Annual Report 2010

COPEINCA

THE GLOBAL COMPACT
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Annual Report 2010

COPEINCA

Highlights 2010

"2010 was a very important year for COPEINCA, in which the restructuring of the utilization of its assets and the first part of its 2 year Investment Plan of USD 80 million was successfully completed, which will allow us to fully take advantage of the benefits of the Individual Transferable Quota system (ITQ) approved by the government in 2008.

Volumes were significantly lower due to both a moderate "El Niño" and "La Niña", nevertheless quality of production and yields had an important increase when compared with 2009.

In 2011 the Company will operate with only 26 vessels, out of which 75% have refrigeration systems (RSW), 5 plants with 100% Steam Dried (SD) capacity and around 1,400 collaborators. These new efficiencies and normal fishing quota volumes will enable COPEINCA to deliver on its promise of an improved EBITDA of 30% to 40% when compared to the previous regime."

Samuel Dyer Coriat

Key Figures

	2010	2009	2008	2007	2006	2005
Operating Revenues (US$ thousand)	233,042	203,161	249,425	129,067	89,888	82,290
Ebitda (US$ thousand)	76,227	59,003	75,671	28,618	35,678	17,605
Ebitda %	32.71%	29.04%	30.34%	22.00%	39.70%	21.40%
Profit (Loss) before taxes (US$ thousand)	-17,125	3,315	-10,096	5,715	15,934	3,779
Return on equity (%)	-2.0%	0.1%	-1.0%	1.5%	21.3%	3.1%
Debt /Equity (%)	61.0%	27.9%	48.46%	67.5%	111.8%	146.5%
Share price (nok)	48	46.6	8.5	48.5	40	-
Total production (tons)	138,826	213,544	205,340	128,611	80,000	60,000
Number of people	1,606	2,093	2,443	2,000	800	600

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1. Letter from the CEO

> 2010 was a very unique year in several ways, a year of important challenges as well as achievements that we will go over throughout this report and which bring us closer to the fulfillment of our main goals, in line with our vision.

Dear Shareholders, Partners and Collaborators,

2010 was a very unique year in several ways, a year of important challenges as well as achievements that we will go over throughout this report and which bring us closer to the fulfillment of our main goals, in line with our vision.

In February, we successfully placed a USD 175 million, 9% coupon senior notes issue, securing the establishment of a stable, long term debt structure, lowering yearly debt service by over 50%, and gaining access to a new important source of long term financing. We were the first Peruvian non-banking company to place an international bond issue in a four year period. We thank our bond investors for the trust placed in COPEINCA.

In April 2010, the Board of Directors approved our dividend policy, which states that under favorable conditions the Company shall distribute to its shareholders around 50% of the consolidated profit for the year. In June we had the pleasure to distribute our first dividend payment since the listing of the Company in 2007 in the amount of USD 50 million, equivalent to USD 0.85 or NOK 4.94 per share.

It is noteworthy that this amount was approved as extraordinary on cumulative earnings over the last four years, and was a way for the Company to retribute the continued support and trust of its shareholders.

From an industry point of view, the year´s fishing seasons were unique. During the year we were affected by 2 consecutive natural events, a moderate "El Niño" and a moderate "La Niña". In order to ensure the sustainability of the biomass, the Peruvian Ministry of Production´s Fishing Vice Ministry (PRODUCE) authorized the start of the fishing seasons later than usual, lowered the first fishing season quota and suspended the second fishing season when only 36% of the quota had been caught.

Those measures resulted in significantly lower volumes and therefore lower sales, partly compensated by higher selling prices.

In 2010, average prices for fishmeal and fish oil hit record levels of around USD 1,400/MT for both fish oil and fishmeal and reached peak levels of around USD 2,000/MT. The high

prices were triggered by the earthquake in our neighbor country, Chile, which occurred in February, and the reduced fishing quotas in Peru, which is the main world producer, and which drove China´s inventory levels down to 150,000 MT by the end of the year.

The industry´s fundamentals remain the same; there is a limited supply and increasing demand for protein mainly in aquaculture. As a consequence, Peruvian offer is limited and high prices of other vegetable protein sources give good support to continued high prices.

COPEINCA has been the most aggressive company in the Peruvian industry to start the restructuring of the utilization of its assets in 2009. Up until the end of 2010, we had reduced the number of operating plants and vessels; from 12 to 6 and from 65 to 32 respectively.

In terms of quality further important improvements have also been done. We have been able to increase our premium grades of fishmeal (Super Prime and Prime) from 70% in 2009 to 85% of volume produced by the end of 2010.

In terms of market share in Peruvian catches, COPEINCA had 12.3% participation, which is slightly lower than in 2009 since the Company is now focused on developing inner efficiencies and synergies (own fleet production) rather than competing for third party raw material at very high prices.

During the year the first part of our USD 80 million investment plan was completed as USD 55 million were invested, mainly in the conversion of all Flame Dried (FD) processing lines to modern Steam Dried (SD) processing lines and the construction of 3 new vessels with top of the line technology and catch refrigeration systems (RSW).

The three new vessels have been designed and built to be more efficient, consume less fuel and improve the handling of the catch for improved quality and freshness.

We expect a four year payback on this Investment, and once it is completed in 2011 we will be able to operate in the most efficient way, reducing costs, further improving the freshness, quality and yields of the raw material and products, selling at higher prices while contributing to the preservation of the environment and protecting our fishermen.

For 2010 COPEINCA reported sales of USD 233.0 million, with an EBITDA of USD 76.2 million, 29% higher than in 2009, mainly explained by higher prices and improved efficiencies.

There was an operating loss of USD 1.5 million as a result of the recognition of non cash impairment losses of USD 42.1 million of non-operating fixed assets, crew layoffs expenses and non cash write-offs of vessels related to the restructuring of the utilization of assets. 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.

Since the financial accounts for 2010 shows an operating loss of USD 1.5 million, there will not be any dividend payment in 2011.

As 2011 begins, we are ready to fully take advantage of the benefits under the ITQ system. We expect the operational improvements in terms of the restructuring of utilization of assets, coupled with higher quality raw material and products, higher production yields, no material write downs and impairments, favorable market prices and average volumes to further increase our profitability, to enable COPEINCA to pay dividends again in 2012 and thereafter.

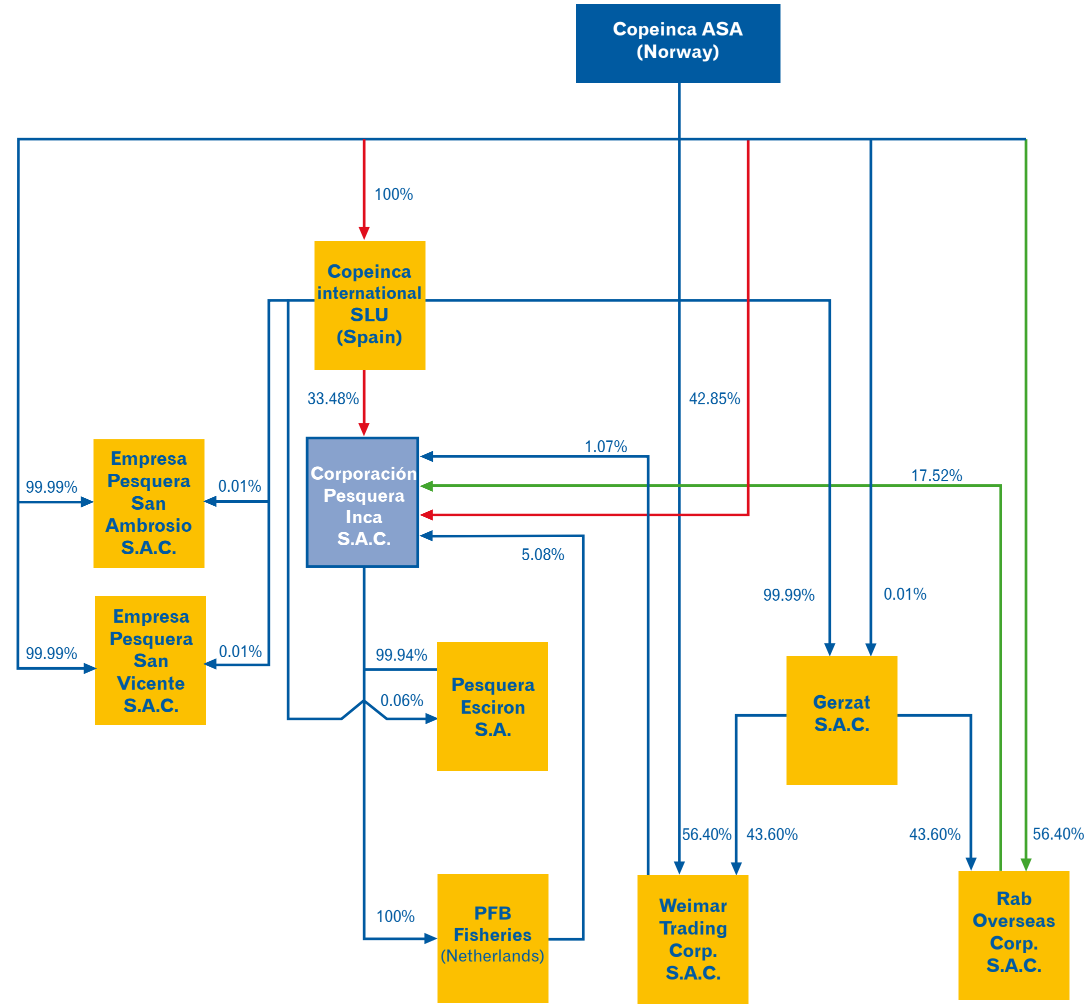
We want to take this opportunity to thank, both the founding shareholders, and the ones that joined the company in 2007 through the Oslo Børs listing, for their commitment and continued support.

Throughout its history, COPEINCA has demonstrated leadership and a good track record of results. Once again, we look back and feel proud of everything that has been achieved and consolidated in 2010. We feel encouraged to continue with our efforts to achieve our vision of being a world leader in the production of fishmeal and fish oil and contribute towards the development of the fishing industry in Peru.

Samuel Dyer Coriat

2. Overview

2.1 Legal Structure



2.2 Financial Calendar

25 FEBRUARY 2010	PRELIMINARY RESULTS FOR THE YEAR 2009
19 MAY 2010	PRESENTATION OF THE FIRST QUARTER 2010
18 AUGUST 2010	PRESENTATION OF THE SECOND QUARTER 2010
19 OCTOBER 2010	PRESENTATION OF THE THIRD QUARTER 2010
25 FEBRUARY 2011	PRELIMINARY RESULTS FOR THE YEAR 2010

2.3 Brief History

1994
Corporacion Pesquera Inca (Copeinca S.A.C) was founded in July 1994. Its main founding partners were Luis Dyer Ampudia, Rosa Coriat Valera, Edward Dyer Ampudia and Samuel Dyer Ampudia. That same year we acquired the first plant for the production of fishmeal and fish oil, located in Bayovar bay, department of Piura, with a capacity of 68MT/h.

1995
COPEINCA started its production operations.

1996
At the end of this year, we purchased our first three vessels, giving us a total hold capacity of 600 MT.

1997
The first attempt to diversify came with the construction of our frozen food plant in Bayovar, which commenced operations in December, with a capacity of 70 MT/day of finished product. We also acquired three additional vessels, with a total 900 MT hold capacity.

1998
The sector was severely hit by the "El Niño" natural phenomenon. We were able to acquit ourselves well out of this situation by the provisions we took and our low indebtedness level.

1999
This was a year of recovery, where we redesigned our growth strategy. A reengineering process was initiated, commissioned to the international consulting firm Plexus, which was completed in the first quarter of 2000, resulting in annual savings of over USD 1 million. At the end of the year we began the expansion of our Bayovar plant, which increased our capacity by 50 MT/h.

2000
We purchased a 50 MT/h fishmeal plant in Caleta Vidal, Supe, and two vessels with a combined 670 MT hold capacity. This marked the onset of our expansion along the Peruvian coast.

2001
In order to have more accurate and timely financial information, the ERP-Exactus system was acquired. It is worth mentioning that we were the first Peruvian fishing company to have an ERP. In addition, we purchased three vessels with 760 MT hold capacity and invested in the expansion of the Bayovar pier's length by 50 m. On the other hand, the strategy set out as from that year, to enter into contracts with fishing vessel owners, provided us with additional hold capacity of 4,000 MT.

2002
During the second half of the year we began the construction of a 50 MT/h fishmeal plant in the strategic port of Chicama. Also in 2002, we built our first special steam dried fish meal plant in Bayovar, with 50 MT/h capacity, which began production in the first fishing season of 2003. In an attempt to secure raw material own-supply for the plants, we also purchased four additional vessels; with a combined 880 MT hold capacity.

2003
The two family groups Dyer-Coriat and Dyer-Osorio-Fernandez, 100% shareholders of COPEINCA at that time, took a number of measures aimed at strengthening the company and achieve its sustainable development. The most important measure was the implementation of good corporate governance practices, which included the preparation

of family protocols, covering succession, professionalization of management and board positions, the inclusion of independent external directors and the creation of various committees within the board of directors. At the end of 2003, we began moving the two plants located in Supe to the port of Chicama in order to increase the capacity of the latter plant to 120 MT/h.

2004
Seeking to continue our expansion along the Peruvian coast, we leased two fishmeal plants. One is located in Chimbote, with a capacity of 65 MT/h of FAQ and 25 MT/h of SD meal; and the other in Casma, with a capacity of 80 MT/h of SD meal. We acquired two vessels with 730 MT/h capacity and the first four Transvac vacuum pumping systems, through a credit facility obtained from Exim Bank, U.S.A., which was the first one granted by that entity to the fishing sector in more than 8 years, giving a clear sign of trust in COPEINCA.

Towards the end of the year, COPEINCA decided to acquire and implement the SAP system and designated IBM to implement it. The investment reached USD 2.5 million.

2005
We were able to structure substantial financing amounting to USD 31 million with Credit Suisse, which enabled us to improve our debt profile and, above all, to purchase 100% of Pesquera del Mar S.A. shares. With this facility we were also able to materialize the purchase of the assets of Grupo Tauro, which included an 80 MT/h SD plant in Casma and six vessels with 1,800 MT hold capacity.

2006
We acquired Pesquera Jadran, one of the most efficient vessel operators in the country, through a corporation related to our main shareholders. Jadran had a 2,400 MT hold capacity. With this purchase, a total capacity of over 11,150 MT was consolidated for COPEINCA operations. This transaction was possible due to the credit facilities granted by a US financial entity and Interbank of Peru.

During this year, COPEINCA also became the first company in the Peruvian fishing sector to identify the need for having a Sustainability Report to measure our performance in key environmental and social aspects. The figures in the financial statements presented in 2005 were consolidated for the first time, as they included COPEINCA, Del Mar and Pescaperú Huarmey.

It is noteworthy that COPEINCA was the second Peruvian company selected to participate in the Project "Strengthening of Good Corporate Governance Practices" of the Andean Development Corporation (CAF). This initiative had the local support of Procapitales and was aimed at strengthening and improving our practices.
During 2006, we were able to consolidate ourselves among the five leading fishing companies in the country, and our intention was to continue leading this sector. We were able to consolidate the purchase of Del Mar and other assets acquired earlier that year, enabling us to practically double our fleet size. On the other hand, the administration of Jadran by COPEINCA enabled us to grow our fleet and use better our plants.

