COPEINCA ASA AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2012 AND 31 DECEMBER 2011

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

Til generalforsamlingen i Copeinca ASA

Revisors beretning

Uttalelse om årsregnskapet

Vi har revidert årsregnskapet for Copeinca ASA som består av selskapsregnskap og konsernregnskap. Selskapsregnskapet består av balanse per 31. desember 2012, resultatregnskap for regnskapsåret avsluttet per denne datoen, og en beskrivelse av vesentlige anvendte regnskapsprinsipper og andre noteopplysninger. Konsernregnskapet består av balanse per 31. desember 2012, resultatregnskap, utvidet resultatregnskap, endringer i egenkapital og kontantstrøm for regnskapsåret avsluttet per denne datoen, og en beskrivelse av vesentlige anvendte regnskapsprinsipper og andre noteopplysninger.

Styret og daglig leders ansvar for årsregnskapet

Styret og daglig leder er ansvarlig for å utarbeide årsregnskapet og for at det gir et rettvisende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge for selskapsregnskapet og i samsvar med International Financial Reporting Standards som fastsatt av EU, for konsernregnskapet, og for slik intern kontroll som styret og daglig leder finner nødvendig for å muliggjøre utarbeidelsen av et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller feil.

Revisors oppgaver og plikter

Vår oppgave er å gi uttrykk for en mening om dette årsregnskapet på bakgrunn av vår revisjon. Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder International Standards on Auditing. Revisjonsstandardene krever at vi etterlever etiske krav og planlegger og gjennomfører revisjonen for å oppnå betryggende sikkerhet for at årsregnskapet ikke inneholder vesentlig feilinformasjon.

En revisjon innebærer utførelse av handlinger for å innhente revisjonsbevis for beløpene og opplysningene i årsregnskapet. De valgte handlingene avhenger av revisors skjønn, herunder vurderingen av risikoene for at årsregnskapet inneholder vesentlig feilinformasjon, enten det skyldes misligheter eller feil. Ved en slik risikovurdering tar revisor hensyn til den interne kontrollen som er relevant for selskapets utarbeidelse av et årsregnskap som gir et rettvisende bilde. Formålet er å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll. En revisjon omfatter også en vurdering av om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene utarbeidet av ledelsen er rimelige, samt en vurdering av den samlede presentasjonen av årsregnskapet.

Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Konklusjon om selskapsregnskapet

Etter vår mening er morselskapets regnskap avgitt i samsvar med lov og forskrifter og gir et rettvisende bilde av den finansielle stillingen til Copeinca ASA per 31. desember 2012, og av selskapets

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

resultater for regnskapsåret som ble avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Konklusjon om konsernregnskapet

Etter vår mening er konsernregnskapet avgitt i samsvar med lov og forskrifter og gir et rettvisende bilde av den finansielle stillingen til konsernet Copeinca ASA per 31. desember 2012, og av konsernets resultater og kontantstrømmer for regnskapsåret som ble avsluttet per denne datoen i samsvar med International Financial Reporting Standards som fastsatt av EU.

Uttalelse om øvrige forhold

Konklusjon om årsberetningen og redegjørelsen om foretaksstyring

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, mener vi at opplysningene i årsberetningen og redegjørelsen om foretaksstyring om årsregnskapet, forutsetningen om fortsatt drift og forslaget til anvendelse av overskuddet er konsistente med årsregnskapet og er i samsvar med lov og forskrifter.

Konklusjon om registrering og dokumentasjon

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendig i henhold til internasjonal standard for attestasjonsoppdrag ISAE 3000 "Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon" mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av selskapets regnskapsopplysninger i samsvar med lov og god bokføringsskikk i Norge.

Oslo, 21. februar 2013
PricewaterhouseCoopers AS

Per Erik Pedersen
Statsautorisert revisor

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 2012, and the income statement and cash flow statement, for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the group comprise the balance sheet at 31 December 2012, income statement, statement of comprehensive income, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

Auditor's Responsibility

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

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

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

Opinion on the financial statements of the parent company

In our opinion, the financial statements of the parent company are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position for Copeinca ASA as at 31 December 2012, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the group

In our opinion, the financial statements of the group present fairly, in all material respects, the financial position of the group Copeinca ASA as at 31 December 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and statement of corporate governance principles and practices

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report and statement of corporate governance principles and practices concerning the financial statements and the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

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

Oslo, 21 February 2013
PricewaterhouseCoopers AS

Per Erik Pedersen
State Authorised Public Accountant (Norway)

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

COPEINCA ASA AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

	Note	As of 31 December 2012 US$000	2011 US$000
ASSETS			
Non - current assets			
Property, plant and equipment	6	276,726	258,525
Fishing licenses	7	235,705	222,936
Goodwill	7	153,119	144,824
Other intangible assets	7	980	792
		666,530	627,077
Current assets			
Inventories	10	19,686	63,886
Trade accounts receivable	11	15,037	24,103
Other accounts receivable	12	13,847	17,958
Cash and cash equivalents	13	39,090	60,490
		87,660	166,437
Total assets		754,190	793,514
EQUITY			
Attributable to owners of the parent			
Share capital	14	55,004	55,589
Share premium	14	282,358	285,648
Legal reserve	15	5,145	-
Cumulative translation adjustment	15	16,824	1,069
Retained earnings	15	50,789	46,337
Total equity		410,120	388,643
LIABILITIES			
Non - current liabilities			
Long-term borrowings	16	201,919	218,488
Deferred income tax	17	86,006	82,270
Other accounts payable	18	6,921	6,057
		294,846	306,815
Current liabilities			
Bank loans and short-term debt	16	-	25,355
Trade accounts payable	18	10,181	15,907
Other accounts payable	18	17,123	21,141
Current income tax payable	29	-	13,220
Current portion of long-term borrowings	16	21,920	22,433
		49,224	98,056
Total liabilities		344,070	404,871
Total equity and liabilities		754,190	793,514

The notes on pages from 9 to 56 are an integral part of these consolidated financial statements

COPEINCA ASA AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

	Note	For the year ended, 31 December 2012 US$000	2011 US$000
Sales	19	314,219	254,478
Cost of goods sold	20	(196,862)	(143,085)
Gross profit		117,357	111,393
Selling expenses	21	(17,271)	(12,596)
Administrative expenses	22	(13,863)	(13,780)
Other income	23	1,844	5,362
Other expenses	23	(12,965)	(16,120)
Operating profit		75,102	74,259
Finance income	26	2,586	608
Finance costs	26	(21,097)	(21,007)
Exchange difference, net	3	14,764	10,375
Profit before income tax		71,355	64,235
Income tax expense	29	(21,758)	(16,466)
Profit for the year		49,597	47,769
Attributable to:			
Equity holders of the company		49,597	47,769
Earnings per share attributable to the equity holders of the company during the year (US$ per share):			
Basic and diluted earnings per share	30	0.8602	0.8187

The notes on pages from 9 to 56 are an integral part of these consolidated financial statements

COPEINCA ASA AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the year ended, 31 December	
	Note	**2012**	**2011**
		US$000	**US$000**
Profit for the year		49,597	47,769
Currency translation adjustment with no tax effect	15	15,755	11,511
Total comprehensive income for the year		65,352	59,280
Attributable to:			
Equity holders of the company		65,352	59,280

The notes on pages from 9 to 56 are an integral part of these consolidated financial statements

COPEINCA ASA AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2011

	Note	Share capital US$000	Share premium US$000	Legal reserve US$000	Cumulative translation adjustment US$000	Retained earnings US$000	Total equity US$000
Balances as of 1 January 2011		55,717	286,462	-	(10,442)	-	331,737
Profit for the year		-	-	-	-	47,769	47,769
Cumulative translation adjustment	15	-	-	-	11,511	-	11,511
Total comprehensive income		-	-	-	11,511	47,769	59,280
Value of employee services payable	14-c	-	-	-	-	217	217
Reclassification to liabilities	18-c	-	-	-	-	(1,649)	(1,649)
Share buy-back program	14	(128)	(814)	-	-	-	(942)
Balances as of 31 December 2011	14-15	55,589	285,648	-	1,069	46,337	388,643
Balances as of 1 January 2012		55,589	285,648	-	1,069	46,337	388,643
Profit for the year		-	-	-	-	49,597	49,597
Cumulative translation adjustment	15	-	-	-	15,755	-	15,755
Total comprehensive income		-	-	-	15,755	49,597	65,352
Dividends distribution related to 2011 profits	15-b	-	-	-	-	(40,000)	(40,000)
Transfer to legal reserve	15-a	-	-	5,145	-	(5,145)	-
Share buy-back program	14	(585)	(3,290)	-	-	-	(3,875)
Balances as of 31 December 2012	14-15	55,004	282,358	5,145	16,824	50,789	410,120

