been triggered. For the avoidance of doubt, the outcome of the approval by the Shareholders at the EGM will not affect the Copeinca Shares acquired by the Offeror pursuant to the Ocean Harvest Transaction and the Call Option Transaction.

ii. Shareholders please take note that if the approval of the Shareholders is obtained for the Acquisition, it will authorize the Group (including the Offeror) to (i) acquire an equity interest of between 50.01% to 100% of the issued shares of Copeinca through the New Offer, Second General Offer and/or Compulsory Acquisition (as applicable) and through other acquisitions including but not limited to acquisition of Copeinca Shares in the open market or in privately negotiated transactions or otherwise; (ii) if the circumstances require, amend the terms and conditions of the Acquisition including but not limited to during the New Offer or for the purpose of undertaking the Second General Offer without the need for the Company to convene another EGM to seek any further approval from the Shareholders.

iii. A Shareholder entitled to attend and vote at the Extraordinary General Meeting (the “Meeting”) is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

iv. If a Depositor wishes to appoint a proxy/proxies to attend the Meeting, then he/she must complete and deposit the Depositor Proxy Form at the office of the Singapore Share Transfer Agent, B.A.C.S. Private Limited at 63 Cantonment Road, Singapore 089758 at least forty-eight (48) hours before the time of the Meeting.

v. If the Depositor is a corporation, then the Depositor Proxy Form must be executed under seal or the hand of its duly authorised officer or attorney and must be deposited at the office of the Singapore Share Transfer Agent, B.A.C.S. Private Limited at 63 Cantonment Road, Singapore 089758 at least forty-eight (48) hours before the time of the Meeting.