However, the most outstanding news in 2006 was the placement of COPEINCA ASA`s shares for a total of USD 100 million, which are listed in the Oslo Stock Exchange (Norway) since January 2007. These new funds were raised through a successful private placement among prestigious institutional shareholders, professionals and private parties, investment funds and banks based in Norway and Europe. We chose the Oslo Stock Exchange since it is currently the bourse concentrating the most important seafood companies of the world.

2007
COPEINCA began the year with the purchase of Corporación Fish Protein and Corporación Pesquera Ribar, which owned 9 fishing vessels, for USD 110 million. At the end of that same month, we purchased Corporación Pesquera Newton, for the amount of USD 23 million, by which we obtained a 56 MT/h-capacity plant located in Chimbote in addition to three vessels, with an aggregate hold capacity of 971 m3. In May, we purchased 100% of the company Pesquera San Fermín and its subsidiaries, adding an 80 MT/h-capacity processing plant in Chancay and six vessels, with an aggregate capacity of 1,278 m3, an investment of USD 44 million. Moreover, on 11th June 2007, the formal announcement was made of the purchase agreement of 100% of the shares of Pesquera Industrial El Ángel for USD 106 million, financed through a syndicated loan of USD 185 million, contracted with The Credit Suisse Bank; and the issuance of new shares in the Oslo Stock Exchange for USD 130 million, as well as the purchase of Pacific Fishing Business, in the amount of USD 39 million.

At the end of 2007, COPEINCA had 65 vessels, and achieved a 14% market share of the Peruvian anchovy catch, ranking second in the Peruvian fishing sector and third in the world.

2008
We were focused on completing the merger of all the acquired companies, optimizing their operations and improving the Company's efficiency as a whole, in order to continue fulfilling our vision of becoming a world leader in the fishing sector.

By the end of the year, the Regulation for the implementation of the Law on Maximum Catch Limits per Vessel, also known as the "Individual Quota (ITQ) Law", related to anchovy fishing for fishmeal production was approved.

In spite of having faced a world financial crisis since the second half of 2008, we were able to close the year in accordance with our projections.

2009
In 2009, our priority was to prepare to operate under the new Law and Regulations on Maximum Catch Limits per Vessel (ITQ Law) enacted by the Government of Peru and to make the investments we had committed. Moreover, we continued making progress on environmental protection and social responsibility aspects in keeping with the highest world standards, some of which have been incorporated in the laws recently enacted by the Government.

ITQ system was implemented during the first fishing season and the results were significantly positive. The company operated with fewer assets, 30 vessels out of 64 and 6 plants out of 10 and achieved a 15% market share of the Peruvian anchovy catch. Quality and efficiency improvements allowed us to produce 62% of SD fishmeal, up from 45% in previous years.

2010
In 2010, we were focused on completing the restructuring of the utilization of our assets and the first part of our 2 year Investment Plan of USD 80 million.

USD 55 million of the Investment Plan was executed in our plants and vessels in order to improve our production yields while complying with new environmental regulations.

Volumes were significantly lower due to both a moderate “El Niño” and “La Niña”, nevertheless quality of production and yields had an important increase when compared to previous years.

2011
In 2011 we will fully take advantage of the benefits under the ITQ system. We will operate with 26 vessels, 5 plants and 1,400 employees as opposed to 64, 12 and 2,200 respectively in 2008. This will allow the Company to obtain better yields, produce 100% SD fishmeal, and therefore sell at higher prices.

2.4 Vision

To become a world leader in the production of fishmeal and fish oil.

2.5 Mission

To produce and sell fishmeal and fish oil with efficiency, quality and responsibility.

2.6 Values

In COPEINCA we value and appreciate people. We encourage good treatment and sound relationships both within the organization as well as outside it.

In COPEINCA we all work towards the attainment of higher standards of performance and innovation in order to contribute to the achievement of company objectives.

In COPEINCA we are always prepared to accept diverse points of view, to recognize and learn from our mistakes and to promote self-criticism.

In COPEINCA we accept responsibility for our actions and always bear in mind the triple economic, social and environmental result.

2.7 Business Principles

COPEINCA, a company engaged in fishmeal and fish oil processing, abides by four Business Principles which guide the work it carries out and the form of interacting with society:

Human Resources Management
COPEINCA recognizes its commitment to its employees to establish the best working conditions to enable professional and personal wellbeing and development, in a friendly internal atmosphere, with the aim of fulfilling our vision, mission and values. It further provides training opportunities on an ongoing basis and identifies and recognizes outstanding employees.

Ethics
COPEINCA is convinced that in order to consolidate and develop itself, it must follow its business objectives and ethical principles and apply them in its relations with customers, suppliers, shareholders, employees and society in general. High standards of ethics and integrity ensure our credibility in the eyes of our stakeholders and COPEINCA expects all its employees to maintain the highest ethical and integrity standards.
Honesty, dignity, respect, loyalty, proper behavior, efficiency, transparency and awareness of ethical principles are the highest values that guide COPEINCA's relationship with our stakeholders.

Social development and community relations
COPEINCA is committed to balancing the impacts caused by our industry, enhancing the positive impacts that create value for the company and the society at large. To this end, we carry out actions in the localities within our area of influence, fostering synergic, ethical relations based on trust among the company; the inhabitants; the local, regional and national government; grassroots organizations and other stakeholders involved; establishing long-lasting relationships of ongoing dialogue and mutual respect with our neighbors.

Quality, Environment, Safety and Health
COPEINCA reflects its responsible attitude in all its activities, guaranteeing the satisfaction of its clients, the health and safety of its collaborators and respect for the environment.

By complying with the following features, COPEINCA undertakes to maintain an Integrated Management System of Quality, Environmental Safety and Occupational Health, based on international standards, oriented towards the principle of continuous improvement in order to obtain products of the highest quality, ensuring the traceability of the same and optimizing processes for the reduction of our environmental impacts, the satisfaction of our clients, collaborators, suppliers, the community, government and shareholders, as well as the principle of avoiding contamination that is present in our activities; guaranteeing compliance with applicable legal requirements and other objectives to which we subscribe.

2.8 Our people

COPEINCA's team is characterized by being highly competitive, motivated by results and able to take new risks, in order to achieve corporate objectives.

The skills that we promote and extend to all of our staff are results orientation, continuous improvement, collaboration and effective communication. We refer to our employees as "collaborators" because we understand that only with their support, commitment, and cooperation we will be able to materialize our vision, which is to become a leader in the fisheries sector worldwide.

2.9 Board of Directors

Kristjan Th. Davidsson
Chairman of the Board

Mr. Davidsson 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. Mr. Davidsson has over two decades of experience in sales and management positions within various sectors of the seafood industry in Norway and Iceland, including among others the position of CEO of Norfish Export company, a Norwegian seafood trading company, CEO of leading Icelandic fisheries company Grandi and CEO of Iceland Seafood International, a trading company headquartered in Iceland with subsidiaries in several countries. Mr. Davidsson has also served as senior sales manager at equipment manufacturer Marel and Seafood Exporting Company SIF HF, both in Iceland and he was also CEO of SIF-Union, a seafood trading company in Norway. He has served as a director on the boards of seafood companies and organizations in Iceland, Norway and Chile. Mr. Davidsson was the Managing Director of Corporate Banking Iceland and later Head of the International Seafood Team at Icelandic bank Glitnir, which specialized in the international seafood industry. He has also worked as Managing Director for the Resolution Committee of Glitnir Bank. He is currently Managing Director of ISDER, an investment company in Iceland and also Chairman of the Board of Directors of Valka hf and Member of the Board of Directors of Vaki hf.

Mimi Kristine Berdal
Director

Ms. Berdal earned a law degree at the University of Oslo in 1987 and was admitted to the Norwegian Bar Association in 1990. She was a partner of Arntzen de Besche Law Firm in Oslo until 2005 and since then has worked as an independent legal and corporate counselor. Ms. Berdal is also a director of Itera ASA, Rocksource ASA, Gjensidige Pensjon og Sparing Holding AS, Gassco AS, Q-Free ASA, Infratek ASA, Camposol Holding PLC and Intex Resources ASA.

Luis Dyer Ampudia
Director

Mr. Dyer Ampudia is a shareholder and founding partner of COPEINCA. He currently serves as President of the Luis Dyer e Hijos Foundation. Mr. Dyer is also Chairman of the Board of Directors and shareholder of Aceros y Techos S.A., Galvanizadora Peruana S.A., Equipos de Remate y Exportación S.A.C., and Aceros Holding S.A.

Samuel Dyer Ampudia
Vice Chairman of the Board

Mr. Dyer Ampudia earned a degree in business administration from the Universidad Nacional Federico Villarreal in Peru and is a graduate of the Top Management Program – International Business of the Universidad de Piura, Peru. He was a founding shareholder and Chairman of the Board of Directors of COPEINCA ASA, Galvanizadora Peruana S.A., Aceros y Techos S.A., Consorcio Latinoamericano S.A and Ferretería Dyer S.A., among other companies. He is currently Chairman of the Board of Directors of Camposol S.A., a leading agro-export company in Peru. Mr. Dyer Ampudia is also Chairman of the Board of Directors of the D&C Group (Dyer and Coriat), a family business group engaged in mining, agro industrial, real estate and construction activities through Apurimac Ferrum S.A., Ausinca, Campoinca and IC Viviendas.

Piero Dyer Coriat
Director

Mr. Dyer Coriat earned a master's degree in business administration and a Bachelor of Science degree in mechanical engineering from the University of Miami, Florida. He served as Chief Financial Officer of D&C Group and Chief Executive Officer of Apurímac Ferrum. In December 2007, Mr. Dyer Coriat was appointed Chief Financial Officer of Camposol.

Sheyla Dyer Coriat
Director

Ms. Dyer Coriat earned a bachelor's degree in business administration from the University of Miami, Florida in 1996. She is a senior executive with experience in international trade, operations and logistic at international companies. She is currently Director of Operations at Semarang Europe LLC, a Spanish company engaged in the import, export, wholesale and retail sale of furniture for homes, offices, hotels and restaurants.

Marianne E. Johnsen
Director

Ms. Johnsen graduated as a lawyer from the University of Oslo and obtained a masters degree in business administration from Solvay Business School in Brussels. She 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. She is currently founder and partner of a management consulting company working in turning around industrial enterprises in Nordic countries. Ms. Johnsen has extensive board experience in the areas of technology, shipping, offshore organizations, health, finance, aquaculture and most recently in oil and gas.

Samuel Dyer Coriat
Chief Executive Officer

Mr. Dyer has a degree in business administration from the University of Miami, Florida with a specialization in finance and administration. He has broad experience in the Peruvian fishing industry, having begun his career at COPEINCA as Fleet Assistant and having held different positions, including assistant at the frozen food plant, Plant Superintendent, Frozen Food Plant Manager, Fleet Manager and Operations Manager. Mr. Dyer was appointed CEO of COPEINCA in 2002.

Clemencia Barreto
Logistics Manager

Mrs. Barreto has a degree in industrial engineering from the Universidad de Lima and specializes in supply chain and manufacturing resource planning. She has experience in international supplier management, implementation and management of global distribution networks, foreign trade and international treaties. Until 2007, she was responsible for the corporate purchasing department at the multinational Belcorp S.A., a Peruvian corporation in the beauty and cosmetics industry.

Ivan Orlic Ticerán
Director

Mr. Orlic Ticerán attended the School of Engineering and Business Administration (1970-1976) at the State University of New York. His 30-year career in the fishing sector started in Ecuador where he developed a fishing fleet for a family business. He moved to Peru in 1981 and was the founder, principal shareholder and executive director of Corporación Pesquera Ribar S.A., a Peruvian company engaged in fish processing, which was acquired by COPEINCA ASA in June 2007. Mr. Orlic is currently a strategic corporate advisor in industrial and direct human consumption fisheries and is a director of several Peruvian companies including Ban Can SAC and Amazon Trading S.A.

Pablo Trapunsky
Deputy Chief Executive Officer and Chief Operations Officer

Mr. Trapunsky has a degree in mechanical engineering from Technion University, Israel with a major in production, materials and robotic systems. He has broad experience in multinational companies in Peru and abroad mostly focused on technical sales projects, supervision of construction and commissioning of plants and equipment, personnel training and technical consulting services. He has also been involved in other industrial processes such as power generation, the sugar industry, gas plants, oil refineries and fishmeal production. He currently manages all of our operations, such as extraction, production, logistics, sales, shipments, safety, quality, maintenance and other projects.

Douglas Buchelli
Production Manager

Mr. Buchelli has a degree in food industries engineering from the Universidad Agraria La Molina, Peru and did post-graduate studies in production administration at the National Association of Industries and Carl Duisberg Gesellschaft e.V. and in management capacity building at the University of Piura, Peru (Intermediate Management School). Prior to joining COPEINCA, Mr. Buchelli worked in the production area of various companies including Agroindustria Backus and Avinka S.A. He joined COPEINCA as Plant Superintendent in Chimbote, was transferred to the Bayovar and Chancay facilities, and was promoted to his current position in 2007.

Eduardo Castro Mendivil
Chief Financial Officer

Mr. Castro Mendivil has a degree in civil engineering from the Pontificia Universidad Catolica del Peru and a master's degree in business administration from the University of Texas at Austin. He served as Financial Vice President at Corporación Custer, Corporate Vice President at Corporación Pantel, Financial Comptroller at Corporación Backus and Cost Accountant at The Continental Companies. He has experience as Comptroller, Financial Vice President and has served as a member of the board of directors of several other companies.

Giuliana Cavassa
Legal Manager

Ms. Cavassa has a law degree from the Pontificia Universidad Catolica and did post graduate studies in civil law at the Universidad de Salamanca, Spain. Most recently she participated in a program on management and leadership at the Universidad Peruana de Ciencias Aplicadas and the University of Tonji, in Shangai. Prior to joining us she worked at the law firms of Cauvi, Ferraro, Devoto & del Solar and Delfino, Pasco, Isola & Avendaño and also served as consultant for the Ministry of Labor and for the Ministry of Production in the office of the Vice Minister of Fishery.

Diego Cateriano
Fleet Manager

Mr. Cateriano has a degree in Industrial Engineering from the Universidad de Lima and an MBA from Universidad de Piura. He has extensive experience in world-class companies in the project management strategy, processes, technology and organizational change in areas of Operations, Logistics, Sales and Customer Service, primarily in the transportation, consumer and telecommunications sectors.
He has been Commercial Logistics Manager at DINO S.R.L. (Distribuidora Norte Pacasmayo), Supply Chain Manager at Cementos Pacasmayo (Hochschild Group) and Distribution Manager at DINET S.A. (a logistics operator).

Francesca Carnesella
Corporate Affairs Manager

Ms. Carnesella is an Economist Universidad del Pacífico with an MBA from Universidad de Piura and post-graduate studies in Communications at the Pontificia Universidad Catolica del Peru. She has broad experience in the areas of corporate image, communications, public administration and institutional relations. She has served as advisor to the Minister of Economy and Finance, the Minister of Energy and Mines, the President of the Commission for the Promotion of Private Investment and was appointed Press & Communications Director of the Ministry of Foreign Affairs. She was the Image and Communications Manager of BBVA Banco Continental and the Manager of the BBVA Foundation, as well as Corporate Image and Public Relations Director at TIM Peru (now Claro).

Carlos Cipra
Chief Risk Officer

Mr. Cipra is a certified internal auditor, or CIA, and a certified public accountant. He has a master's degree in business administration from the Universidad San Ignacio Loyola, with a specialty in internal auditing and quality management. At COPEINCA he has served in the accounting, finance and internal control areas as General Accountant and as Finance and Accounting Manager and was promoted to his current position in 2009.