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COPEINCA ASA AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the year ended, 31 December 2012 US$000	2011 US$000
Cash flows from operating activities			
Cash generated from operations	27	122,617	33,128
Interest paid		(18,089)	(19,943)
Income tax paid	29-e	(21,279)	(1,679)
Net cash generated from operating activities		83,249	11,506
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(20,414)	(36,353)
Proceeds from sale of property, plant and equipment	27	2,000	3,677
Purchase of intangible assets	7	(350)	(347)
Net cash used in investing activities		(18,764)	(33,023)
Cash flows from financing activities			
Buy-back of shares	14-d	(3,875)	(942)
Repayment of bank loans and short-term loans	16	(95,747)	(58,722)
Proceeds from bank loans and short-term loans	16	70,403	83,056
Repayment of long-term borrowings	16	(17,515)	(11,056)
Proceeds from long-term borrowings	16	-	35,000
Dividends paid	15	(40,000)	-
Net cash (used in) generated from financing activities		(86,734)	47,336
Net (decrease) increase in cash and cash equivalents		(22,249)	25,819
Cash and cash equivalents at beginning of the year		60,490	34,201
Exchange gains on cash and cash equivalents		849	470
Cash and cash equivalents at end of the year	13	39,090	60,490

The notes on pages from 9 to 56 are an integral part of these consolidated financial statements

COPEINCA ASA AND SUBSIDIARIES

OVERVIEW OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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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 anchovy and its subsequent transformation into fishmeal and fish oil, for direct or indirect human consumption. Its products are mainly sold to China, Germany, Japan, Vietnam, Taiwan, Belgium, Denmark and Chile, among other foreign markets.

The Company is a limited liability company incorporated and domiciled in Norway. The address of its registered office is Haakon VII gate 10, 0106 Oslo.

The Company has its primary listing on the Oslo Børs stock exchange and a secondary listing on the Lima stock exchange.

The Group consolidated financial statements were approved for issue by the Board of Directors on 19 February 2013. Final approval of these Group consolidated financial statements will be given at the Annual General Meeting scheduled to be held on 19 March 2013.

Copeinca ASA is the ultimate parent company of the Group. Copeinca ASA owns Corporación Pesquera Inca S.A.C. (hereinafter Copeinca S.A.C.), a Peruvian limited company incorporated in July 1994 under the laws of Peru. Copeinca S.A.C. is the main operating company in the Group. Upon its incorporation in 1994, Copeinca S.A.C. was owned by D&C group S.A.C. and Acero Holding S.A.C. prior to the establishment of Copeinca ASA and Copeinca Internacional S.L.U. on November/December 2006.

As of 31 December 2012, Copeinca S.A.C. is a wholly owned subsidiary of Copeinca ASA which has a direct interest of 45.36% of its shares (43.38% in 2011) and indirect interests through Copeinca Internacional S.L.U (located in Spain) which has a 54.64% interest (52.26% in 2011). Until 2011, PFB Fisheries B.V. owned 4.36% interest in Copeinca S.A.C.

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

The Group owns five-processing plants (five in 2011) located in the cities of Bayovar, Chicama, Chimbote, Chancay and Ilo, located in the areas of Piura, La Libertad, Ancash, Lima and Moquegua.

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

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

Fish - processing plants	**Capacity MT/Hour**
1.- Bayovar	170
2.- Chicama ACP	160
3.- Chimbote ACP	250
4.- Chancay	168
5.- Ilo	90

As of 31 December 2012, the Group owns 36 vessels with a storage capacity of 14,690 M3 which corresponds to 35 purse seiner vessels with a capacity of 14,557 M3 and 1 trawling vessels with a storage capacity of 133 M3, holding a quota of 10.7% (as of 31 December 2011 the Group had 36 vessels with storage capacity of 14,754 M3 which corresponded to 36 purse seiner vessels with a capacity of 14,621 M3 and 1 trawling vessels with a storage capacity of 133 M3, holding a quota of 10.7%).

The Group is currently operating in average with 28 vessels (30 in 2011), as Management continuous evaluating the most efficient use of the Company´s fleet. During 2011, 3 new vessels were built, Incamar I, II and III with a capacity of 800 M3 each.

During 2012, the maximum allowable catch limit of anchovy for indirect human consumption was 3,500,000 MT out of which 2,700,000 MT was awarded for the first fishing season (3,675,000 MT in 2011) and 810,000 MT was awarded for the second fishing season (2,500,000 MT in 2011). In 2012, out the total of 810,000 MT only 410,000 MT was permitted to catch until 31 December 2012; the remainder was authorized to be caught in January 2013.

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

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

The Company owns directly and indirectly the following entities:

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

b) Regulatory framework -

Fishing Industry is regulated in Peru by two main laws:

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

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

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

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation -

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union (IFRS’s as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention.

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

2.1.1 Going concern -

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

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

2.1.2 Changes in accounting policy and disclosures -

a) New and amended standards adopted by the Group -

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that would be expected to have a material impact on the Group.

b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2012 and not early adopted -

Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Group is yet to assess IFRS13's full impact and does not intend to early adopt this standard. IFRS 13 is effective for periods beginning on or after 1 January 2013.

IAS 19, 'Employee benefits' was amended in June 2011. This standard has no impact on the Group´s financial statements since it does not have any defined benefit pension plans granted to their employees.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statement of income, unless this creates an accounting mismatch. The Group is yet to assess IFRS 9's full impact and does not intend to early adopt this standard. IFRS 9 is effective for periods beginning on or after 1 January 2015. The Group will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

IFRS 10, 'Consolidated financial statements', builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group is yet to assess IFRS 10's full impact and does not intend to early adopt this standard. IFRS 10 is effective for periods beginning on or after 1 January 2013.

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group is yet to assess IFRS 12's full impact and does not intend to early adopt this standard. IFRS 12 is effective for periods beginning on or after 1 January 2013.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.2 Consolidation -

a) Subsidiaries -

Subsidiaries are all entities (including special purpose entities) over which Copeinca ASA has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date control ceases.

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

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

Acquisition-related costs are expensed as incurred.

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

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

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

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

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

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

c) Disposal of subsidiaries -

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

2.3 Segment reporting -

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

2.4 Foreign currency translation -

a) Functional and presentation currency -

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

b) Transactions and balances -

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

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

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

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

c) Group companies -

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

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

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

(iii) equity balances, except retained earnings, are translated at the historical exchange rates; and

(iv) all resulting exchange differences are recognized as other comprehensive income.

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

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

2.5 Property, plant and equipment -

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

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

Land is not depreciated. Depreciation on Fishing Vessels and Plants is calculated using the units of production depreciation method. Depreciation of Fishing Vessels relates to ship's permissible quantity of tons and Plants' production capacity. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	Years
Buildings and other constructions	33
Fishing vessels and equipment of fleet	4-36
Machinery and equipment	4-30
Vehicles	5
Furniture and fixtures	10
Other equipment	4-10

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

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

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

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

2.6 Intangible assets -

a) Goodwill -

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

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

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

b) Fishing licenses -

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

c) Computer software -

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

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

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

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

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

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

2.7 Impairment of non-financial assets -

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

2.8 Financial assets -

2.8.1 Classification -

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

a) Loans and receivables -

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet (notes 2.12 and 2.13).

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

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

2.8.2 Recognition and measurement -

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

2.9 Offsetting financial instruments -

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

2.10 Impairment of financial assets -

a) Assets carried at amortized cost -

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

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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

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

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

b) Assets classified as available-for-sale -

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

2.11 Inventories -

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

Non-fishing period expenses comprise vessel and plant costs incurred during the year's fishing bans (or fishing time restrictions). Non-fishing expenses incurred during the year are allocated at the end of each year to the cost of inventories based on the actual normal operating capacity for each year based on the corresponding assigned quota granted by the Peruvian regulator (note 1-b-ii). The allocation of non-fishing period expenses into the cost of the inventories is limited to the amount of their net realizable value.