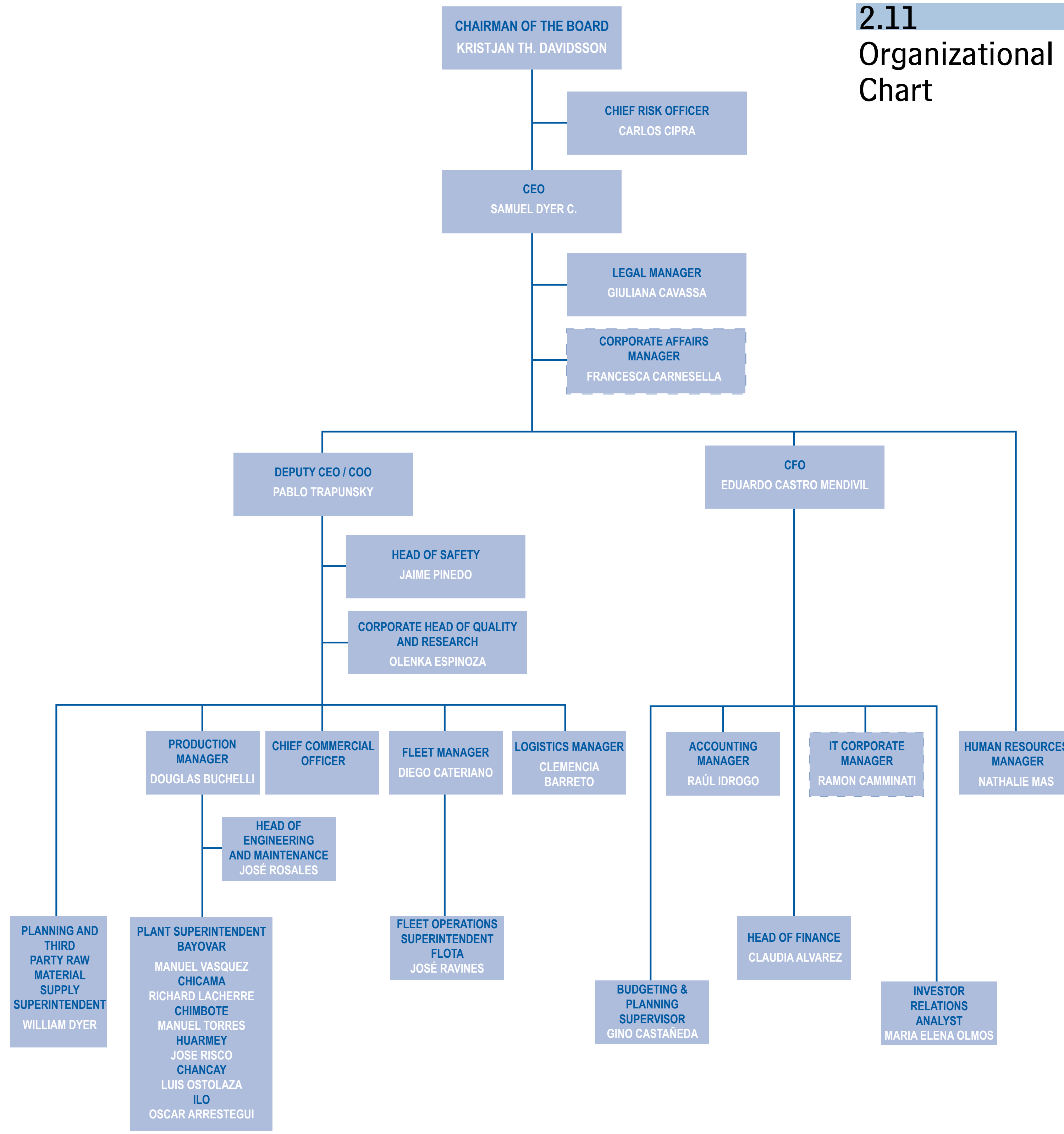
2.11 Organizational Chart

Raul Idrogo
Accounting Manager

Mr. Idrogo is a certified Public Accountant, graduated from the Universidad Ricardo Palma and is an executive officer in accounting, administrative and financial areas, with experience leading multinational and national companies. Mr. Idrogo completed has specialized studies at the Graduate School of Business Administration (ESAN) and has a master's degree in business administration from Universidad de Piura. He has expertise in redesigning accounting and administration processes. He joined our company in July 2003.

Nathalie Mas
Human Resources Manager

Ms. Mas has a degree in psychology from the Universidad de Lima, with a specialization in human resources. She has advised and provided consultancy services in human resources management to leading companies in the Peruvian private sector, such as Pacífico Seguros and Pacifico Vida. At COPEINCA, she has worked in different positions including Recruiting and Selection Coordinator, Training and Development Coordinator, Chief of Human Development and Chief of Human Resources and Administration. She has held her current position since January 2008.



3.Business Areas

> COPEINCA ASA through its Peruvian subsidiary focuses on its core businesses which is the production of fishmeal and fish oil.

COPEINCA ASA through its Peruvian subsidiary focuses on its core businesses which is the production of fishmeal and fish oil.

2009 was the first year the ITQ legislation was implemented in Peru, allowing the Company to focus on the maximization of the value of its awarded quota, the second largest in Peru, by lowering operational costs and producing higher-value products with higher yields, improved efficiencies and better margins.

With the implementation of the ITQ system, the company has downsized its assets by reducing number of operative vessels in operation from 64 to 32 vessels and reducing the number of plants in operation from 10 to 6. The processing plants are strategically located along the Peruvian coastline. All plants are certified by GMP-B2 (Good Manufacturing Practices for Animal Feed Sector), BASC (Business Alliance for Secure Commerce) and for export of fish oil for the European Union for human consumption.

In 2009, the Company started to certify one plant with ISO 14,000 (Environmental Management System) and plans to certify all plants with ISO 14,000 and OHSAS (Occupational Health and Safety Management Systems) by 2012.

Since 2005 the company has voluntarily started to release Sustainability Reports according to the Global Reporting Initiative (GRI) 2002 standards, as well as those of the Instituto ETHOS of Brazil for financial statements, in order to measure the company's efforts towards more efficient and sustainable, social and environmental management systems.

Fishmeal

The fishmeal business in 2010 represented sales of about 135,900 MT, of which 87% was steam dried(SD) and 13% was flame dried(FD). Exports accounted for 100% and China was the main export market, accounting for approximately 38% of the total volume.

The Company commercial strategy is to maintain focus on long-term customer relationships and brand awareness. This strategy is supported by a sales team managing the customer portfolio, including performing periodic customer visits which provide a deeper understanding of the customers' specific needs. This long-term strategy, which is supported by an ERP-SAP system that provides full traceability of the end products, has led the company to have a stable and loyal customer portfolio, with supply contracts with the main players in the market.

Fish oil

The fish oil business in 2010 represented sales of about 31,000 MT of which nearly 73% went to the aquaculture industry and 27% to the omega-3 market. Exports accounted for 62% and Denmark was the main export market, accounting for approximately 25% of the total volume.

The development of higher value markets has turned fish oil into a co-product of fishmeal, rather than a low value by-product. Furthermore, the high content of omega-3 fatty acid components, such as EPA and DHA, has increased demand from the nutraceutical sector, which is competing with the aqua industry for its limited availability.

In order to meet new food safety regulations, the Company has now certified all its plants and own fleet to meet the European Union requirements to export fish oil for human consumption.

The fishmeal business in 2010 represented sales of about 135,900 MT, of which 87% was steam dried(SD) and 13% was flame dried(FD).

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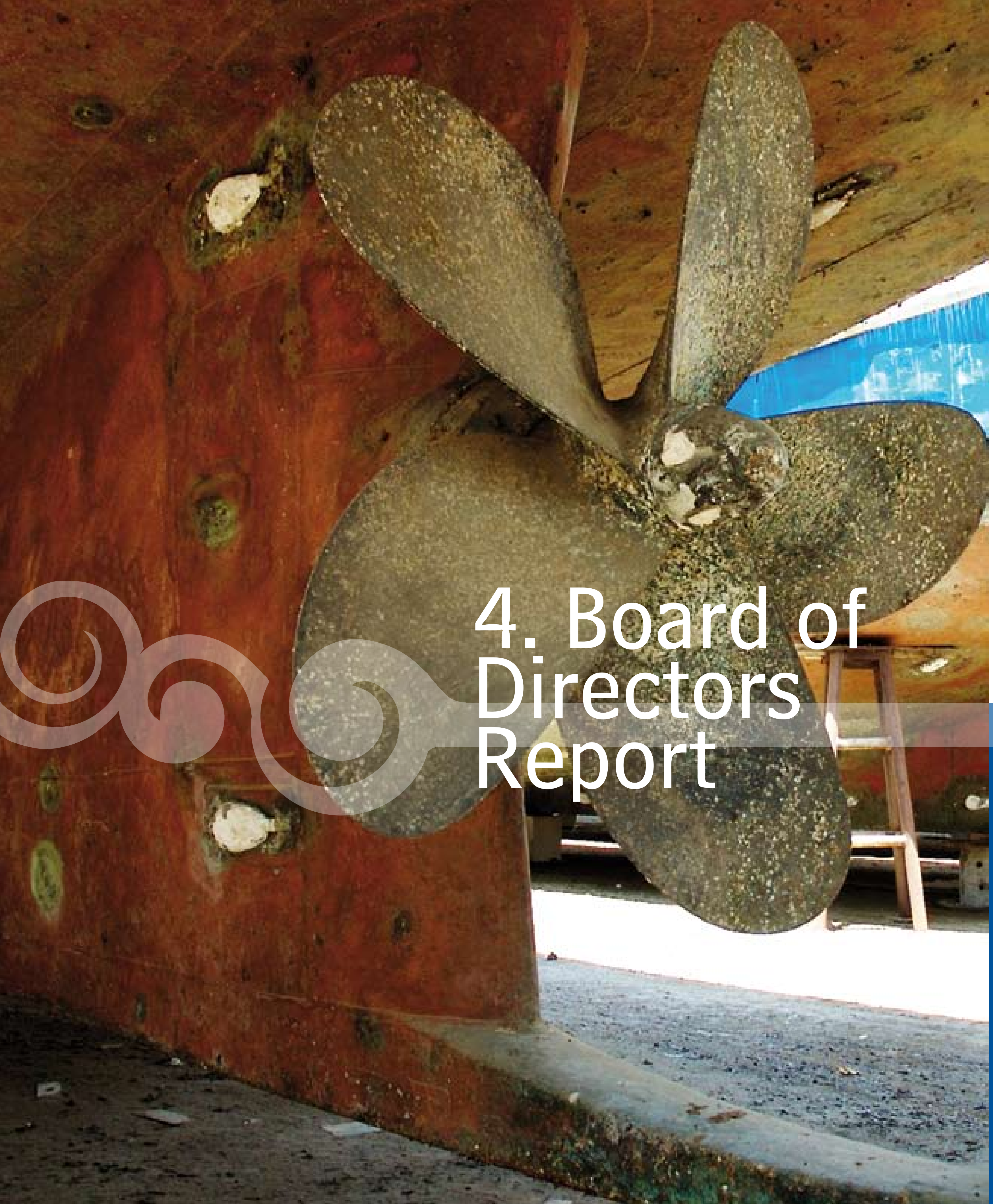


4. Board of Directors Report

> The Company has increased its production of premium grades of fishmeal (Super Prime and Prime), from 70% in 2009 to 85% of volume produced by the end of 2010.

4.1 Summary of the year

2010 was a very unique year in several ways, a year of important challenges as well as achievements.

In February, we successfully placed a USD 175 million, 9% coupon senior notes issue, securing the establishment of a stable, long term debt structure, lowering yearly debt service by over 50%, and gaining access to a new important source of long term financing.

In April, the Board of Directors approved a dividend policy, which states that under favorable conditions the Company shall distribute around 50% of consolidated net income. In June the Company distributed its first dividend payment since the listing of the Company in 2007 in the amount of USD 50 million, equivalent to USD 0.85 or NOK 4.94 per share.

This amount was approved as extraordinary on cumulative earnings over the last four years.

From an industry point of view, fishing seasons were unique. During the year we were affected by 2 consecutive natural events, a moderate "El Niño" and a moderate "La Niña". In order to ensure the sustainability of the biomass, the Peruvian Ministry of Production´s Fishing Vice Ministry (PRODUCE) authorized the start of the fishing seasons later than usual, lowered the first fishing season quota and suspended the second fishing season when only 36% of the quota had been caught.

Those measures resulted in significantly lower volumes and therefore lower revenues, partly compensated by higher selling prices.

In 2010, average prices for fishmeal and fish oil hit record levels of around USD 1,400/MT and reached peak levels of around USD 2,000/MT. Such high prices were triggered by quotas in Peru, which is the main world producer, which drove China´s inventory levels down to 150,000 MT by the end of the year.

COPEINCA has been the most aggressive company in the Peruvian industry to start the restructuring of the utilization of its assets in 2009. Up until the end of 2010, the Company reduced the number of operating plants and vessels; from 12 to 6 and from 65 to 32 respectively.

In terms of quality further important improvements have also been done. The Company has increased its production of premium grades of fishmeal (Super Prime and Prime), from 70% in 2009 to 85% of volume produced by the end of 2010.

In terms of market share in Peruvian catches, COPEINCA had a 12.3% participation, which is slightly lower than in 2009 since the Company is now focused on developing inner efficiencies and synergies (own fleet production) rather than competing for third party raw material at very high prices.

During the year the first part of our USD 80 million Investment Plan was completed as USD 55 million were invested, mainly in the conversion of all Flame Dried (FD) processing lines to modern Steam Dried (SD) processing lines and the construction of 3 new vessels with top of the line technology and refrigeration systems (RSW).

The three new vessels have been designed and built to be more efficient, consume less fuel and improve the handling of the catch for improved quality and freshness.

This investment will allow the Company to operate in the most efficient way, reducing costs, further improving the freshness, quality and yields of the raw material and products, selling at higher prices while contributing to the preservation of the environment and protecting the fishermen and crew.

For 2010 COPEINCA reported sales of USD 233.0 million, EBITDA was 29% higher than in 2009 reaching USD 76.2 million. This is mainly explained by higher prices and efficiencies.

There was an operating loss of USD 1.5 million as a result of the recognition of non cash impairment losses of USD 42.1 million of non-operating fixed assets, crew layoffs expenses and non cash write-offs of vessels related to the restructuring of the utilization of assets.

As 2011 begins, the Company will operate with only 27 vessels, out of which 75% have refrigeration systems (RSW), 5 plants with 100% Steam Dried (SD) capacity and around 1,200 collaborators.

4.2 Operations

The operations of COPEINCA ASA are carried out by its subsidiary Corporación Pesquera Inca S.A.C. (the COPEINCA group of companies hereinafter referred to as COPEINCA, the Company or the Group).

> COPEINCA is currently the second largest fishing company in Peru, holding 10.7% of the total allowable catch quota. In 2010 COPEINCA's total market share of Peruvian catches was 12.3%.

COPEINCA focuses on producing fishmeal and fish oil and covers the entire fishmeal and fish oil value chain from harvesting to distribution. The Company operates fishing vessels catching anchovy off the coast of Peru. These catches, along with the anchovy acquired from third parties and administrated fleet, are then processed into fishmeal and fish oil in the plants owned by COPEINCA. Over 99% of the Company's finished products are exported throughout the world.

COPEINCA is currently the second largest fishing company in Peru, holding 10.7% of the total allowable catch quota. In 2010 COPEINCA's total market share of Peruvian catches was 12.3%.

During 2010, the Company continued with the restructuring of the utilization of its assets after the implementation of the new ITQ-system.

The Company has structured a Fish Processing Planning Area, where both the fishing and processing situation is followed from a control room. The decision of where the fleet has to go, how many tons of fish the Company can buy, and how much load should be given to each one of the plants every day has been integrated.

This resulted in a better final product quality, and higher efficiencies due to the fact that each of the plants processes fresh fish at all times.

The fleet is followed by satellite position every hour, and plants also report on an hourly basis. Under this arrangement, the areas can be concentrated on their operation and following its ratios and costs, while a 24 hour operations planning area deals with the decision of getting the best possible total result for the Company.

The operating fleet is now comprised of 32 vessels, 17 of them representing 75% of the installed capacity have refrigeration systems (RSW). After the three new vessels under construction will come into operation, the Company will evaluate if there is room for further reduction in the number of vessels.

In relation to the plants, the Company now operates 4 plants in the centre-north area and 1 in the south. It is the same as in 2009, however, the capacity of these plants has been increased.

All capacity at the Bayovar plant has been converted to Steam Dried (SD), and it now has a total processing capacity of 170 MT/H for that kind of meal. The Chicama plant has increased capacity of 160 MT/H, now all in Steam Dried (SD). In total, on the centre-north area, COPEINCA has now 710 MT/H installed capacity, slightly higher than in 2009 when the company had 670 MT/H.

The Company plans to increase this capacity up to 910 MT/H by the first quarter of 2011. In addition, the Company has the Ilo plant, which is situated on the south and has a capacity of 90 MT/H.

2010 also represented a peak record on SD production, as percentage of the total production volume. Roughly 80% of the total production was SD, compared to 71% of the total production of 2009.

COPEINCA sells its products to countries in Asia, Europe and elsewhere, China being our biggest export destination, with approximately 53% of our sales. Other key export markets are Germany, Japan, Vietnam, Turkey and Belgium.

Production of fish oil remained at a yield of 4.7%, the same as in 2009. In 2010, COPEINCA produced 138,826 MT of products, of which 112,338 MT were fishmeal and 26,488 MT were fish oil.

4.3 Company strategy

To achieve our vision, we are following a strategy focused on production and sales of fishmeal and fish oil, concentrating on obtaining efficiencies and achieving savings thanks to the new individual fishing quota system. Our goal is to be able to generate the highest operating margin per ton produced in the industry, maintaining emphasis on our profitability and cash flow.

> Gross profit increased from USD 58.5 million (29%) in 2009 to USD 86.8 million (37%) in 2010.

4.4 Going concern

In accordance with the Norwegian Accounting Act Section 3-3 we confirm that the annual accounts have been prepared under the going concern assumption and that it is appropriate to use this assumption. The financial statements have been prepared following the International Financial reporting Standards (IFRS) as adopted by the European Union.

4.5 Financial results

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

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.

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 inventory 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.

4.6 Dividends per share

Dividends paid in 2010 amounted to USD 50 million, equivalent to NOK 4.94 or USD 0.85 per share. No dividends have been proposed for the year ended 31 December 2010.

4.7 Allocation of net income (loss)

The Board of Directors has proposed the net loss of COPEINCA ASA of NOK 9,480,921 to be attributed to:

- Covered by transfer from Retained Earnings NOK 8,182,006.
- Loss brought forward NOK 1,298,915

The Company's distributable equity as of 31.12.2010 was NOK 6,996,405.

4.8 Contingency plan, risk management and factors which may impact the external environment

COPEINCA annually identifies and evaluates risks that could affect the attainment of its objectives and establishes specific control and monitoring activities to mitigate these risks accordingly. The internal control activities are detailed in the Company's internal rules and procedures as well as in the risk and control matrixes and the vast majority is done through SAP.

During 2010, the Company consolidated its IT contingency plan by adding an alternate system server in case the main server fails. A contingency plan for the operating plants was also approved and the risks of new investments were identified. In addition, in order to improve risk management, a recording software that consolidates all of the company´s risks: strategic, process and projects was acquired and implemented.

The Company's Audit Committee regularly receives and reviews information on the main risks and their control activities.

COPEINCA also follows integrated business principles, which reflect its commitment to health, safety and the environment.

The preservation of the environment is one of COPEINCA´s main concerns. The production processes involve a series of factors and conditions that interact with the environment, such as the use of resources like oil and water, the generation of waste to the environment through emissions and particulate matter in the water and solid waste. Due to this, an effluent treatment system which mitigates any potential impact called Program of Environmental Management Adequacy – PAMA was implemented and has been in operation since 2001.

COPEINCA is currently undergoing a process of technological improvement to maximize the impact of the program, which is based on investments that will not only reduce but also eliminate many potential impacts on the environment, be it water or air. Some of the Company's practices to ensure the preservation of the environment are: environmental education, internal campaigns, specialized treatment systems, quality management systems, certifications and community relations.

4.8.1 Risk factors

There are risk factors for COPEINCA´s normal business development as well as financial risks.

4.8.1.(i) Normal business development factors

a) *We are dependent on continuing global demand for fishmeal and fish oil.*
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 decrease.

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 would 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.*

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*

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 unfished 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 four fishing seasons without failing to catch its assigned quota.

d) *Increase in price of third party raw material*

In addition to the fish we catch, which is limited to our quota of 10.7% of the total allowable catch for each fishing season in the center-north of Peru, we purchase raw material from third parties. Under the ITQ system, third party raw material price has increased significantly, up to 20% of the cost of MT of fishmeal. If price were to increase any further we would be unable to acquire the same amount of raw material from third parties and this would affect our production volume and sales.

e) *Fishmeal and fish oil price variations*

The prices of fishmeal and fish oil are directly related to 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 do not fix the price at which our products will be sold, therefore the Company is 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.

f) *International oil prices*

Fuel is one of the Company's biggest costs, which makes us constantly seek to improve the efficiency both in plants and in our fleet. Although, under the ITQ system, fuel as a percentage of our costs of goods sold has decreased due to higher efficiency, increases in fuel costs would adversely affect our operating results and financial condition. Fuel costs have been subject to wide fluctuations, because both the cost and availability of fuel are subject to many economic and political factors and events occurring worldwide.

g) *"El Niño" and "La Niña" natural phenomenons*

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 phenomenons, 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.

h) *Care for the environment*

Our operations are subject to environmental regulations, which apply both to our plants and vessels. These regulations cover, among, other things, emissions into the atmosphere, disposal of solid waste and aqueous effluents, manipulation and disposal of hazardous wastes. Compliance with these regulations and new or existing regulations that may be applicable to us in the future could increase our operating costs and adversely affect the results of our operations.

In 2010, COPEINCA invested USD 33 million in its plants and vessels. These investments help mitigate the effect the production process has on the environment. The Company plans to invest an additional USD 25 million in 2011 in order to complete the requirements on responsible care of the environment.

i) *Sanctions imposed by the Ministry of Production – PRODUCE*

The Peruvian government has established strong sanctions, including the loss of the fishing permits, if vessels repeatedly fail to comply with the regulations in force on this matter. COPEINCA has carried out and will continue carrying out training campaigns for all crews so they become familiar with the scope of the law and the consequences of not complying with it. Furthermore, vessels are equipped with satellite location devices, which enable to monitor them on-line and verify that they are fishing in authorized zones.

4.8.2.(ii) 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

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 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.

Cash flow 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.

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.

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.

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.

Capital risk management

The company'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 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. The gearing ratios at 31 December 2010 and 2009 were 36% and 26%, respectively.

4.9 Working Environment

COPEINCA considers important to create a pleasant working environment for its collaborators. For this reason, during 2010 the fourth assessment of working environment took place. Our strategic objectives are not only looking to improve our operations but also increase at least by 3% the overall satisfaction of employees by 2011.

We are pleased to inform that the latest working environment assessment results showed an improvement of 3.6% when compared to 2009. The general results obtained were disclosed to all collaborators of the organization, identifying those aspects that need to be improved as well as the Company's strengths.

It is noteworthy that most of our people feel proud to work in COPEINCA, feel identified that works in an environment with positive relationships, in which the Company cares about transmitting information related to the organizational structure, rules and policies. Collaborators also recognize that they have leaders who are role models and care about them.

As the Company recognizes that the development of the management´s leadership skills is extremely important for the growth of the organization and development of collaborators, a Leadership Skills Development (LSD) program for managers and supervisors was implemented in 2010.

Among other efforts to make of COPEINCA a better place to work there are actions designed to improve internal communication and clarity in the organization through the development of leaders of communication and change, communication guidelines, re-induction programs and a project to improve equality in pay, through the implementation of a points system to appreciate the positions.

COPEINCA aims to be a workplace that offers equal opportunities and seeks to attract the best candidates. The Company has a general policy not to discriminate upon hiring, salary or promotion based on gender, ethnicity, national origin, ancestry, colour, language, religion or belief.

In 2010, as part of the implementation of the ITQ system, the Company continued to reduce the number of crew members. Since the end of 2010 we have around 1,450 employees, out of which 5% are women and 95% are men. At the level of the Board of Directors and Executive Management, 36% are women and 64% are men.

In 2010, the Company had 100 accidents vs.137 accidents in 2009. Most of the accidents were related to the fleets (76 in 2010 and 126 in 2009).

In 2010, sick leaves decreased to 7,872 days, equivalent to 2.9% of the total working days compared to 11,439 days in 2009, equivalent to 3.5% of the total working days. Such decrease is mainly explained by the reduction of crew members during the year.

4.10 Our commitment to Social Responsibility

It has been five years since COPEINCA decided to work towards Sustainable Development as an intelligent way of doing business and now more than ever firmly believes that to guarantee the business sustainability it is an indispensable requirement to assure that the ethical principles, the respect for all employees and the environment are been operated according to the social responsibility challenges, the Millennium Goals and the United Nations Global Compact Principles, of which we are members since February 2007.

Therefore, the company contemplates in all its decisions the triple bottom line: economic growth, social development and conservation of the environment; and strengthens for spreading and put into practice the social responsibility principles and values in all the processes, operations and areas of the company in a transverse way.

It is always important to rely on valuable contribution and comments of every stakeholder, for such reason, regularly research studies of attitudes and perceptions are carried out with the main stakeholders in order to understand and include their opinions and points of view regarding our performance, well as to carry out the necessary measures to improve the management of the company.

> We have design a close relation between our sustainability issues, COPEINCA's Corporate Values, the Millennium Goals, the United Nations Global Compact Principles and the Global Reporting Initiative (GRI) indicators.

Social Responsibility Guidelines:
During 2010 we re-designed our guidelines regarding our sustainability issues:

- The wellbeing of the community and our employees: we contribute with the development of their quality of life, promoting elements that offer tranquility and human satisfaction.
- Environmental Management (Care for the environment and Anchovy Protection): we work towards reducing the environmental impact that different activities of the company generate, working with the highest standards of environmental efficiency and sustainable development, so that the biodiversity and the culture defends itself. We promote protection activities to the Biomass and preserve the Anchovy resource in time.
- Quality Assurance and Product Traceability: we constantly seek client satisfaction, having the aptitude to know the exact location and path of the product along its productive chain in a specific moment. To develop products, improving constantly the qualities of the products so that they satisfy the consumer's needs.

- Creation and Protection of Shared Value: we carry out activities that generate long-term competitiveness, developing skills for the society and minimizing negative impacts for the environment. Both parts must always win.
- Reputation Management: we construct positive beliefs and feelings to stakeholders, by means of the creation and protection of the shared value.

To assure the fulfillment of these limits, COPEINCA has constituted in every plant an IMS (Integrated Management System) Committee represented by members of the company and workers. These committees contemplate safety topics, environment, social responsibility, production, among others.

Likewise, we have design a close relation between our sustainability issues, COPEINCA's Corporate Values, the Millennium Goals, the United Nations Global Compact Principles and the Global Reporting Initiative (GRI) indicators, tools and guidelines we annually use to report our economic, environmental and social performance.

To carry out our Social Responsibility, in COPEINCA we have implemented different Programs; they are held with the support of our "Partners" or strategic allies, undertaking actions in well-being of our stakeholders, for more information please refer to our 2010 Sustainability Report available at our web site: www.copeinca.com.

4.11 Main risks and opportunities

According to our corporate reality, we are projecting an image of growth, strength, economic power and productive power. However we are conscious that there are different impacts and risks inherent in the productive activity that can both positively and negatively affect business sustainability.

Risks
- Climate Change – natural phenomenon which influence in the normal fishing activity.
- Excessive Anchovy capture, main processing input.
- Restrictions and regulatory control of authorities regarding environment.
- Tax increase to fishing companies.
- Random biomass localization.

Opportunities
- COPEINCA´s national and international consolidation.
- Implementation of new technologies to improve our operational efficiency.

- Business model according to the new quota system.
- International expansion in different markets in line with free trade agreements.
- Supply process optimization and commercial cycle with our suppliers with special tools which allow information exchange of goods and services.
- Sustainability leadership in the fishing industry.

Main Sustainability Issues
Based in global best practices, national and international industry analysis and our sustainability experience we have defined 5 sustainability issues for COPEINCA:

- The wellbeing of the community and our employees.
- Profitable Environmental Management – Care for the environment and natural resources.
- Quality assurance and product traceability.
- Development of products and markets.
- Creation and protection of shareholder's value.
- Reputation management.

The strength of this sustainability issues lie in sequence with our strategic objectives, corporate values, main stakeholders, Millennium Goals, Global Compact principles, and Global Reporting Initiative Indicators. For more information about our Sustainability performance, please refer to our 2008-2009 Sustainability Report, available at our website www.COPEINCACOPEINCA.com

4.12 Shares and shareholders

As of Dec 31, 2010, the authorized, signed, and paid-in capital under COPEINCA ASA's by-laws comprised of 58,500,000 common shares of NOK 5 nominal value each (approximately USD 0.86). These shares are freely negotiable and carry no restrictions to transferability.

COPEINCA ASA has only one class of common shares and each share gives the right to one vote at the Annual General Meeting (AGM). No dividend distribution was proposed for 2010.

As of 31 December 2010 COPEINCA ASA´s registered share capital was MNOK 292.5 and its share premium was MNOK 1,494.

At the Annual General Meeting (AGM) held on 18 May 2010, the Board was given an authorization to increase the Company's share capital as well as an authorization to purchase COPEINCA shares.

First, the Board was authorized to increase the share capital by up to NOK 58,500,000. The purpose of the authorization was to enable the Board to issue shares to raise new equity, to finance acquisitions by share issues or with settlement in COPEINCA shares, in connection with mergers, and also in takeover situations. Accordingly, the Board proposed that it may set aside the shareholder's preferential rights to subscribe for new shares. The authorization is in accordance with the Norwegian Public Limited Companies Act section 10-2 and section 13-5. The authorization may be used in takeover situations, may be used several times and is valid until the AGM is held in 2011, at the latest on June 30th of 2011.

Second, the Board was authorized to purchase COPEINCA shares with aggregate nominal value up to 10% of the current share capital. The purchase price per share shall not be lower than NOK 5 and not be higher than NOK 100. The method for acquisition and disposal of own shares shall be at the Board's discretion. This authorization is valid until the AGM is held in 2011, at the latest on June 30th of 2011 in accordance with the Norwegian Code of Practice for Corporate Governance recommendations.

At the end of the year, COPEINCA ASA had 389 shareholders, of which 17% were Norwegian and 87 % from abroad.