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

2.12 Trade receivables -

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

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment (note 2.10-a).

2.13 Cash and cash equivalents -

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

2.14 Share capital -

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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

2.15 Trade accounts payable -

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

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

2.16 Borrowings -

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

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

2.17 Current and deferred income tax -

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

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

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

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

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

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

2.18 Employee benefits -

a) Employees' severance indemnities -

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

b) Bonuses and workers' profit-sharing -

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

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

2.19 Share-based payments -

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

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

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

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

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognizing the expense during the period between the service commencement period and the grant date.

When the options are exercised, the Company has the choice to pay in cash or to issue new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium, as applicable. In 2011 the first group of vested options was exercised and the Company paid in cash the difference between the exercise price and the market price of its shares.

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

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

2.20 Provisions -

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

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

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

2.21 Revenue recognition -

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

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

a) Sales of fishmeal and fish oil -

Sales of fish products are recognized when an entity of the Group has delivered products to the customer; the customer has accepted the products according to the sales contract and the collection of the related receivables are reasonably assured. Delivery does not occur until the products have been shipped to the specified location, the risk of loss have been transferred to the customer. There is no risk of not being able to deliver the quantity contracted for since the Group has established contracts with third party fleet owners who can supply additional raw material after Copeinca's Quota has been reached.

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

b) Interest income -

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

2.22 Leases -

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

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

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

2.23 Dividend distribution -

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

2.24 Reclassifications -

The Group reclassified US$3,776 thousand from other expenses to other income for the year ended 31 December 2011 in order to improve the presentation of the financial statements and show the net gain on sale of diesel and supplies (note 23).

In addition, certain figures in the balance sheet, statement of income and the cash flow of 2012 have been reclassified or grouped in order to improve presentation of financial statements; therefore the corresponding figures in 2011 have been amended.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors -

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

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

a) Market risk -

i) Foreign exchange rate risk -

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

Management minimizes this risk partially by: i) maintaining credit balances in foreign currency, ii) maintaining the volumes of exports and their profitability, and iii) entering into forward contracts. As of 31 December 2012, Copeinca S.A.C. has signed forward contracts amounting to US$7,500 thousand to reduce the risk of adverse exchange rate fluctuations (as of 31 December 2011, Copeinca S.A.C. has not signed any forward contracts). The fair value of these forward contracts amounts to US$365 thousand, which is not recognized in the financial statements since it is considered immaterial.

The Group has no specific policy for entering into forward foreign exchange contracts to hedge foreign currency exposures. In 2012 and 2011, management's strategy is buying foreign currency in the spot market. The Group does not have any forward foreign currency contracts outstanding at the reporting date, other than that disclosed in the paragraph above.

The balances in foreign currency (US$) as of 31 December are as follows:

	2012 US$000	**2011 US$000**
Assets -		
Trade receivables	15,037	24,103
Other accounts receivable	5,160	3,524
Cash and cash equivalents	15,889	43,428
	36,086	71,055
Liabilities -		
Long-term borrowings (including current portion)	(223,839)	(240,921)
Bank loans and short term debt	-	(25,355)
Trade accounts payable	(4,183)	(8,135)
Other accounts payable	(1,170)	(1,878)
	(229,192)	(276,289)
Net liabilities	(193,106)	(205,234)

As of 31 December 2012, consolidated assets and liabilities in United States dollars have been expressed at the exchange rates of S/.2.549 per US$1 for assets and S/.2.551 for liabilities per US$1 (S/.2.695 per US$1 for assets and S/.2.697 for liabilities per US$1 in 2011).

As of 31 December 2012, Copeinca ASA and its subsidiaries recorded net exchange gains amounting to US$14,764 thousand (exchange gains amounting to US$10,375 thousand in 2011) shown in the statement of income. Exchange difference is generated mainly by the long-term debt held in United States dollars.

If the exchange rate S/. - US$ changes in +/- 5%, with all other variables held constant the post-tax effect for the year would have been +/- US$9,879 thousand (US$10,534 thousand in 2011).

ii) Price risk -

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

iii) Cash flows and fair value interest rate risk -

The Group's cash flows interest rate risk is closely managed. During 2012 and 2011, the Group's borrowings denominated in United States dollars bore fixed interest rates.

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

At 31 December 2012, if interest rates on borrowings denominated in United States dollars had been 5% higher/lower, with all other variables held constant, post-tax profit for the year would have been US$888 thousand lower/higher (US$909 thousand in 2011).

b) Credit risk -

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

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

c) Liquidity risk -

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

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

Surplus of cash held by the Group's operating entities over and above the balance required for working capital management are invested in time deposits, overnights, chosen instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

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

	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
	US$000	**US$000**	**US$000**	**US$000**	**US$000**
31 December 2012					
Borrowings	15,546	21,385	213,766	-	250,697
Finance lease liabilities	12,383	12,872	8,289	-	33,544
Trade and other payables	34,225	-	-	-	34,225
	62,154	34,257	222,055	-	318,466

	Less than 1 year US$000	Between 1 and 2 years US$000	Between 2 and 5 years US$000	Over 5 years US$000	Total US$000
31 December 2011					
Borrowings	41,896	16,228	67,734	176,750	302,608
Finance lease liabilities	14,669	13,091	19,829	-	47,589
Trade and other payables	43,105	-	-	-	43,105
	99,670	29,319	87,563	176,750	393,302

3.2 Capital risk management -

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

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

During 2012 and 2011, the Company's strategy was to continue reducing bank debt. The gearing ratios at 31 December were as follows:

	2012 US$000	2011 US$000
Total borrowings (note 16)	223,839	266,276
Less: Cash and cash equivalents (note 13)	(39,090)	(60,490)
Net debt	184,749	205,786
Total equity	410,120	388,643
Total capital	594,869	594,429
Gearing ratio (%)	31	35

3.3 Fair value estimation -

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

The fair value of quoted financial assets and liabilities is determined by reference to bid prices at the close of business on the balance sheet date for identical assets and liabilities (level 1). Where there is no active market the Group uses inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2) and using inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Unlisted investments of US$16 thousand (US$18 thousand in 2011) (note 8) are stated at cost less impairment losses as there are no quoted market prices in active markets for these investments and the range of reasonable fair value estimates can vary significantly, giving as a result that their fair values cannot be measured reliably. These investments are included in level 3 hierarchy.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

4.1 Critical accounting estimates and assumptions -

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

a) Estimated impairment of goodwill -

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.6. The recoverable amounts of cash-generating units have been determined based on fair value less cost of sales calculation. These calculations require the use of estimates (note 7).

If the estimated pre-tax discount rate applied to the discounted cash flows for the vessels CGU had been 1% higher than management's estimates (for example, 7.72% instead of 6.72%), the Group would not had to recognize any additional adjustment against goodwill. To recognize an additional impairment the discount rate should have been 13.53%.

If the estimated pre-tax discount rate applied to the discounted cash flows for the plants CGU had been 1% higher than management's estimates (for example, 7.72% instead of 6.72%), the Group would not had to recognize any additional adjustment against goodwill. To recognize an additional impairment the discount rate should have been 13.86%.

b) Income taxes -

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

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

- increase the income tax liability by US$49 thousand and the deferred tax liability by US$97 thousand, if unfavorable; or
- decrease the income tax liability by US$49 thousand and the deferred tax liability by US$97 thousand, if favorable.

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

c) Book value of fishing licenses -

The Group assesses the book value of licenses each year based on discounted cash flows determined using the methodology of value in use.

d) Book value of property, plant and equipment -

The Group assesses the carrying value of property, plant and equipment each year based on discounted cash flows to determine the fair value less cost to sell of the assets and their value in use. If the asset is inoperative, it is tested for impairment using the fair value of the asset determined by independent appraisers.

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

Allocation of non-fishing period expenses into inventories -

Management considers that Copeinca S.A.C.'s production period corresponds to the calendar year independently of the ban periods imposed by the Peruvian fishing authorities. In this regard, Management understands that the Group's yearly costs of production correspond to all expenditures incurred in the calendar year. Consequently, non-fishing expenses incurred during the year are allocated to the cost of inventories based on the actual normal operating capacity for each year, which contemplates the corresponding assigned quota granted by the Peruvian regulator to Copeinca S.A.C. As of 31 December 2012, fishing ban expenses amounting to US$3,167 thousand are capitalized as part of the cost of inventories (US$7,102 thousand in 2011).

5 SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Chief Executive Officer (CEO). The CEO reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined one operating segment based on these reports. Management considers the business from a product perspective. From a product perspective, Management assesses the performance of fishmeal and fish oil in a consolidated basis. These products are sold in worldwide markets. Other products sold by the Group include raw material (anchovy) and other minor fish.

The CEO assesses the performance of one operating segments based on a measure of a management's EBITDA formula that considers earnings before interest, tax (including workers' profit sharing), depreciation and amortization. This measurement basis excludes the effects of non-recurring expenditures from the operating segments, such as deferred income taxes, workers' profit sharing, legal expenses and goodwill impairments.

A reconciliation of management's EBITDA to profit before income tax is provided as follows:

	2012 US$000	2011 US$000
EBITDA	103,807	106,466
Depreciation (note 6)	(9,205)	(14,106)
Amortization (note 7)	(188)	(891)
Impairment of fixed assets (note 23)	-	(4,991)
Workers' profit sharing (note 28)	(8,191)	(6,452)
Exchange difference (note 3)	14,764	10,375
Finance income and costs, net (note 26)	(18,511)	(20,399)
Other expenses, net	(11,121)	(5,767)
Profit before income tax	71,355	64,235

6 PROPERTY, PLANT AND EQUIPMENT

	Vessels and equipment of fleet US$000	Machinery and equipment US$000	Buildings and land US$000	Work in progress and other fixed assets US$000	Total US$000
Year ended 31 December 2011					
Opening net book amount	72,173	91,780	33,904	40,096	237,953
Exchange differences	2,796	3,653	1,366	1,660	9,475
Reclassification	36,420	17,222	19,045	(72,687)	-
Additions	-	-	-	36,353	36,353
Disposals, net	(1,511)	(2,656)	(1,977)	(15)	(6,159)
Impairment charge	(2,485)	(2,313)	(193)	-	(4,991)
Depreciation charge	(6,600)	(5,618)	(1,552)	(336)	(14,106)
Closing net book amount	100,793	102,068	50,593	5,071	258,525
At 31 December 2011					
Cost	140,370	175,822	64,619	9,490	390,301
Accumulated depreciation and impairment	(39,577)	(73,754)	(14,026)	(4,419)	(131,776)
Net book amount	100,793	102,068	50,593	5,071	258,525
Year ended 31 December 2012					
Opening net book amount	100,793	102,068	50,593	5,071	258,525
Exchange differences	5,237	5,085	2,746	262	13,330
Reclassification	5,553	8,179	6,618	(20,350)	-
Additions	140	-	-	20,274	20,414
Disposals, net	(237)	(1,805)	(280)	(27)	(2,349)
Write-off	(838)	(3,151)	-	-	(3,989)
Depreciation charge	(4,736)	(2,609)	(1,504)	(356)	(9,205)
Closing net book amount	105,912	107,767	58,173	4,874	276,726
At 31 December 2012					
Cost	151,164	182,040	74,587	9,405	417,196
Accumulated depreciation and impairment	(45,252)	(74,273)	(16,414)	(4,531)	(140,470)
Net book amount	105,912	107,767	58,173	4,874	276,726

Depreciation expense is distributed as follows:

	2012 US$000	2011 US$000
Cost of goods sold (note 20)	9,013	13,819
Selling expenses (note 21)	8	6
Administrative expenses (note 22)	184	281
	9,205	14,106

In connection with lease and leaseback transactions, Copeinca S.A.C. has pledge the legal title of eight vessels in favor of Banco Interbank, Banco Santander, Banco Continental and Banco Scotiabank in guarantee of loans (note 16). Total carrying value of the assets with restricted legal title amounts to US$19,462 thousand at 31 December 2012 (nine vessels with a carrying amount of US$22,177 thousand in 2011).

Property, plant and equipment include assets acquired under finance leases and leasebacks for the following amounts:

	2012 US$000	2011 US$000
Vessels and equipment of fleet	23,815	25,889
Accumulated depreciation	(4,353)	(3,712)
	19,462	22,177

Impairment tests of property, plant and equipment -

In 2012, plant and fleet equipment was replaced to improve yields, quality and product prices. Obsolete equipment as well as another group of assets that were found to be impaired amounting to US$3,989 thousand were replaced and were written-off with charge to other expenses in the statement of income (note 23).

In 2011, Copeinca S.A.C. recognized an impairment charge of US$4,991 thousand as a result of the put into operation of three new vessels with greater storage capacity that allows a more efficient operation. In addition the impairment charge results as a consequence of the discontinuation of Flame Dried (FD) technology lines.

i) Key assumptions used in the model for the determination of the value in use and of the fair value less cost to sell of vessels are as follows:

Prices: the model uses 20% of the fish price considered as raw material since small fishing companies have increased their negotiation power due to the issue of the ITQ law and due to the increase in the fishmeal market prices.

Quota: the model uses the budgeted quota awarded to Copeinca S.A.C. under the ITQ law (10.7% of the total quota).

Extraction costs: operating costs, maintenance, and ban period expenses decreased during 2012 and will further decrease in the future due to the positive effects of the ITQ law. Personnel expenses (crew) will decrease as a consequence of the termination benefits contemplated in the ITQ law for early retirement. Less fuel will be consumed as a lesser number of vessels will be used for catch under the conditions established by the ITQ law. Extraction costs are based on budgeted costs as approved by the Board.

Discount rate: the model uses 6.72% pre-tax rate not adjusted by inflation.

ii) Key assumptions used in the model for the determination of the value in use and of the fair value less cost to sell of plants are as follows:

Prices: The model uses average fishmeal and fish oil prices of US$1,500 per MT and US$2,000 per MT, respectively.

Management expects that prices will be stable and will increase steadily according to market expectations and demand.

Productions costs: the model assumes that the total raw material corresponds to that fished by Copeinca S.A.C.'s vessels and that are sold to its plants at market prices.

Discount rate: the model uses 6.72% pre-tax rate not adjusted by inflation.

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

7 INTANGIBLE ASSETS

	Fishing licenses	Goodwill	Other intangible assets: Software licenses	Others	Total
	US$000	US$000	US$000	US$000	US$000
Year ended 31 December 2011					
Opening balances	213,964	138,996	1,300	17	1,317
Exchange difference	8,972	5,828	18	1	19
Additions	-	-	347	-	347
Amortization charge	-	-	(891)	-	(891)
Closing net book amount	222,936	144,824	774	18	792
At 31 December 2011					
Cost	222,936	158,855	5,343	18	5,361
Accumulated amortization and impairment	-	(14,031)	(4,569)	-	(4,569)
Net book amount	222,936	144,824	774	18	792
Year ended 31 December 2012					
Opening balances	222,936	144,824	774	18	792
Exchange difference	12,769	8,295	28	(2)	26
Additions	-	-	350	-	350
Amortization charge	-	-	(188)	-	(188)
Closing net book amount	235,705	153,119	964	16	980
At 31 December 2012					
Cost	235,705	167,150	5,721	16	5,737
Accumulated amortization and impairment	-	(14,031)	(4,757)	-	(4,757)
Net book amount	235,705	153,119	964	16	980

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

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

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

Amortization expense is distributed as follows:

	2012	2011
	US$000	US$000
Cost of goods sold (note 20)	88	342
Selling expenses (note 21)	21	91
Administrative expenses (note 22)	79	458
	188	891

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

Impairment tests of goodwill -

Goodwill is allocated to the Group's cash-generating units (CGU's). The Group distinguishes its cash-generating units (CGU) at the level of individual vessels and individual plants. The allocation of goodwill by CGU is as follows:

	2012	2011
	US$000	US$000
Vessels	96,728	91,502
Plants	56,391	53,322
Total	153,119	144,824

The recoverable amount of a CGU is determined based on the higher between its value in use and its fair value less costs to sell. The calculation of the recoverable amount uses free cash flows projections based on financial budgets approved by Management which cover a five-year period. Cash flows beyond the five-year period include perpetuity.