All transactions involving related parties, primary insiders or collaborators wishing to trade shares are firmly regulated in the Company's own Insider Trading Policy, which ensures transparency and independent verification of any transactions involving close associates. In 2010, Carlos Cipra, Chief Risk Officer, and Clemencia Barreto, Logistics Manager, acquired COPEINCA shares while Osterlin Luis Dyer Ampudia, Director of COPEINCA ASA sold COPEINCA shares through Weilheim Investments S.L; a partly owned company. Mandatory notifications of trade were published via the Oslo Stock Exchange's (OSE) website at www.ose.no, available at www.copeinca.com as well.

> COPEINCA ASA became a publicly listed company in December 2006. Its shares trade on the Oslo Børs under ticker COP. In 2008 COPEINCA ASA double listed its shares on the Lima Stock Exchange (BVL) under ticker COP.

4.13 Capital Markets Performance

COPEINCA ASA became a publicly listed company in December 2006. Its shares trade on the Oslo Børs under ticker COP. In 2008 COPEINCA ASA double listed its shares on the Lima Stock Exchange (BVL) under ticker COP.

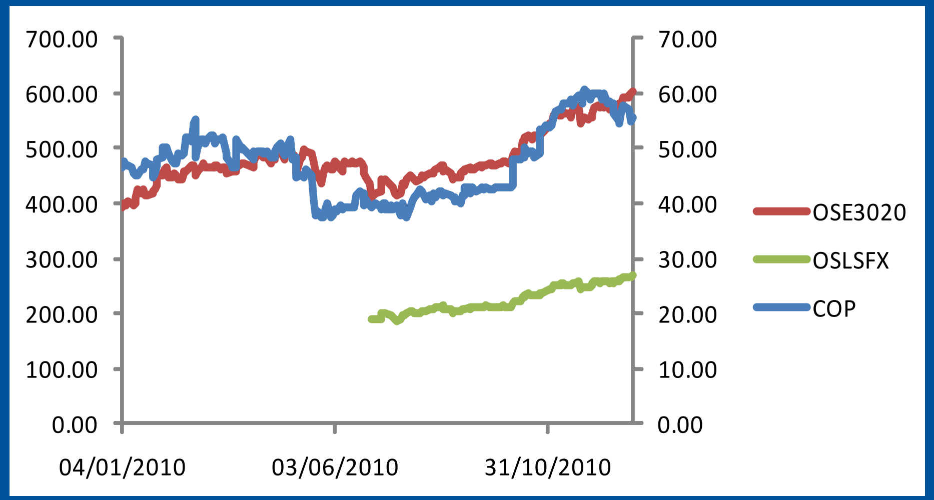
COPEINCA ASA is incorporated on the Oslo Børs Seafood Index (OSLSFX).
The Oslo Seafood Index consists of shares of companies that operate in the seafood sector. Shares listed on both Oslo Børs and on Oslo Axess are included in the index and each index constituent is represented with the total number of outstanding shares. The index is adjusted for corporate events on a daily basis and for dividend as well.

In December 2006, COPEINCA ASA shares were first listed at NOK 40. In June 2007, COPEINCA ASA carried out a capital increase by issuing 18,800,000 new common shares at NOK 65.

Since then, COPEINCA ASA shares have reached levels of NOK 73 at its highest in 2007 and NOK 8 at its lowest by the end of 2008 in the middle of the world financial crisis.

As of 31 December, 2010 COPEINCA ASA shares were valued at NOK 55.75, therefore market capitalization was MNOK 3,261.

Capital Market Performance



4.14 Market situation

Fishmeal

Fishing seasons 2010-I and 2010-II have been the shortest fishing seasons in Peru in the last years reaching only 3,245,602 MT of catches (40% less than fishing seasons 2009). At the same time, according to reports, the world fishmeal export was the lowest in the last 12 years.

Fishmeal average price for 2010 was USD 1,596/MT FOB Peru for Super Prime quality vs. USD 1,146/MT FOB Peru in 2009 for the same quality (USD 450/MT higher than in 2009).

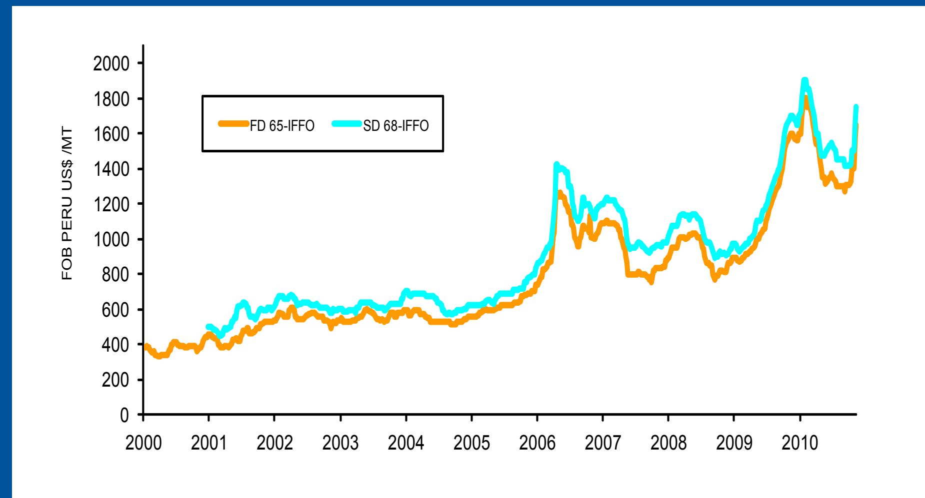
The total quota for first fishing season 2010 was reduced from 3.5 millions of MT to 2.5 millions of MT to preserve the biomass. In the same period, aquaculture season in China was delayed by about 3 months starting in July 2010, reducing slightly the demand in the main market. The second fishing season 2010 was strongly affected by "La Niña" phenomena which came after "El Niño" causing several fishing bans during the season, due the high presence of juveniles and the earlier summer spawning process of the anchovy. These anomalies caused suspension of the fishing before the end of the season, scheduled initially to January 31st. Progress of the fishing of the total quota by January 18th (the closing date), was approximately 38% (779,366 MT caught vs. 2,070,000 MT of total fishing quota).

Fishmeal average price for 2010 was USD 1,596/MT FOB Peru for Super Prime quality vs. USD 1,146/MT FOB Peru in 2009 for the same quality (USD 450/MT higher than in 2009).

Two main events during last fishing seasons impacted on prices during 2010. First, the earthquake in Chile in February 2010 leads 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 being so close to the beginning of the aquaculture season in China, although there was still a high stock at main China ports (approx.150,000 MT). In addition, fishing quotas in Chile have been significantly reduced for year 2011, affecting the total offer for the next months.

Current fishmeal/soybean meal ratio is about 3.83:1 in China and 3.5:1 in Europe.

Fishmeal Prices 2000-2011



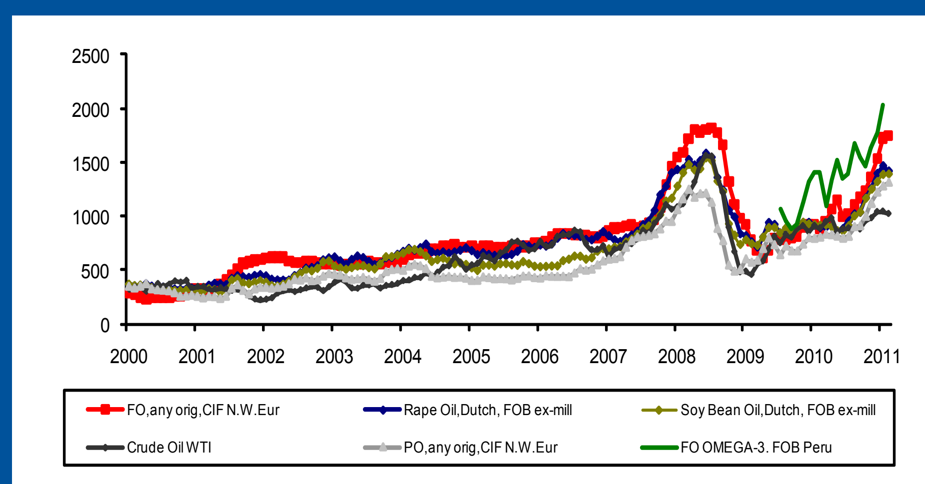
Fish oil

Fish oil average prices for Aqua grade rose from FOB Peru USD 635/MT during 2009 to FOB Peru USD 1,007/MT for 2010 (USD 372/MT higher than in 2009). During Q4'10, average price rose from FOB Peru USD 742/MT in Q4'09 to FOB Peru USD 1,269/MT for the same quarter in 2010 (USD 527/MT higher than in 2009).

Omega 3 Profile (30%) average price increased from FOB Peru USD 1,048/MT in 2009 to FOB Peru USD 1,604/MT in 2010 (556/MT higher than in 2009).

Current FOB Peru price level for aquafeed grade is USD 1,500/MT while price for omega 3 profile is trading at levels between USD 2,000/MT and USD 2,100/MT FOB Peru. There are

Fish Oil Prices 2000-2011



small transactions if any due to low production and scarcity of the product. However, the reduced fish oil production in Peru this 2011 season is having good Omega profiles: even though EPA+DHA >30 is not always exactly 18/12. Main producers are consequently focused on the Omega market and are not willing to supply the aqua oil sector, which is not paying any premium for the omega profiles.

Current ratio in Europe is fish oil / soybean oil at 1.23:1 and fish oil / rapeseed oil at 1.20:1.

4.15 Future prospects

For 2011, it is expected that COPEINCA will consolidate the efficiencies incorporated under the ITQ fishing regime, and show an important improvement in the profitability of the Company operations, provided similar operating environment.

The first fishing season 2011 started on 1 April, and the allowed quota in the area between the center - north area of Peru (North of 16th parallel) was set at 3,675,000 MT.

The fishing season will end once the maximum allowable catch limit is reached, otherwise on 31 July 2011. This date may be extended according to the biological environment, prior report from the Instituto del Mar Peruano, IMARPE.

As of March 2011 market prices of fishmeal are in the range of USD 1,500 – 1,700/MT.

COPEINCA will complete its aggressive investment plan during 2011, so an important part of the efforts of the year will be devoted to complete, on time and on budget, the planned investment projects, both on plants and vessels.

The successful placement of a USD 175 million 7 year senior note on the markets in 2010 enables COPEINCA to have a solid long term debt structure, which will serve as a sound base to for the 2011 investment plan.

Oslo, 26 April 2011

Kristjan Th. Davidsson Chairman	Samuel Dyer Ampudia Deputy chairman	Marianne E. Johnsen Member
Mimi Kristine Berdal Member	Sheyla Dyer Coriat Member	Piero Dyer Coriat Member
Ivan Orlic Ticeran Member	Osterlin L. Dyer Ampudia Member	Samuel Dyer Coriat CEO

5. Events after 2010

> The maximum allowable catch limit of anchovy for indirect human consumption for the first fishing season is 3,675,000 MT.

- On 17 January 2011, PRODUCE, the Peruvian Ministry of Production´s Fishing Vice Ministry, the entity that executes and directs the sector´s policies to guarantee the rational management of fishing resources and preservation of the environment, issued resolution 011-2011 suspending the second fishing season for the center - north area of Peru (North of 16th parallel) on Tuesday January 18th at 0:00. The maximum allowable catch limit of anchovy for indirect human consumption for the second fishing season was 2,070,000 MT.

- On 1 February 2011, COPEINCA published its 2010 fishing results. The Company finished second of all Peruvian companies in the year with the production of a total raw material of 12.34% (including third party raw material), a production of 94,300 MT of fishmeal and 25,600 MT. Almost 85% of fishmeal produced was Steam Dried (SD), fish oil production had a 6.17% yield, fishmeal production had a 23.5% yield and the total yield was 30.2%.

- On 25 February 2011, COPEINCA ASA presented the results of the fourth quarter of 2010. The full presentation and the report are available at www.newsweb.no or at www.copeinca.com.

- On 23 March 2011, PRODUCE, the Peruvian Ministry of Production's Fishing Vice Ministry, issued resolution 083-2011 authorizing the start of the first fishing season on 1 April at 00:00 hours in the area between the center – north area of Peru (North of 16th parallel). The maximum allowable catch limit of anchovy for indirect human consumption for the first fishing season is 3,675,000 MT. The first fishing season will end once the maximum allowable catch limit is reached, otherwise on 31 July 2011.

6.Key investment considerations

- Peru is, and will continue to be, the world's largest producer of fishmeal and fish oil. There is a steady increase in the demand for better proteins in the world, such as the ones from seafood. Due to the high protein content, the fishmeal industry will continue to be one of the main suppliers of key ingredients to feed fish and other animals.

- COPEINCA has pursued a strategy of aggressive inorganic growth, increasing over four times its size in the last five years, in expectation of the implementation of the Individual Fishing Quota system in Peru. This system was first implemented in 2009, and over the last two years substantial savings were achieved as operations become more efficient.

- There is an increasing demand for fishmeal and fish oil, especially in Asia. Driven by an increasing demand for fish as a source of protein, the worldwide aquaculture industry (and related demand for fishmeal and fish oil) has grown significantly in recent years, particularly in China. In addition, there has been growth in demand for fish oil, due to its Omega-3 content and related interest in its health benefits. Notwithstanding this growth in demand, global production of fishmeal has remained constant or slightly decreased over the past few years. We believe that future growth in the volume of fishmeal and fish oil production is likely to be limited; as such products are derived from increasingly scarce and regulated marine resources.

- In Peru, COPEINCA has the second largest long-term fishing quota. We have a quota entitling us to harvest up to 10.7% of the annual allowable catch of anchovy in the center-north of Peru, the second largest quota awarded to a Peruvian fishing company. Our individual quota grants us the right to harvest a substantial percentage of the Peruvian anchovy biomass, which is one of the largest pelagic biomasses in the world.

- COPEINCA has an efficient fleet and conveniently located processing plants. We operate 26 vessels, 17 of which, equivalent to 75% of the installed capacity are equipped with cold storage rooms, or RSW refrigeration, which enhance our ability to deliver a fresh catch to our plants. Our plants are distributed along the center-north Peruvian coastline, with an additional plant in the south. The wide coverage of our processing plants minimizes the distance and travel time between our fishing locations and our plants, allowing us to preserve the freshness and quality of our catch and minimize our fuel expenses.

- COPEINCA has an experienced management. Our senior management team possesses extensive operating experience, industry knowledge and has transformed COPEINCA into a leading Peruvian fishing company. We believe our management has a track record of identifying and reacting quickly to capitalize on business opportunities in the Peruvian fishery industry. In the wake of the fishing regulatory reform from the industry-wide quota system to the ITQ system, our management successfully conducted two private placements in Norway raising, in the aggregate, approximately USD 230 million to finance 11 acquisitions, collectively representing seven processing plants and 38 fishing vessels. In 2010, COPEINCA was able to successfully place a USD 175 million 9% coupon 7 year note, enabling the Company to maintain a stable long term debt structure.

7.Corporate Governance

> The objective of corporate governance is to regulate the division of roles among shareholders, the Board of Directors and Executive Management more comprehensively than required by law.

COPEINCA is committed to sound corporate governance practices that strengthen the trust in the Company and thereby contribute to the greatest possible value creation over time for the benefit of its shareholders, collaborators and other stakeholders. The objective of corporate governance is to regulate the division of roles among shareholders, the Board of Directors and Executive Management more comprehensively than required by law.