8 FINANCIAL INSTRUMENTS BY CATEGORY

a) Financial assets as of 31 December 2012 and 2011 are as follows:

	Loans and receivables	Available for sale	Total
	US$000	US$000	US$000
31 December 2012			
Financial assets	-	16	16
Trade accounts receivable	15,037	-	15,037
Other accounts receivable	8,568	-	8,568
Cash and cash equivalents	39,090	-	39,090
Total	62,695	16	62,711
31 December 2011			
Financial assets	-	18	18
Trade accounts receivable	24,103	-	24,103
Other accounts receivable	8,044	-	8,044
Cash and cash equivalents	60,490	-	60,490
Total	92,637	18	92,655

b) Financial liabilities at amortized cost as of 31 December 2012 and 2011 are as follows:

	US$000
31 December 2012	
Current portion of long-term borrowings (excluding lease)	10,870
Current portion of long-term - finance lease liabilities	11,050
Long-term borrowings (excluding lease)	183,077
Long-term borrowings - finance lease liabilities	18,842
Trade accounts payable	10,181
Total	234,020
31 December 2011	
Bank loans and short term debt (note 16)	25,355
Current portion of long-term borrowings (excluding lease)	9,647
Current portion of long-term - finance lease liabilities	12,786
Long-term borrowings (excluding lease)	187,898
Long-term borrowings - finance lease liabilities	30,590
Trade accounts payable	15,907
Total	282,183

9 CREDIT QUALITY OF FINANCIAL ASSETS

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

During the years 2012 and 2011, neither existing nor new customers' accounts receivable have been impaired. Additions to provision for doubtful accounts in 2012 relate to customers from acquired companies and from loans granted to third party owners of vessels (note 12) which have been identified as impaired.

10 INVENTORIES

	2012 US$000	2011 US$000
Finished goods:		
- Fishmeal	10,717	49,542
- Fish oil	2,860	7,134
- Raw material	-	250
Spare parts, supplies and packaging	6,216	7,338
Provision for obsolete spare parts, supplies and packaging	(107)	(378)
	19,686	63,886

As of 31 December 2012, the stock of fishmeal and fish oil was 6,028 MT and 1,820 MT respectively (63,882 MT and 12,947 MT respectively as of 31 December 2011).

Cost per ton of inventories in 2012 was higher than in 2011 because the higher raw material price derived from the shorter quota awarded for the 2012 second fishing season and the higher non-fishing period expenses to be allocated into a lower production.

The book values of fishmeal and fish oil inventories include US$254 thousand (US$2,365 thousand in 2011) related to the workers' profit sharing (note 28).

As of 31 December 2012, the Company does not maintain fishmeal and fish oil pledged as security for bank loans (the fair value of fishmeal and fish oil pledged as security for bank loans amounts US$25,355 thousand in 2011).

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

	2012 US$000	2011 US$000
Opening balance	378	344
Additions	890	35
Write-off	(1,060)	-
Exchange difference	(101)	(1)
Closing balance	107	378

11 TRADE ACCOUNTS RECEIVABLE

	2012 US$000	2011 US$000
Trade accounts receivable - abroad	15,037	18,573
Trade accounts receivable - Peru	-	5,530
Doubtful accounts	22	191
Carried forward:	15,059	24,294

	2012 US$000	2011 US$000
Brought forward:	15,059	24,294
Less:		
Provision for doubtful accounts	(22)	(191)
	15,037	24,103

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

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

As of 31 December 2012, approximately 88% of the abroad accounts receivable are secured with export credit documents and the 12% balance is subject to bank collections (cash against documents) (approximately 95% and 5%, respectively, in 2011).

The ageing of the trade accounts receivable is as follows:

	2012 US$000	2011 US$000
Current	15,037	24,083
Past due for up to 60 days	-	-
Past due from 61 to180 days	-	-
Past due from 181 to 360 days	-	20
Over 361 days	22	191
	15,059	24,294

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

	2012 US$000	2011 US$000
Opening balance	191	191
Additions	22	-
Write-off	(191)	(3)
Exchange difference	-	3
Closing balance	22	191

12 OTHER ACCOUNTS RECEIVABLE

	2012 US$000	2011 US$000
Accounts receivable from third party owners of vessels (a)	3,511	704
Refundable value-added tax (b)	235	3,859
Value-added tax credit	4,220	6,055
Prepaid income tax (c)	824	-
Claims to third parties	1,224	1,367
Personnel (d)	1,908	3,072
Prepaid expenses	263	902
Others	1,633	1,982
Doubtful accounts	1,227	3,075
	15,045	21,016
Less: provision for doubtful accounts	(1,227)	(3,075)
	13,818	17,941
Plus: loans to related parties (note 32)	29	17
	13,847	17,958

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

(a) Accounts receivable to third party owners of vessels mainly correspond to funds provided for the maintenance and repair of these vessels and to loans for working capital. Such funds are secured with mortgages or pledges in favor of Copeinca S.A.C., covering, on average, 200% of the amounts lender as established in the contracts for the management of vessels signed between Copeinca S.A.C. and the corresponding owners of the vessels. These accounts receivable bear interest at monthly interest rate of 0.5% (0.8% in 2011) and are offset with the invoices from the acquisition of raw materials delivered to Copeinca S.A.C.'s plants during the fishing periods.

(b) Value-added tax (VAT) relates to the tax credit in favor of Copeinca S.A.C. as exporter, which arises from its purchases of goods, services, construction contracts and importations, which exceeds the VAT payable on local sales. Copeinca S.A.C. has requested the refund of the VAT by an amount based on the sales made to foreign markets (note 29-g).

As of 31 December 2012, the amount of the refundable VAT relates to those amounts filed within the tax authorities in December 2012. During 2012, Copeinca S.A.C. received VAT refunds amounting to US$13,810 thousand (US$25,624 thousand in 2011).

(c) The total of income tax prepayments made in 2012 amounts to US$23,489 thousand (US$10,579 thousand in 2011). The balance as of 31 December 2012 is shown net of the income tax expense for the year (note 29-e).

(d) Accounts receivable from personnel includes loans to employees amounting to US$1,573 thousand (US$2,134 thousand in 2011), workers' profit sharing paid in advance amounting to US$285 thousand (US$904 thousand in 2011), vacations paid in advance amounting to US$49 thousand (nil in 2011) and others amounting to US$1 thousand (US$34 thousand in 2011).

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

	2012 US$000	**2011 US$000**
Opening balance	3,075	6,780
Provision for impaired receivables	814	-
Write-off and recoveries	(2,957)	(3,959)
Exchange difference	295	254
Closing balance	1,227	3,075

13 CASH AND CASH EQUIVALENTS

	2012 US$000	**2011 US$000**
Cash at banks and in hand	15,712	22,503
Short-term deposits and debt instruments	23,378	37,987
	39,090	60,490

As of 31 December 2012, cash at banks are denominated in United States dollars amounting to US$15,658 thousand and in Peruvian soles amounting to S/.39,915 thousand (US$22,466 thousand and S/.60,546 respectively, in 2011), are deposited in local and foreign banks and are fully available.

As of 31 December 2012, short-term deposits and debt instruments denominated in United States dollars amounting to US$23,378 thousand correspond to a fixed portfolio of debt instruments which bears a short-term market interest rate of 9% (as of 31 December 2011, short-term deposits correspond to overnights in United States dollars amounting US$37,987 thousand, which were due in less than 30 days and bore an average interest rate of 1%).

14 SHARE CAPITAL AND SHARE PREMIUM

a) Share capital:

The authorized, signed, and paid-in capital under Copeinca ASA's by-laws as of 31 December 2012 comprises 58,500,000 common shares of NOK5 nominal value each.

	Number of shares (In thousands)	**Share capital NOK 000**	**Share capital US$000**	**Share premium US$000**	**Total US$000**
At 1 January 2007	24,800	124,000	28,050	-	28,050
Proceeds from private placement	27,500	137,500	22,500	242,287	264,787
Shares issued in acquired company	6,200	31,000	5,167	62,703	67,870
Balance at 31 December 2007, 2008, and 2009	58,500	292,500	55,717	304,990	360,707
Appropriation of share premium to cover accumulated losses	-	-	-	(18,528)	(18,528)
Balance at 31 December 2010	58,500	292,500	55,717	286,462	342,179
Share buy-back program	(152)	(760)	(128)	(814)	(942)
Balance at 31 December 2011	58,348	291,740	55,589	285,648	341,237
Share buy-back program	(701)	(3,504)	(585)	(3,290)	(3,875)
Balance at 31 December 2012	57,647	288,236	55,004	282,358	337,362

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

AGM 2012 -

In accordance with the Board's proposal the General Stockholders Meeting resolved that:

i) The Board of Directors is authorized to increase the share capital by up to NOK58,500 thousand.
ii) The Board may set aside the shareholders' preferential rights to subscribe for the new shares pursuant to the Public Limited Companies Act Section 10-4.
iii) The authorization covers increases of the share capital against non-cash contributions, and a right to incur in special obligations for the Company, according to the Public Limited Companies Act section 10-2. The authorization also covers resolution on a merger in accordance with the Public Limited Company's Act section 13-5. This authorization may be used in takeover situations.
iv) The authorization can be used several times.
v) The authorization shall be valid until the annual general meeting to be held in 2013 (on 30 June 2013 at the latest).
vi) The authority replaces the authority for the same purpose granted in the general meeting in 2011.
vii) The Board is granted authorization to, on behalf of the Company; acquire Copeinca S.A.C. shares with aggregate nominal value up to NOK29,250,000. The purchase price shall not be lower than NOK5 and not be higher than NOK100.
viii) The method of acquisition and disposal of the Company's own shares shall be at the Board's discretion.
ix) The authorization is valid until the Annual General Meeting to be held in 2013, at the latest 30 June 2013.

b) Share premium -

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

The main shareholders of Copeinca ASA are as follows:

	2012			2011	
Investor	**Shares**	**%**	**Investor**	**Shares**	**%**
Dyer Coriat Holding	19,098,000	33.1	Dyer Coriat Holding	19,098,000	32.7
Ocean Harvest S.L.	8,118,075	14.1	Andean Fishing LLC.	8,118,075	13.9
Euroclear Bank S.A.	6,598,067	11.4	ETVE Veramar Azul S.L.	6,323,745	10.8
Weilheim Investments S.L.	3,485,930	6.0	Weilheim Investments S.L.	3,147,530	5.4
State Street Bank & Trust	1,540,291	2.7	State Street Bank & Trust	1,528,436	2.6
South Winds AS	1,489,750	2.6	South Winds AS	1,489,750	2.6
Verdipapirfondet DNB	987,326	1.7	DNB Nor SMB	1,395,000	2.4
BNYBE Artic Funds	956,208	1.7	State Street Bank & Trust	1,381,750	2.4
Stenshagen Invest AS	927,767	1.6	GMO Emerging Illiquid Fund	1,145,350	2.0
State Street Bank & Trust	842,597	1.5	The Norhtern Trust	1,097,534	1.9
JP Morgan Clearing Corp.	824,151	1.4	State Street Bank & Trust	948,060	1.6
JP Morgan Chase Bank	614,922	1.1	Fidelity Latin America Fund	939,655	1.6
Verdipapirfondet ALF	608,198	1.1	Verdipapirfondet Handelsbanken	800,000	1.4
Fidelity Funds Latin America	450,628	0.8	Alfred Berg Gambak	756,202	1.3
Bank of New York Mellon	449,984	0.8	JP Morgan Clearing Corp.	732,264	1.3
Storebrand Optima	422,130	0.7	DNB Nor Markets	563,945	1.0
Pershing LLC	409,502	0.7	JP Morgan Chase Bank	480,422	0.8
JP Morgan Chase Bank	403,000	0.7	Fidelity Funds Latin America	470,386	0.8
Verdipapirfondet Handelsbanken	400,000	0.7	Alfred Berg Norge +	406,461	0.7
JPMCB RE SHB Swedusg Funds Lending	396,237	0.7	DERIS S.A.	400,000	0.7
Top 20	**49,022,763**	**85.1**	**Top 20**	**51,222,565**	**87.9**
Others	8,624,244	14.9	Others	7,125,158	12.1
TOTAL	**57,647,007**	**100.0**	**TOTAL**	**58,347,723**	**100.0**

c) Share options -

Copeinca ASA has issued two share option programs, which main features are as follows:

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

- 690,000 share options will be issued to twelve key management employees
- The strike price of the share options will be NOK40 adjusted by dividends.
- The options will vest to each employee over the next four years (subject to termination of employment) at a rate of 25% per year.
- The options may be settled in cash at the option of the Group.

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

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

- 370,000 share options will be issued to nine key management employees as detailed in schedule II of the program.
- The strike price of the share options will be NOK45.
- The options will vest over the next three years (subject to termination of employment) at a rate of 33.33% per year to each employee.

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

As of 31 December 2012, the Company has 274,400 outstanding options (794,400 options in 2011) from which 239,400 options (486,700 options in 2011) are exercisable. In 2012, 478,100 options (135,600 options in 2011) were exercised with a weighted average exercise price of NOK31.51 (NOK37.19 in 2011). This resulted in a NOK3,994 thousand equivalent to US$690 thousand (NOK2,357 thousand equivalent to US$432 thousand in 2011) paid to option holders.

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

	2012		2011	
	Average exercise price in NOK per share	**Options**	**Average exercise price in NOK per share**	**Options**
Opening balance	38	794,400	37	890,000
Granted	-	-	40	40,000
Exercised	32	(478,100)	37	(135,600)
Terminated	36	(41,900)	-	-
Closing balance	37	274,400	38	794,400

The weighted-average assumptions used to determine the Black Scholes fair value of the options granted in 2012 were:

Underlying shares	4,000
Exercise price	NOK 45.00
Weighted average share price at grant date	NOK 51.00
Expected life	2 years
Volatility	60.00%
Risk free interest rate	1.66%
Dividends	-
Options' fair value	NOK 9.89

The options' fair value during the period was determined by using the Black-Scholes valuation model. Expected volatility is based on historical volatilities of similar entities listed on the Oslo Stock Exchange. The following similar entities have been used: Marine Harvest, Domstein, Lerøy Seafood Group and Aker Seafoods.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

239,400 options expire on 15 July 2013 and 35,000 options expire on 15 July 2014, the weighted average price is NOK37.11.

Exercise price is adjusted by dividends distributed on 19 May 2010 and on 26 April 2012, of NOK4.94 and NOK3.90, respectively.

Options not exercised will automatically become void and lapse with no compensation to the holder.

The total expensed amount in 2012 arising from the share-based payment plan amounts to NOK2,287 thousand equivalent to US$421 thousand was credited to liabilities (NOK1,907 thousand equivalent to US$341 thousand was credited as follows: to equity NOK1,214 thousand equivalent to US$217 thousand and to liabilities NOK693 thousand equivalent to US$124 thousand in 2011) (note 18-c and 25).

In July 2011, the Company has chosen to pay the exercised options in cash instead of issuing shares. The amount accumulated in equity in previous years was reclassified to liabilities in order to reflect the obligation (note 18-c).

Social security contributions payable in connection with the grant of the share options are considered an integral part of the grant itself and its corresponding charge will be treated as a cash-settled transaction.

d) Share buy-back program -

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

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

15 CUMULATIVE TRANSLATION ADJUSTMENT AND RETAINED EARNINGS

The movement of these accounts for the years ended 31 December 2011 and 2012 is as follows:

	Legal reserve US$000	Cumulative translation adjustment US$000	Retained earnings US$000
Balance as of 1 January 2011	-	(10,442)	-
Exchange difference	-	11,511	-
Value of employee services (note 27)	-	-	217
Reclassification to liabilities (note 18)	-	-	(1,649)
Profit for the year	-		47,769
Balance as of 31 December 2011	-	1,069	46,337
Exchange difference	-	15,755	-
Dividend distribution	-	-	(40,000)
Transfer to legal reserve	5,145	-	(5,145)
Profit for the year	-		49,597
Balance as of 31 December 2012	5,145	16,824	50,789

a) Peruvian legal reserve -

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

b) Dividend distribution -

In 2012, Copeinca ASA made a dividend distribution amounting to US$40 million related to 2011 profits among its stockholders. The amount distributed represents NOK3.90 or US$0.68 per share and was paid in full on 31 May 2012.

No dividends have been proposed to the stockholders in relation to the results for the year ended 31 December 2012.