COPEINCA ASA is a public limited liability company, organized and incorporated under the laws of Norway. It is subject to the corporate governance requirements of the Oslo Stock Exchange (OSE), according to which the Company must publish an annual statement of its corporate governance policy in accordance with the Norwegian Code of Practice for Corporate Governance in force at the time. This Code has been issued by the Norwegian Corporate Governance Board (NCGB). COPEINCA's corporate governance principles are based on the Norwegian Code of Practice for Corporate Governance dated 21 October, 2010, which is available at www.nues.no.

In order to achieve the development and improvements of the Company's corporate governance principles, ongoing work is required with the participation of both the Board of Directors and Executive Management. The management and control of COPEINCA ASA are shared by its shareholders, represented at the Annual General Meeting (AGM), the Board of Directors (the Board) and the Company's Chief Executive Officer (CEO), in accordance with the applicable laws and the Company's articles of association. The Company has an external independent auditor.

7.1 Implementation and reporting on corporate governance

Code: The Board of Directors must ensure that the Company implements sound corporate governance practices.

To ensure this, the Board of Directors must provide a report on the Company's corporate governance in the annual report. The report must cover every section of the Code of Practice. If the Company does not fully comply with this Code, this must be explained in the report.

The Board of Directors should define the company´s basic corporate values and formulate ethical guidelines for corporate social responsibility in accordance with these values.

Implementation
COPEINCA ASA discloses information on its corporate governance practices in the Company's annual report and its web site at www.copeinca.com.

Corporate values and ethical guidelines
The Board of Directors must define the Company's basic corporate values and devise ethical guidelines in accordance with these values.

Trust in COPEINCA ASA as a company is essential to ensure the Group's ongoing competitiveness. Openness about the systems and procedures used in the Group's management strengthens value creation, builds internal and external trust and promotes an ethical and sustainable approach to business.

COPEINCA ASA has established the following corporate values:

- Respect: In COPEINCA we value and appreciate people. We encourage good treatment and sound relationships both within the organization as well as outside of it.
- Humility: In COPEINCA we are always prepared to accept diverse points of view, to recognize and learn from our mistakes, and to promote self-criticism.
- Excellence: In COPEINCA we all work towards the attainment of higher standards of performance and innovation in order to contribute to the achievement of the company's objectives.
- Responsibility: In COPEINCA we accept responsibility for our actions and always bear in mind the triple economic, social and environmental result.

As recommended by the Code, the Company also has ethical guidelines in place for all employees: the Board of Directors of the Company has approved and published a Code of Conduct, which contains key criteria to guide the conduct of all collaborators, as well as the human resources policy. The Code of Conduct is available at www.copeinca.com. The Company has appointed an Ethics Officer in charge of the compliance of the code.

Since 2009 there is a whistle blower line. By using this line, any collaborator, client, supplier, or other related party can report an incident, or problem concerning compliance related to any aspect of our business. The report may refer to information on accounting or financial irregularities, fraud, unethical business practice, ill treatment and harassment of staff, misappropriation of assets, violation of the law, damage to the environment, and any other infringement of the Code of Conduct.

The Company's Audit Committee regularly receives quarterly information on the main risks and their control activities.

7.2 Business

Code: The Company's business should be clearly defined in its articles of association.

The Company should have clear objectives and strategies for its business within the scope of the definition of its business. The annual report should include the business activities clause from the articles of association and describe the Company's objectives and principal strategies.

Implementation
COPEINCA ASA's business is defined in section 3 of its articles of association as: "The Company is engaged in financing and participating in trade and production of fishmeal and fish oil, and related activities."

A thorough description of COPEINCA ASA's business activities, objectives and strategies is included in the annual report as well. The Company's articles of association are available at the website www.copeinca.com and also provide a detailed description of the Company's business.

7.3 Equity and dividends

Code: The Company should have an equity capital at a level appropriate to its objectives, strategy and risk profile.

The Board of Directors should establish a clear and predictable dividend policy as the basis for the proposal on dividend payments that it makes to the general meeting. The dividend policy should be disclosed.

Mandates granted to the Board of Directors to increase the company's share capital should be restricted to defined purposes. If the general meeting is to consider mandates to the board of directors for the issue of shares for different purposes, each mandate should be considered separately by the meeting. Mandates granted to the board should be limited in time to no later than the date of the next annual general meeting. This should also apply to mandates granted to the Board for the Company to purchase its own shares.

Equity
The Board considers that the Company's equity is satisfactory. The Company's capital adequacy is kept under constant review in relation to its objectives, strategy and risk profile.

Dividend policy
COPEINCA ASA's objective is to yield a competitive return on invested capital to its shareholders through a combination of dividend distribution and increase in share price.

In 2010, the following dividend policy was approved by the Board of Directors:

> "The company expects future dividend proposals to have a base amount of around 50% of consolidated net income, subject to the adjustments explained below.
> 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."

In 2010, the first dividend payment in the history of Copeinca ASA was distributed, in the amount of USD 50 million, equivalent to USD 0.85 or NOK 4.94 per share.

Increase in share capital
At the Annual General Meeting (AGM) held on 18 May 2010, the Board was given an authorization to increase the Company's share capital as well as an authorization to purchase COPEINCA shares.

Dividend policy
COPEINCA ASA's objective is to yield a competitive return on invested capital to its shareholders through a combination of dividend distribution and increase in share price.

First, the Board was authorized to increase the share capital with NOK 58,500,000, equal to approximately 20% of the Company's share capital. The purpose of the authority was to enable the Board to issue shares to raise new equity, to finance acquisitions by share issues or with settlement in COPEINCA shares, in connection with mergers, and also in takeover situations. Accordingly, the Board proposes that it may set aside the shareholder's preferential rights to subscribe for new shares. The authorization is in accordance with the Public Limited Companies Act section 10-2 and section 13-5. The authorization may be used in takeover situations, may be used several times and is valid until the AGM is held in 2011, in accordance with the Norwegian Code of Practice for Corporate Governance recommendations.

Purchase of the Company's own shares
At COPEINCA ASA's AGM held on 18 May 2010, the Board was granted authority to, on behalf of the Company, to acquire COPEINCA ASA shares with an aggregate nominal value of up to 10% of the current share capital. The purchase price per share shall not be lower than NOK 5 and be higher than NOK 100.
The method for acquisition and disposal of own shares shall be at the Board's discretion.

This authorization is limited in time to the AGM to be held in 2011, but not limited to specific purposes, in accordance with the recommendation contained in the Code of Practice for Corporate Governance recommendations.

7.4 Equal treatment of shareholders and transactions with close associates

Code: The Company should only have one class of shares.

Any decision to waive the pre-emption rights of existing shareholders to subscribe for shares, in the event of an increase in share capital, must be justified. Any transaction where the Board of Directors resolves to carry out an increase in share capital and waive the pre-emption rights of existing shareholders on the basis of a mandate granted to the Board, the justification must be publicly disclosed in a stock exchange announcement issued in connection with the increase in share capital.

Any transaction the Company carries out in its own shares should be carried out either through the stock exchange or at prevailing stock exchange prices, if carried out in any other way. If there is limited liquidity in the Company's shares, other ways to ensure equal treatment of all shareholders should be considered.

In the event of any not immaterial transactions between the Company and shareholders, members of the Board of Directors, members of the Executive Management or close associates of any such parties, the Board shall arrange for a valuation to be obtained by an independent third party. This will not apply if the transaction requires the approval of the General Meeting pursuant to the requirements of the Public Companies Act. Independent valuations will also be arranged in respect of transactions between companies in the same group where any of the companies involved have minority shareholders.

The Company should operate guidelines to ensure that members of the Board and of the Executive Management notify the Board if they have any material direct or indirect interest in any transaction entered into by the Company.

Equal treatment
The articles of association do not impose any restrictions on voting rights. COPEINCA ASA has only one class of shares with equal rights. The Board and Executive Management are committed to treat all shareholders equally; all transactions the Company carries out in respect of its own shares are carried out through the Oslo Stock Exchange.

Pre-emptive rights
According to section 9 of the company by-laws ("Transferability of Shares"), shareholders do not have any pre-emptive rights. With reference to the authority granted to the Board to increase the Company's share capital described in chapter 3, the Board may set aside the shareholders' preferential rights to subscribe for new shares. This is justified through the specific purposes of the authorizations granted for the issuance of new shares.

Transactions with close associates
In the event of any not immaterial transaction between the Company and its shareholders, members of the Board, Executive Management or close associates to any of such parties, the Board shall arrange for a valuation by an independent third party. If the price exceeds 5% of COPEINCA ASA's share capital, such transaction shall be approved by the shareholders in a General Meeting.

Directors and Executive Management shall notify the Board if they have any material direct or indirect interest in any transaction carried out by COPEINCA.

7.5 Freely negotiable shares

Code: Shares in listed companies must, in principle, be freely negotiable.

Therefore, no form of restriction on negotiability should be included in a company's articles of association.

Shares in COPEINCA ASA are freely negotiable. The articles of association do not impose any restrictions on transfers of shares. COPEINCA ASA shares are listed on the Oslo Stock Exchange.

7.6 General Meeting

Code: The Board of Directors should take steps to ensure that as many shareholders as possible may exercise their rights by participating in General Meetings of the Company and that General Meetings are an effective forum for the views of shareholders and the board.

Such steps should include:
- *making the notice calling the meeting and the support information on the resolutions to be considered at the General Meeting, including the recommendations of the Nomination Committee, available on the Company's website no later than 21 days prior to the date of the General Meeting.*
- *ensuring that the resolutions and supporting information distributed are sufficiently detailed and comprehensive to allow shareholders to form a view on all matters to be considered at the meeting*
- *setting any deadline for shareholders to give notice of their intention to attend the meeting as close to the date of the meeting as possible*
- *The Board of Directors and the person chairing the meeting making appropriate arrangements for the general meeting to vote separately on each candidate nominated for election to the company's corporate bodies.*

- *ensuring that the members of the Board of Directors and the Nomination Committee and the auditor are present at the General Meeting*
- *making arrangements to ensure an independent chairman for the General Meeting*

Shareholders who cannot attend the meeting in person should be given the opportunity to vote. The company should:
- *Provide information on the procedure for presentation at the meeting through a proxy.*
- *Nominate a person who will be available to vote on behalf of the shareholders as their proxy.*
- *To the extent possible prepare a form for the appointment of a proxy, which allows separate voting instructions to be given for each matter to be considered by the meeting and for each of the candidates nominated for the election.*

The notice calling the General Meeting shall provide information on the procedures shareholders must observe in order to participate in and vote at the General Meeting. The notice should also set out:
- *the procedure for representation at the meeting through a proxy, including a form to appoint a proxy*
- *the right for shareholders to propose resolutions in respect of matters to be dealt with by the General Meeting*
- *the web pages where the notice calling the meeting and other supporting documents will be made available.*

The Company should post the following information on its website:
- *information on the right of shareholders to propose matters to be considered by the General Meeting*
- *proposals for resolutions to be considered by the General Meeting, alternatively comments on matters where no resolution is proposed*
- *a form for appointing a proxy*

The Board of Directors and the chairman of the General Meeting should ensure that the General Meeting is given the opportunity to vote separately for each candidate nominated for election to the Company's corporate bodies.

The shareholders exercise the highest authority in COPEINCA ASA through the general meetings. The Board strives to ensure that General Meetings are effective forums for communication between shareholders and the Board.

Preparation for the Annual General Meeting
The AGM must be held each year prior to the end of June.

The AGM notice is to be distributed to shareholders and posted on the Company's website no later than 21 days prior to the AGM.

At COPEINCA ASA's AGM held on 18 May 2010, it was resolved to include the following as section 8 in the Company´s articles of association:
"Documents regarding matters that shall be discussed at the general meeting, including documents where there is a statutory requirement to include or attach them to the notice of the general meeting, do not need to be sent to the shareholders if the documents are made available at the company´s website. A shareholder may nevertheless request to have sent documents regarding matters to be discussed at the General Meeting."

The notice shall include all necessary information for shareholders to be able to form a view on the matters to be discussed at the General Meeting; this includes a deadline for the notice of intention and a proxy form for attendance purposes.

Even when the AGM´s date is not necessarily published in the Company's financial calendar, the date must be informed to all shareholders well in advance, at least 21 days prior.

The Chairman of the Board and the auditor must attend the AGM, while other Board members are encouraged to participate. In addition, at least one member of the Board shall attend any extraordinary General Meeting.

Agenda and conduct of the Annual General Meeting
The AGM´s agenda is decided by the Board, main items are determined by the requirements of the Public Limited Liability Companies Act and of the Articles of Association. The AGM shall, among other things, approve the annual accounts and the report of the Board as well as the distribution of dividends or, otherwise, adopt such resolutions as required under applicable law.

Each AGM will appoint a chairperson for the meeting, thereby ensuring that the AGM has an independent chairman in accordance with the recommendations of the Code of Practice for Corporate Governance. The chairperson is normally designated in advance and appointed in the AGM notice. The AGM minutes are published on COPEINCA ASA's web site at www.copeinca.com and at OSE's website at www.newsweb.no

The Board may convene extraordinary general meetings whenever it deems necessary or when otherwise required by law. COPEINCA ASA's auditor and any shareholder or group of shareholders representing more than 5% issued and outstanding shares may require the Board to appoint an extraordinary general meeting.

7.7 Nomination committee

Code: The Company should have a Nomination Committee, and the General Meeting should elect the chairperson and members of said committee and should determine the committee's remuneration.

The Nomination Committee should be laid down in the Company's articles of association. The General Meeting should stipulate guidelines for the duties of the Nomination Committee.

The members of this committee should be selected to take into account the interests of shareholders in general. The majority of the committee should be independent of the Board of Directors and the Executive Management. At least one member of this committee should not be a member of the Corporate Assembly, committee of representatives or the Board. No more than one member of the Nomination Committee should be a member of the Board, and any such member should not offer himself for re-election. The committee should not

include the Company's Chief Executive Officer or any other member of the Company's Executive Management.

The Nomination Committee's duties are to propose candidates for election to the Corporate Assembly and the Board of Directors and to propose the fees to be paid to members of these bodies. The Nomination Committee must justify its recommendations.

The Company must provide information on the membership of the committee and any deadlines for submitting proposals.

According to section 6 of the Company's articles of association, COPEINCA ASA's Nomination Committee shall have three members, which are elected at the AGM for a period of two years. Its remuneration is also decided at the AGM.

The AGM held on 18 May 2010, resolved that the current Nomination Committee was reelected with Luis F Arizmendi as Chairman and Samuel Dyer Ampudia and Helge Midttun as members. The remuneration for the Nomination Committee members was also decided the AGM held 18 May 2010.

The Nomination Committee provides a recommendation for appointments and withdrawals of directors as well as their remuneration at the AGM.

7.8 Corporate Assembly and Board of Directors: Composition and independence

Code: The composition of the Corporate Assembly should be determined with a view to ensuring that it represents a broad cross-section of the Company's shareholders.

The composition of the Board of Directors should ensure that the board can attend to the common interests of all shareholders and meets the Company's need for expertise, capacity and diversity. Attention should be paid to ensuring that the Board can function effectively as a collegiate body.

The composition of the Board should ensure that it can operate independently of any special interests. The majority of the shareholder-elected members of the Board should be independent of the Executive Management 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 representatives of the Executive Management. Otherwise, the Company should provide an explanation for its decision and implement consequential adjustments to the organization 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 should be elected by the General Meeting so long as the Public Companies Act does not require that the chairman shall be appointed either by the Corporate Assembly or by the Board of Directors as a consequence of an agreement that the Company shall not have a Corporate Assembly.