16 LONG-TERM BORROWINGS

As of 31 December this account comprises the following:

	2012 US$000	2011 US$000
Total borrowings:		
Bonds	177,697	177,259
Bank borrowings	16,250	45,641
Finance lease liabilities	29,892	43,376
	223,839	266,276
Less current portion of borrowings:		
Bonds (accrued interests)	(5,407)	(5,506)
Bank borrowings	(5,463)	(29,496)
Finance lease liabilities	(11,050)	(12,786)
	(21,920)	(47,788)
Total long-term borrowings:		
Bonds	172,290	171,753
Bank borrowings	10,787	16,145
Finance lease liabilities	18,842	30,590
	201,919	218,488
Current borrowings:		
Total current portion of long-term borrowings	21,920	22,433
Bank loans and short-term debt (note 10)	-	25,355
Total current borrowings	21,920	47,788

For purposes of reconciliation with the information provided in the statement of cash flows, following is the movement of long-term borrowings for the years ended 31 December 2012 and 2011:

	Bonds US$000	Bank borrowings US$000	Finance lease liabilities US$000	Total long-term debt US$000
Balance as of 1 January 2011	176,872	1,324	39,346	217,542
Cash transactions:				
Repayment of bank loans	-	(58,722)	-	(58,722)
Proceeds from bank loans	-	83,056	-	83,056
Repayment of long-term borrowings and bonds	-	(52)	(11,004)	(11,056)
Proceeds from long-term borrowings and bonds	-	20,000	15,000	35,000
Non-cash transactions:				
Accrued interest	387	35	34	456
Balance as of 31 December 2011	177,259	45,641	43,376	266,276
Balances as of 1 January 2012	177,259	45,641	43,376	266,276
Cash transactions:				
Repayment of bank loans	-	(95,747)	-	(95,747)
Proceeds from bank loans	-	70,403	-	70,403
Repayment of long-term borrowings and bonds	-	(4,053)	(13,462)	(17,515)
Proceeds from long-term borrowings and bonds	-	-	-	-
Non-cash transactions:				
Accrued interest	438	6	(22)	422
Balance as of 31 December 2012	177,697	16,250	29,892	223,839

The detail of the obligations is as follows:

Name of creditor	Type of guarantee	Annual interest rate	Maturity	Carrying amount 2012 US$000	Carrying amount 2011 US$000
a) Non-current -					
BBVA Banco Continental					
- Financial lease contracts	Vessels	5.50%	March 2016	5,240	7,744
Banco Interbank					
- Financial lease contracts	Vessels	5.20%	March 2015	7,654	13,430
Santander					
- Financial lease contracts	Vessels	6.00%	April 2013 (*)	-	779
Banco Scotiabank					
- Financial lease contracts	Vessels	5.50%	April 2016	5,948	8,637
Deutsch Bank					
- Bonds	None	9.00%	February 2017	172,290	171,753
DNB Bank ASA					
- Loan	Vessel	3.33%	October 2015	10,630	15,937
Ymec					
- Loan	Notes	9.00%	November 2016	157	208
Total non-current balance				201,919	218,488
b) Current -					
BBVA Banco Continental					
- Loans	Inventory	1.55%	2012	-	5,102
Banco Interbank					
- Loan	Inventory	1.35%	2012	-	10,048
Banco Scotiabank					
- Loan	Inventory	2.00%	2012	-	10,205
Total bank loans				-	25,355
BBVA Banco Continental					
- Financial lease contracts	Vessels	5.50%	2013	2,512	2,393
Banco Interbank					
- Financial lease contracts	Vessels	5.20%	2013	5,777	5,487
Santander					
- Financial lease contracts	Vessels	6.00%	2012	-	2,259
Banco Scotiabank					
- Financial lease contracts	Vessels	5.50%	2013	2,761	2,647
Deutsch Bank					
- Bonds	None	9.00%	2013	5,407	5,506
DNB Bank ASA					
- Loan	Vessel	3.33%	2013	5,411	4,089
Ymec					
- Loan	Notes	9.00%	2013	52	52
Total current portion of long-term borrowings				21,920	22,433
Total current borrowings				21,920	47,788
Total borrowings				223,839	266,276

(*) Prepaid in August 2012.

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

	2012 US$000	2011 US$000
6 months or less	14,423	39,344
6-12 months	7,497	8,444
1-5 years	201,919	46,735
Over 5 years	-	171,753
	223,839	266,276

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

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

	Carrying amount		Fair value	
	2012	2011	2012	2011
	US$000	US$000	US$000	US$000
Bonds	172,290	171,753	167,501	167,772
Bank borrowings	10,787	16,145	10,303	15,103
Finance lease liabilities	18,842	30,590	17,521	27,823
	201,919	218,488	195,325	210,698

The carrying amounts of short-term borrowings approximate to their fair value. The fair values of bonds and finance lease liabilities correspond to the cash flows of these financial instruments discounted using a rate based on the bonds rate of 9% and the finance lease liabilities of 5.16% (bank borrowings based on a rate of 9% and finance lease liabilities based on a rate of 5.18% in 2011).

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

a) Bonds -

US$175 million 9% senior notes due 2017 -

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

The issue of these bonds includes the following covenants:

i) Change of control: repurchase at 101%:

ii) Limitation on indebtedness:

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

iii) Limitation on restricted payments: Dividends 5X:

   a. Up to US$50 million for fiscal years up to 2009.
   b. 100% of net income if leverage is lower than 1 (leverage = net debt less cash/EBITDA 12 months).
   c. 85% of net income if leverage is lower than 2.0X.
   d. 75% of net income if leverages is lower than 2.5X.
   e. 50% of net income if leverage is lower than 3.75X.

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

   a. At least 75% is paid in cash or cash equivalents.
   b. Or assumption of liabilities.
   c. Or securities that are converted to cash in less than 365 days.
   d. Or raw material (anchovy).
   e. Within 360 days proceeds should be reinvested or used in the pre-payment of bonds by such amount.

f. If less than US$20 million is left, they will be carried forward, if more, bonds should be prepaid by such amount.

v) Limitation on business activities:

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

vi) Change of control:

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

vii) Permitted liens:

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

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

As of 31 December 2012, the Company has not breached any covenant.

The annual effective rate of the bonds is 9.5% as of 31 December 2012 and 2011.

Interest from the 7 years bond determined using the amortized cost method amounted to US$16,383 thousand in 2012 (US$16,304 thousand in 2011). Interest accrued in 2012 and 2011 using the nominal interest rates as per the terms of the bond agreement amounted to US$15,750 thousand.

b) Bank borrowings -

DNB Nor Bank -

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

Interest related to this loan charged to results during 2012 amounts to US$594 thousand (US$138 thousand in 2011).

c) Financial lease and sale and leaseback liabilities -

Lease liabilities are effectively secured with the corresponding leased assets which title revert to the lessor in the event of default.

	2012 US$000	2011 US$000
Gross finance lease liabilities-minimum lease payments		
No later than 1 year	12,302	14,668
Later than 1 year and no later than 5 years	19,829	32,920
	32,131	47,588
Future finance charges on finance leases	(2,239)	(4,212)
Present value of finance lease liabilities	29,892	43,376

The present values of finance lease liabilities mature as follows:

	2012 US$000	2011 US$000
No later than 1 year	11,050	12,786
Later than 1 year and no later than 5 years	18,842	30,590
	29,892	43,376

Copeinca S.A.C. has pledged some of its vessels (note 6) securing its obligations from finance leases and lease-backs.