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 and capacity of the members of the Board of Directors and identify which members are considered to be independent.

Members of the Board of Directors should be encouraged to own shares in the Company. The Board of COPEINCA ASA shall have between three and eleven directors according to clause 5 in the Company's articles of association. Currently the Board consists of eight directors, three women and five men, thereby satisfying the requirement of 40% female representation set forth in section 6-11 in the Companies Act.

The composition of the Board shall meet the Company's need for expertise, capacity and diversity, while it is also important to ensure the Board operates independently.

The Company's website and annual report provide complete information of the members of the Board and illustrate their expertise and capacity as well as help identify which members are independent.

As the majority of the Board must be independent from its management and main business partners, the Company's Board does not include any representative from the Executive Management.

Furthermore, as at least two members of the Board shall be independent of the Company's major shareholders, currently three members of the Board are independent of the major shareholders.

During 2010, 11 board meetings were held. These take into account the ones held prior to May 2010 when a new Board of Directors was elected. The following shows the attendance of each director.

Kristjan Davidsson	Chairman	11
Samuel Dyer Ampudia	Vice Chairman	11
Luis Dyer Ampudia	Director	10
Ivan Orlic Ticeran	Director	9
Piero Dyer Coriat	Director	7
Mimi Berdal	Director	10
Marianne Johnsen	Director	10
Sheyla Dyer Coriat	Director	8

COPEINCA ASA has no Corporate Assembly and no staff member representatives in the Board.

The Chairman of the Board is elected at the AGM. Board members are elected for a two-year term each time and are encouraged to own shares in the Company. An overview of the shares held by Board members is included in the annual report.

7.9 The work of the Board of Directors

Code: The Board of Directors should produce an annual plan for its work, with particular emphasis on objectives, strategy and implementation.

The Board of Directors should issue instructions for its own work as well as for the executive management with particular emphasis on clear internal allocation of responsibilities and duties.

In order to ensure a more independent consideration of matters of a material character in which the chairman of the board is, or has been, personally involved, the board's consideration of such matters should be chaired by some other member of the board.

The Public Companies Act stipulates that large companies must have an audit committee. The entire Board of Directors should not act as the company's audit committee. In addition to the legal requirements of the Audit Committee, the majority of the members of the audit committee should be independent.

The Board of Directors should also consider appointing a remuneration committee in order to help ensure thorough and independent preparation of matters relating to compensation paid to the executive personnel. Membership to that committee should be restricted should be restricted to members of the board who are independent of the company's executive personnel. Duties of a remuneration committee will typically include: Preparing guidelines for the remuneration of the executive personnel and preparing for the board's discussion of specific remuneration matters. Preparing matters relating to other material employment issues in respect to executive personnel.

The Board of Directors should provide details in the annual report of any committees appointed. Moreover the Board of Directors should evaluate its performance and expertise annually.

The Board of Directors should provide details in the annual report of any committees appointed. Moreover the Board of Directors should evaluate its performance and expertise annually.

Duties of the Board of Directors
The Board's duties include strategic guidance of the Company; effective monitoring of the Executive Management; control and monitoring of the Company's financial situation; and its accountability towards communication to its shareholders.

The Board's duties and responsibilities arise from the applicable legislation, the articles of association, authorizations and instructions given at the AGM and instructions and resolutions adopted by the Board itself. These may be divided into two main categories:

- The Board's management of the Company, in accordance with the Norwegian Public Limited Liability Companies Act (the Companies Act), section 6-12.
- The Board's supervisory responsibility, in accordance with section 6-13 of the Companies Act.

The Board shall discuss all matters related to the Company's activities that are of major importance or of an extraordinary nature.

The Board will produce an annual plan for its work, focusing on its main duties such as developing the Company's strategy and monitoring its implementation. In addition, the Board exercises supervision responsibilities to ensure that the Company manages its business and assets and carries out risk management in a prudent and satisfactory manner. The Board is responsible for the appointment of the CEO.

Financial control
The Board shall ensure to be up-to-date on the Company's financial situation and has the duty to oversee that the Company's operations, accounting and asset management are subject to satisfactory control.

Mandate of the Board
In accordance with the provisions of the Companies Act, the terms of reference for the Board are set out in a formal mandate that includes specific rules and guidelines on the work of the Board and decision-making, including rules of procedure, the requirements relating to Board meetings, and its duties and responsibilities in relation to the CEO.

The Chairman of the Board is responsible for ensuring that the work of the Board is carried out in an effective and proper manner according to law.

The Board has appointed a Vice Chairman, as recommended by the Code of Practice for Corporate Governance.

Committees
Currently, COPEINCA ASA has the following three committees:

- Strategies, Acquisitions and New Business Committee
  Seeks to assist the Board in assessment of the Company's possibility of making new investments related to the sector.
  This Committee is composed of Samuel E. Dyer Ampudia as President, Kristjan Th. Davidsson, Ivan Orlic and Osterlin Luis Dyer Ampudia as members and Samuel Dyer Coriat as Secretary.

- Audit, Control, Risks and Finance Committee
  Seeks to assist the Board in financial, risk and audit matters, including satisfying its responsibilities towards the financial statement issuing process, the internal control system, the internal audit process and the monitoring of compliance with provisions, rules and code of conduct.
  This Committee is composed of Kristjan Th. Davidsson as President, Marianne E. Johnsen, Ivan Orlic and Piero Dyer Coriat as members and Carlos Cipra as Secretary.

- Human Resources, Ethics, Corporate Governance and Social Responsibility Committee.
  Seeks to assist the Board in issues related to HR matters as well as matters related to ethics, CSR and Corporate Governance.
  This Committee is composed of Samuel E. Dyer Ampudia as President, Mimi Berdal and Sheyla Dyer Coriat as members and Pablo Trapunsky as Secretary.

Mandate of the CEO
The Board issues a mandate for the CEO´s work, which includes duties and responsibilities to the Board. There is a clear division of responsibilities between the Board and the Executive Management. The CEO is responsible for the day-to-day management of the Company's activities pursuant to the strategy and guidelines adopted by the Board.

The Board, in turn, shall ensure that the CEO reports to the Board on a monthly basis on the financial situation of the company.

> COPEINCA annually identifies and evaluates risks that could affect the achievement of its objectives and establishes specific control and monitoring activities to mitigate these risks accordingly.

Financial reporting
The Board receives periodical reports on the Company's commercial and financial status. The Company follows the timetable laid down by the Oslo Stock Exchange for the publication of interim and annual reports.

The Board's evaluation of its own performance
In connection with the first board meeting each calendar year, the Board carries out an annual evaluation of its own performance, as well as the performance of the sub-committees and of each one of the directors.

For an effective evaluation, objectives shall be set by the Board, on both a collective and individual level. The Board also carries out a similar evaluation of the CEO.

7.10 Risk management and internal control

Code: The Board of Directors must ensure that the Company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the company's activities. Internal control and the systems should also encompass the company's corporate values and ethical guidelines and guidelines for corporate social responsibility.

The Board of Directors should carry out an annual review of the Company's most important areas of exposure to risk and its internal control arrangements.

The Board of Directors should provide an account in the annual report of the main features of the Company's internal control and risk management systems as they relate to the Company's financial reporting.

The Board is responsible for ensuring that the Company has efficient and sound processes for internal control and risk management and that these systems are permanently updated to guarantee their optimum operation.

COPEINCA annually identifies and evaluates risks that could affect the achievement of its objectives and establishes specific control and monitoring activities to mitigate these risks accordingly. The internal control activities are detailed in the Company's internal rules and procedures as well as in the risk and control matrices by processes and the vast majority are done through SAP.

During 2010, the Company consolidated its IT contingency plan by adding an alternate system server in case the main server fails. A contingency plan for the operating plants was also approved and the risks of new investments were identified. In addition, in order to improve risk management, a recording software that consolidates all of the company´s risks: strategic, process and projects was acquired and implemented.

The Company's Audit Committee regularly receives and reviews information on the main risks and their control activities.

It has been five years since COPEINCA decided to work towards Sustainable Development as an intelligent way of doing business and now more than never firmly believes that to guarantee the business sustainability is an indispensable requirement to assure that the ethical principles, the respect for all employees and the environment are been operated according to the social responsibility challenges, the Millennium Goals and the United Nations Global Compact Principles, of which we are members since February 2007.

The Company contemplates in all its decisions the triple bottom line: economic growth, social development and conservation of the environment; and strengthens for spreading and put into practice the social responsibility principles and values in all the processes, operations and areas of the company in a transverse way.

It is always important to rely on valuable contribution and comments of every stakeholder, for such reason, regularly research studies of attitudes and perceptions are carried out with the main stakeholders in order to understand and include their opinions and points of view regarding our performance, well as to carry out the necessary measures to improve the management of the company.

Social Responsibility Guidelines:
During 2010 we re-designed our social responsibility guidelines:

- The wellbeing of the community and our employees: we contribute with the development of their quality of life, promoting elements that offer tranquility and human satisfaction.
- Environmental Management (Care for the environment and Anchovy Protection): we work towards reducing the environmental impact that different activities of the company generate, working with the highest standards of environmental efficiency and sustainable development, so that the biodiversity and the culture defends itself. We promote protection activities to the Biomass and preserve the Anchovy resource in time.
- Quality Assurance and Product Traceability: we constantly seek client satisfaction, having the aptitude to know the exact location and path of the product along its productive chain in a specific moment. To develop products, improving constantly the qualities of the products so that they satisfy the consumer's needs.
- Creation and Protection of Shared Value: we carry out activities that generate long-term competitiveness, developing skills for the society and minimizing negative impacts for the environment. Both parts must always win.
- Reputation Management: we construct positive beliefs and feelings to stakeholders, by means of the creation and protection of the shared value.

To assure the fulfillment of these limits, COPEINCA has constituted in every plant an IMS (Integrated Management System) Committee represented by members of the company and workers. These committees contemplate safety topics, environment, social responsibility, production, among others.

Likewise, we have design a close relation between our sustainability issues, COPEINCA's Corporate Values, the Millennium Goals, the United Nations Global Compact Principles and the Global Reporting Initiative (GRI) indicators, tools and guidelines we annually use to report our economic, environmental and social performance.

To carry out our Social Responsibility, COPEINCA have implemented different Programs; they are held with the support of our "Partners" or strategic allies, undertaking actions in well-being of our stakeholders, for more information please refer to our 2010 Sustainability Report available at our web site: www.copeinca.com.

7.11 Remuneration of the Board of Directors

Code: The remuneration of the Board of Directors should reflect the Board's responsibility, expertise, time commitment and the complexity of the Company's activities.

The remuneration of the Board of Directors should not be linked to the Company's performance. Furthermore, the Company should not grant share options to members of its Board.

Members of the Board of Directors and/or companies with which they are associated should not take on specific assignments in addition to their appointment as a member of the Board. If they do nonetheless take on such assignments this should be disclosed to the full Board. The remuneration for such additional duties should be approved by the Board.

The annual report should provide information on all remuneration paid to each member of the Board of Directors. Any remuneration in addition to normal Directors' fees should be specifically identified.

The remuneration paid to the members of the Board is decided at the AGM. COPEINCA ASA's annual report provides information on all remuneration paid to each member of the Board. The remuneration is not subject to the Company's financial results. COPEINCA ASA'S AGM, dated 16 June 2009, approved remuneration of Directors for the period between 2008 and 2009 in accordance with the proposal made by the Nominations Committee.

The Directors may receive shares as part of their remuneration, but generally they will not be granted options. If options were to be granted, it should be approved at the AGM.

The Directors, or companies with whom they are associated, should not accept other appointments or engagements for the Company, without the Board's knowledge. In such cases any remuneration shall be approved by the Board.

7.12 Remuneration of the Executive Management

Code: The Board of Directors is required by law to establish guidelines for the remuneration of the members of the Executive Management. These guidelines are communicated to the Annual General Meeting.

The guidelines for the remuneration of the Executive Management should set out the main principles applied in determining the salary and other remuneration of the Executive Management. The guidelines should help to ensure convergence of the financial interests of the Executive Management and the shareholders.

Performance-related remuneration of the Executive Management in the form of share options, bonus schemes or the like should be linked to value creation for shareholders or the Company's earnings performance over time. Such arrangements, including share option arrangements, should incentivize performance and be based on quantifiable factors over which the employee in question can have influence. Performance-related remuneration should be subject to an absolute limit.

The Board adopts guidelines for remuneration of the management team. The AGM is informed of these guidelines. Salary and other remuneration of the CEO are determined by the Board.

Details of the remuneration paid to the Executive Management and the guidelines for remuneration of the CEO as well as other senior executives are included in the notes to the financial statements that form part of the annual report.

The Company has implemented An Employee Stock Option Program for the members of its Executive Management.

7.13 Information and communications

Code: The Board of Directors should establish guidelines for the Company's reporting of financial and other information based on openness and taking into account the requirement for equal treatment of all participants in the securities market.

The Company should publish an overview each year of the dates for major events such as its Annual General Meeting, publication of interim reports, public presentations, dividend payment date if appropriate etc.

All information distributed to the Company's shareholders should be published on the Company's web site at the same time as it is sent to shareholders.

The Board of Directors should establish guidelines for the Company's contact with shareholders other than through General Meetings.

COPEINCA ASA maintains regular dialogue with analysts and investors. The Company considers very important to inform shareholders and investors about the Company's commercial and financial performance. COPEINCA ASA is committed to ensure that the participants in the stock market receive the same information at the same time and seeks to clarify its long-term potential, including its strategy, value drivers and risk factors. The Company shall maintain an open and proactive investor relations policy and a best-practices website.

The Chairman of the Board and other directors are available for discussions with the major shareholders to develop a balanced understanding of their issues and concerns, always subject to applicable law and stock exchange rules. The Chairman ensures that the views of shareholders are communicated to all directors.

COPEINCA ASA strives to continuously disclose all relevant information to the market in a timely, efficient and a non-discriminatory manner. All notifications made by the Company will be available on its website at www.copeinca.com, at the OSE's website at www.oslobors.no and through news agencies (via Hugin).

Financial reports and events
COPEINCA ASA publishes its provisional annual accounts in late February. The complete annual report and accounts are distributed to shareholders at least 21 days prior to the

AGM. Quarterly interim reports are published no later than within two months following the end of the quarter.

COPEINCA ASA usually publishes an annual financial calendar at the end of the fiscal year, including the dates the Company plans to publish the quarterly reports. This calendar is available at www.copeinca.com and is also distributed as a stock exchange notification been available at the OSE's website at www.oslobors.no.

COPEINCA ASA holds quarterly presentations open to the public. These presentations give a financial and operational review of the quarter ended, as well as a review of the market conditions and the Company's outlook.

These presentations are given by the CEO and/or CFO. Following each quarterly presentation the CEO and or CFO holds meetings with investors at various locations as well as host a conference call presentation for those who were not able to attend the presentation and/or meetings. All quarterly interim reports and presentation material are available at COPEINCA's website at www.copeinca.com and at the OSE´s website at www.oslobors.no

7.14 Take-overs

Code: The Board of Directors should establish guiding principles for how it will act in the event of a take-over bid.

In a bid situation, the company's board of directors and management have an independent responsibility to help ensure that shareholders are treated equally, and that the company's business activities are not disrupted unnecessarily. The board has a particular responsibility to ensure that shareholders are given sufficient information and time to form a view of the offer.

The board of directors should not seek to hinder or obstruct take-over bids for the company's activities or shares unless there are particular reasons for this.

In the event of a take-over bid for the company's shares, the company's board of directors should not exercise mandates or pass any resolutions with the intention of obstructing the take-over bid unless this is approved by the general meeting following announcement of the bid.

If an offer is made for a company's shares, the company's board of directors should issue a statement making a recommendation as to whether shareholders should or should not accept the offer. The board's statement on the offer should make it clear whether the views expressed are unanimous, and if this is not the case it should explain the basis on which specific members of the board have excluded themselves from the board's statement. The board should arrange a valuation from an independent expert. The valuation should include an explanation, and should be made public no later than at the time of the public disclosure of the board's statement.

Any transaction that is in effect a disposal of the company's activities should be decided by a general meeting, except in cases where such decisions are required by law to be decided by the corporate assembly.

> The Board of COPEINCA ASA is committed to equal treatment of shareholders, and will ensure openness in respect of any take-over of the Company.

The Board of Directors should not seek to hinder or obstruct take-over bids for the Company's activities or shares unless there are particular reasons for this.

In the event of a take-over bid for the Company's shares, the company's Board of Directors should not exercise mandates or pass any resolutions with the intention of obstructing the take-over bid unless this is approved by the General Meeting following announcement of the bid.

Fundamental commitments and guidelines
The Board of COPEINCA ASA is committed to equal treatment of shareholders, and will ensure openness in respect of any take-over of the Company. However, the Board has not drawn up any formal guidelines for its conduct in the event that any bid is made for the Company, as recommended by the Code of Practice for Corporate Governance.

COPEINCA ASA shall not establish any mechanism that may hinder a take-over bid, except when this has been resolved at an AGM by two-third majority (of votes cast and share capital represented).

The Norwegian Securities Trading Act, chapter 6, outlines the formal requirements related to any mandatory bid or voluntary bid in connection with possible take-overs of COPEINCA ASA.

Evaluation of a bid
If a formal bid is made for COPEINCA ASA, the Board will normally seek to attract competitive bids. This will not apply if the Board is able to unequivocally recommend a bid received, or if the process of seeking to attract a competitive bid would cause a pre-existing bid to be withdrawn or expire.

If a bid is received for the Company's shares, the Board will issue a statement evaluating the bid together with a recommendation on whether shareholders should or should not accept the bid. If the Board finds that it is unable to recommend whether or not shareholders should accept the bid, it will explain its reasons for not making a recommendation. If the Board's statement is not the unanimous view of the Board, this will be explained.

The Board will consider whether to arrange a valuation from an independent expert.

7.15 Auditor

Code: The auditor should submit the main features of the plan for the audit of the Company to the Board of Directors annually.

The auditor should participate in meetings of the Board of Directors that deal with the annual accounts. At these meetings the auditor should review any material changes in the Company's accounting principles, comment on any material estimated accounting figures and report all material matters on which there has been disagreement between the auditor and the Executive Management of the Company.

The auditor should at least once a year present to the Audit Committee a review of the Company's internal control procedures, including identified weaknesses and proposals for improvement.

The Board of Directors should hold a meeting with the auditor at least once a year at which neither the chief executive nor any other member of the Executive Management is present.

The Board of Directors should establish guidelines in respect of the use of the auditor by the Company's Executive Management for services other than the audit.

The Board of Directors should receive annual written confirmation from the auditor that the auditor continues to satisfy the requirements for independence. In addition, the auditor should provide the Board with a summary of all services in addition to audit work that have been undertaken for the Company.

The Board of Directors must report the remuneration paid to the auditor at the Annual General Meeting, including details of the fee paid for audit work and any fees paid for other specific assignments.

Election of the auditor
COPEINCA ASA is audited by PricewaterhouseCoopers. Norwegian law requires that the auditor is elected by the shareholders at the AGM.

The Board shall make recommendations to the General Meeting on the auditor's appointment, removal and remuneration.

Auditor's relationship with the Board
The auditor discloses the plan for the audit to the Board annually.

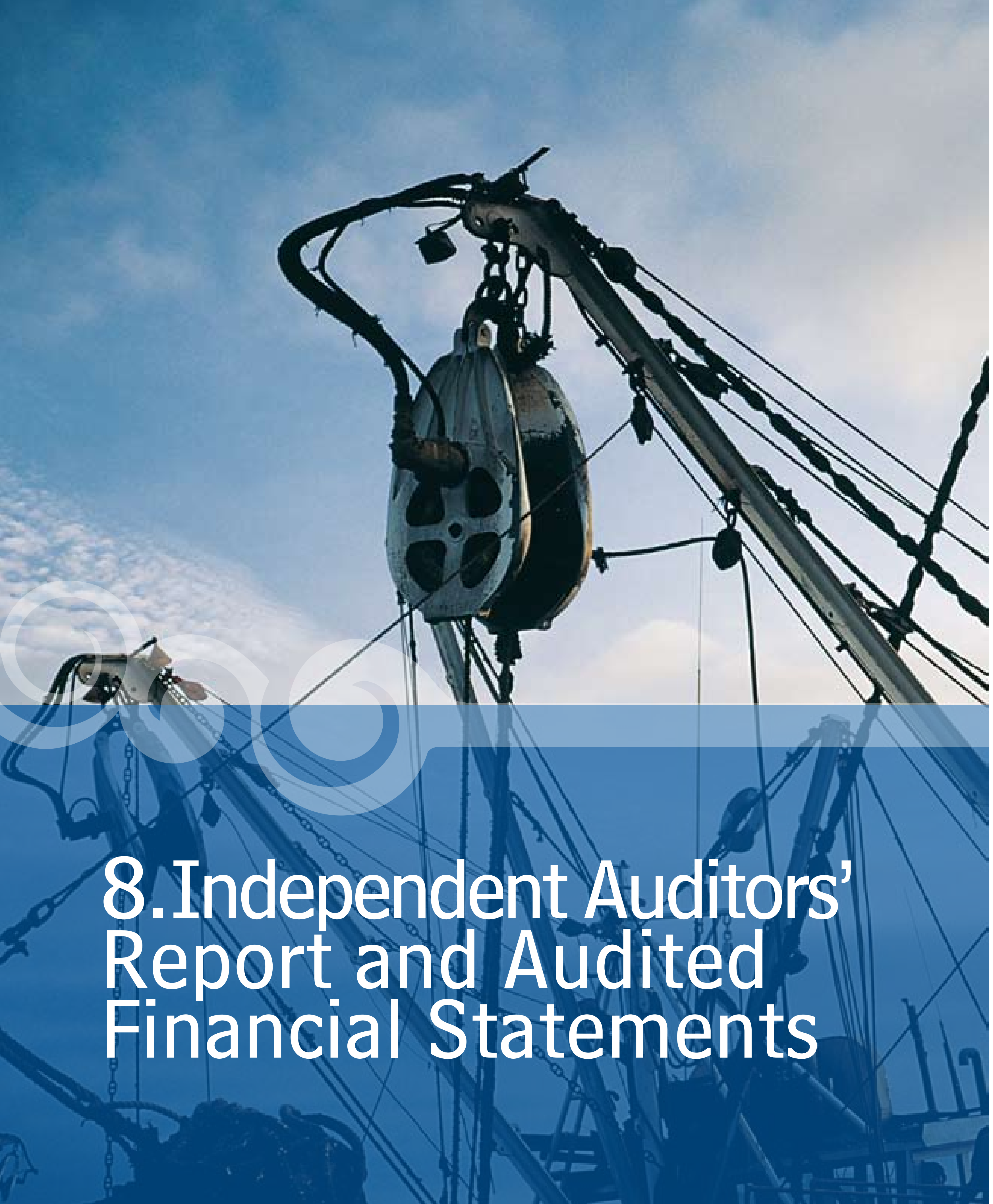
The Board has one or more meetings with the auditor per year without the Company's management present.

The auditor participates at Board meetings that consider the annual accounts. At these meetings the auditor comments on any material changes in the Company's accounting principles, accounting figures and reports all material matters on which there has been disagreement between the auditor and the Executive Management of the Company. Also, once a year the auditor presents to the Board a review of the Company's internal control procedures, including recommendations to implement best practices. Furthermore, the auditor participates at the Annual General Meeting.

The Board has established an Audit Committee that assists the Board in reviewing, evaluating and, if necessary, proposing appropriate measures in respect of the Company's internal and external auditing.

Auditor's relationship with Executive Management
Any service that management wishes to contract with the external auditor additional to the review of annual accounts must be previously approved by the Audit Committee. The Board regularly reviews this relationship to ensure that the auditor is fulfilling a sufficiently independent and satisfactory control function, including the performance by the auditor of non-audit services.

An overview of the remuneration paid to the auditor is presented at the AGM and included in the Company's annual report.



8.Independent Auditors' Report and Audited Financial Statements

COPEINCA ASA AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

	Note	As of 31 December		
		2010	2009	2008
		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

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 from 94 to 153 are an integral part of these consolidated financial statements

Oslo, 26 April 2011

Kristjan Th. Davidsson
Chairman

Samuel Dyer Ampudia
Deputy chairman

Marianne E. Johnsen
Member

Mimi Kristine Berdal
Member

Sheyla Dyer Coriat
Member

Piero Dyer Coriat
Member

Ivan Orlic Ticeran
Member

Osterlin L. Dyer Ampudia
Member

Samuel Dyer Coriat
CEO

COPEINCA ASA AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

		For the year ended 31 December	
	Note	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 from 94 to 153 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2010	2009
		For the year ended 31 December	
		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 from 94 to 153 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 US$000	Share premium US$000	Cumulative translation adjustment US$000	Other Reserves US$000	Retained earnings US$000	Non-controlling interest US$000	Total equity 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 from 94 to 153 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the year ended 31 December 2010 US$000	2009 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 from 94 to 153 are an integral part of these consolidated financial statements

OVERVIEW OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2010 AND 31 DECEMBER 2009

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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 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 changes in the payment status of borrowers in the portfolio; and

ii) 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 US$000	Restated US$000	Difference 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 US$000	2009 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	2009
	US$000	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 equipment of fleet	Machinery and equipment	Buildings and land	Other fixed 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

			Other intangible assets		
	Fishing licenses	Goodwill	Software licenses	Others	Total
	US$000	US$000	US$000	US$000	US$000
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 to180 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 US$000	2009 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 US$000	2009 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 US$000	2009 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 NOK 5 nominal value each.

	Number of shares (In thousands)	Share capital NOK 000	Share capital US$000	Share premium US$000	Total US$000
At 1 January 2007	24,800	124,000	28,050	-	28,050
Proceeds from private placement	27,500	137,500	22,500	242,287	264,787
Shares issued in acquired company	6,200	31,000	5,167	62,703	67,870
Balance at 31 December 2007, 2008, 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

Carried forward:

	2010		2009	
Investor	Shares	%	Shares	%
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 NOK 120. If the price of the shares at the time the options are exercised exceeds NOK 120, 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 NOK 80.

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	NOK 45.00
Weighted average share price at grant date	NOK 44.83
Expected life	2.5 years
Volatility	60.00%
Risk free interest rate	2.67%
Dividends	-
Options' fair value	NOK 12.07

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 NOK 37.47.

Exercise price is adjusted by dividends on the 19 May 2010, of NOK 4.94.

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 NOK 3,693 thousand equivalent to US$620 thousand and the total carrying amount in equity as of 31 December 2010 amounts to NOK 8,383 thousand equivalent to US$1,431 thousand (NOK 4,690 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 US$000	2009 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 US$000	Bank borrowings US$000	Finanace lease liabilities US$000	Total long-term debt 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 US$000	Carrying amount 2009 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 US$000	2009 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 US$000	2009 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 US$000	2009 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 US$000	2009 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 US$000	2009 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 US$000	2009 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 US$000	2009 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 US$000	2009 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 US$000	2009 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 US$000	2009 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 US$000	2009 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 US$000	2009 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 NOK 97,944 thousand equivalent to US$16,743 thousand (NOK 101,503 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	2009
	US$000	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	2009
	US$000	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 NOK 4.94 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 US$000	2009 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 US$000	2009 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$000
Mr. Kristjan Davidsson	Chairman	570	97
Mr. Samuel Dyer Ampudia	Deputy Chairman	470	80
Mrs. Mimi Berdal	Member	265	45
Mrs. Marianne Johnsen	Member	275	47
Mr. Osterling Luis Dyer Ampudia	Member	270	46
Mr. Piero Dyer Coriat	Member	275	47
Mr. Sheyla Dyer Coriat	Member	265	45
Mr. Ivan Orlic Ticeran	Member	295	50
		NOK 2,685	US$ 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	Bonus	Benefits in kind	Pension Cost	Value of options issued (*)	Total Remu-neration
	US$000	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 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.

vi) 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 US$000	Type of Asset guarantee
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.

COPEINCA ASA

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		**9 619 168**	**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**

COPEINCA ASA

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**

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BALANCE SHEET

Equity	Note	2010	2009
Restricted equity			
Share capital (58.500.000 shares, nom. value NOK 5)	**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	311 264 432
Total equity and liabilities		**1 854 366 699**	**2 110 410 408**

Oslo, 26 April 2011

Kristjan Th. Davidsson
Chairman

Samuel Dyer Ampudia
Deputy chairman

Marianne E. Johnsen
Member

Mimi Kristine Berdal
Member

Sheyla Dyer Coriat
Member

Piero Dyer Coriat
Member

Ivan Orlic Ticeran
Member

Osterlin L. Dyer Ampudia
Member

Samuel Dyer Coriat
CEO

COPEINCA ASA

STATEMENT OF CASHFLOW

	2010	2009
Cash flow from operations		
Profit before taxes	-9,480,921	285,639,670
Changes in other recivables	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 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 denomiated 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 estblish 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 TNOK 142.124 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 liabilites of Copeinca ASA shall be repaid before 31 Dec 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 2010	Trade receivables 2009	Other receivables 2010	Other receivables 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 2010	Other short term liabilities 2009	Trade payables 2010	Trade payables 2009
0	8,551,365	7,352,097	12,701,752
0	**8,551,365**	**7,352,097**	**12,701,752**

COPEINCA ASA
Notes to the annual accounts for 2010

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 Jan 2010. The presentation currency is still Norwegien kroner, and transalation diffrences 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 has business office in Haakonsgate VII, Oslo, where the consolidated group financial accounts can be obtained.

The share capital of NOK 292.500.000 consists of 58.500.000 shares with a face value of NOK 5 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	2010	2009
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

NOTE 9
Change of functional currency on 1 January 2010

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.

	NOK ('000)	PEN ('000)
Investments in subsidiaries	1,640,801	812,180
Loans to group companies	136,367	67,500
Other receiveables	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

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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
PricewaterhouseCoopers AS

Per Erik Pedersen
State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.

(2)

Responsibility statement

We confirm, to the best of our knowledge, that the financial statements for the period 1 January to 31 December 2010 have been prepared in accordance with IFRS and gives a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the group taken as a whole. We also confirm, to the best of our knowledge, that the Board of Director's report includes a true and fair review of the development and performance of the business and the position of the entity and the group, together with a description of the principal risks and uncertainties facing the entity and the group.

Lima, Peru/Oslo, Norway

April 26, 2011

The Board of Directors and CEO

Kristjan Th. Davidsson Chairman	Samuel Dyer Ampudia Deputy chairman	Marianne E. Johnsen Member
Mimi Kristine Berdal Member	Sheyla Dyer Coriat Member	Piero Dyer Coriat Member
Ivan Orlic Ticeran Member	Osterlin L. Dyer Ampudia Member	Samuel Dyer Coriat CEO

Graphic design: Carla Franco / Ursula San Miguel
Photo: Centro de la fotografía / Gonzalo Olmos

Annual Report 2010

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