17 DEFERRED INCOME TAX

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

	2012 US$000	2011 US$000
Deductible temporary differences:		
- Deductible temporary differences to be recovered after more than 12 months	(924)	(930)
- Deductible temporary differences to be recovered within 12 months	(2,775)	(2,795)
	(3,699)	(3,725)
Taxable temporary differences:		
- Taxable temporary differences to be settled after more than 12 months	246,619	235,109
- Taxable temporary differences to be settled within 12 months	44,765	42,849
	290,384	277,958
Taxable temporary differences (net)	286,685	274,233
Deferred income tax liability (30%)	86,006	82,270

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

	2012 US$000	2011 US$000
Opening balance	82,270	86,038
Exchange difference	4,708	3,573
Credit to the statement of income (note 29)	(972)	(7,341)
Closing balance	86,006	82,270

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

	Deferred tax liability, net					
	Fair value of licenses	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 2011	45,373	43,995	(17,323)	13,713	280	86,038
Exchange difference	1,883	1,873	(835)	557	95	3,573
Charge (credit) to the statement of income	-	(6,625)	(1,068)	(1,434)	1,786	(7,341)
At 31 December 2011	47,256	39,243	(19,226)	12,836	2,161	82,270
Exchange difference	2,705	2,158	(1,024)	776	93	4,708
Charge (credit) to the statement of income	-	(2,519)	1,544	559	(556)	(972)
At 31 December 2012	49,961	38,882	(18,706)	14,171	1,698	86,006

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. The Group has a non-recognized a deferred income tax asset of US$3,838 thousand (US$4,113 thousand in 2011) related to tax losses carry-forward amounting to US$14,902 thousand (US$16,034 thousand in 2011). This amount is offset by temporary differences related to taxable dividend received of US$1,195 thousand (US$1,344 thousand in 2011). These tax losses carry-forward relate to Copeinca ASA and do not expire.

18 TRADE AND OTHER ACCOUNTS PAYABLE

	2012	2011
	US$000	US$000
Trade accounts payable:		
Invoices payable	10,181	15,907
Other accounts payable:		
Payroll, social security and other taxes	6,376	9,080
Workers' profit-sharing (a)	8,445	8,817
Loans to third parties	601	218
Accrued expenses (b)	851	822
Share options (c)	477	1,424
Provisions (d)	6,869	6,025
Other accruals (e)	425	812
	24,044	27,198
Non-current portion	(6,921)	(6,057)
Current portion	17,123	21,141

(a) The amount of the workers' profit-sharing must be paid during the first quarter of 2013.

(b) Accrued expenses correspond to services received in 2012 the invoices of which were not received by the closing date. These accruals mainly relate to insurance, custom expenses and energy and are reversed on a monthly basis upon the receipt of the corresponding invoices.

(c) Share options were reclassified from equity to liabilities in the second semester 2011 due to the payment in cash instead of issuing shares for the first time. See movement:

	2012 US$000	2011 US$000
Opening balance	1,424	
Reclassified from equity (note 15)	-	1,649
Value of employee services (nota 14)	421	124
Share options exercised	(690)	(310)
Adjustments	(681)	-
Exchange difference	3	(39)
	477	1,424

(d) Provisions mainly include US$6,777 thousand (US$6,025 thousand in 2011) of legal provisions. From this amount Copeinca S.A.C. has recorded tax fines amounting to US$27 thousand (US$1,332 thousand in 2011), court actions amounting to US$1,784 thousand (US$1,397 thousand in 2011) and administrative proceedings amounting to US$4,966 thousand (US$3,296 thousand in 2011) all against Copeinca S.A.C. The amount provided for does not include any amount that may result in case the Peruvian Tax Authorities require the payment of additional fines.

(e) Other accruals mainly include US$303 thousand (US$647 thousand in 2011) of expenses that relate to the training and labor costs committed with laid-off crew pursuant the Individual Transferrable Quota law (ITQ law).

19 SALES

Revenues from sales relate to the following products:

	2012 US$000	2011 US$000
Flame dried (FD) fishmeal	-	729
Steam dried (SD) fishmeal	241,249	201,604
Fish oil	66,861	46,811
Fish for direct human consumption	4,347	4,618
Others	1,762	716
	314,219	254,478

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

	2012 MT	2011 MT
FD fishmeal	-	540
SD fishmeal	178,753	148,049
Fish oil	41,932	35,246
Mackerel/Jack mackerel	11,869	9,887
	232,554	193,722

20 COST OF GOODS SOLD

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

	2012 US$000	2011 US$000
Opening balance of finished products	56,926	8,934
Consumption of raw materials and other materials	78,649	104,792
Employee benefits expenses (note 25)	40,551	47,835
Depreciation (note 6)	9,013	13,819
Amortization (note 7)	88	342
Other manufacturing expenses	25,212	24,289
Closing balance of finished products (note 10)	(13,577)	(56,926)
	196,862	143,085

21 SELLING EXPENSES

Selling expenses for the year ended 31 December comprise:

	2012 US$000	2011 US$000
Employee benefits expenses (note 25)	1,688	1,390
Custom duties	12,297	7,395
Services rendered by third parties	2,506	3,020
Other management charges	751	694
Depreciation (note 6)	8	6
Amortization (note 7)	21	91
	17,271	12,596

22 ADMINISTRATIVE EXPENSES

Administrative expenses for the year ended 31 December comprise:

	2012 US$000	2011 US$000
Employee benefits expenses (note 25)	6,228	6,065
Services rendered by third parties	6,107	5,586
Other taxes	170	233
Other management charges	1,095	1,157
Depreciation (note 6)	184	281
Amortization (note 7)	79	458
	13,863	13,780

23 OTHER INCOME AND OTHER EXPENSES

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

	2012 US$000	2011 US$000
Other income:		
Reversal of provisions for legal lawsuits	671	4,260
Gain on sale of diesel and supplies	257	275
Other operating income	916	827
	1,844	5,362

	2012 US$000	2011 US$000
Other expenses:		
Net loss on sale of fixed assets	(349)	(1,430)
Write-off of net book value of fixed assets (note 6)	(3,989)	-
Fines and sanctions	(487)	(3,189)
Employee severance indemnities (a)	(1,646)	(2,042)
Provisions for legal lawsuits and administrative proceedings (b)	(3,565)	(3,398)
Provisions for expenses from prior years	(1,129)	-
Impairment loss - fixed assets (note 6)	-	(4,991)
Other operating expenses	(1,800)	(1,070)
	(12,965)	(16,120)

(a) Mainly comprise the cost of the lay-off of 23 (44 in 2011) crew members, 6 (197 in 2011) plant workers and 5 of administrative personnel amounting to US$1,646 thousand (US$2,042 thousand in 2011).

(b) Mainly explained by US$1,246 thousand of legal lawsuits (US$1,491 thousand of legal lawsuits and US$1,285 thousand of tax provisions in 2011) and US$2,319 thousand payments of administrative proceedings (US$622 thousand in 2011).

Certain reclassifications have been made in 2012 to improve the presentation. The corresponding figures of 2011 have been amended.

24 EXPENSES BY NATURE

Expenses by nature for the year ended 31 December comprise:

	2012 US$000	2011 US$000
Change in inventories of finished goods	43,603	(45,627)
Raw materials and consumables	78,649	104,792
Employee benefit expenses (note 25)	48,213	52,925
Depreciation and amortization (notes 6 and 7)	9,393	14,997
Services rendered by third parties	8,613	8,606
Taxes	170	233
Custom duties	12,297	7,395
Transportation, load and unload	1,295	1,709
Quality control analysis	957	1,287
Maintenance	10,139	5,710
Fishing rights	2,397	4,519
Insurances	1,973	1,756
Surveillance	1,768	1,561
Electricity and water	1,722	1,614
Fishing unload	1,451	1,944
Provision for obsolescence	208	20
Other management charges	5,148	6,020
	227,996	169,461

25 EMPLOYEE BENEFIT EXPENSES AND AUDITORS' FEES

Employee benefit expenses for the year ended 31 December comprise:

	2012 US$000	2011 US$000
Wages and salaries	32,472	38,858
Vacations	2,158	2,701
Social security costs	2,380	2,946
Share options granted to employees (note 14)	421	341
Workers' profit sharing (note 28)	8,191	6,452
Other employee costs	2,591	1,627
	48,213	52,925
Number of employees	1,466	1,484

Employee benefit expenses are distributed as follows:

	2012 US$000	2011 US$000
Inventories (note 10)	(254)	(2,365)
Cost of goods sold (note 20)	40,551	47,835
Selling expenses (note 21)	1,688	1,390
Administrative expenses (note 22)	6,228	6,065
	48,213	52,925

Compensation paid to the Board of Directors amounted to US$297 thousand in 2012, net of withholding taxes (US$270 thousand in 2011).

Auditors' fees billed to the Company comprise the following services (VAT included):

	2012 US$000	2011 US$000
Statutory audit	526	343
Tax advisory services	1	3
Other services	102	63
	629	409

26 FINANCE INCOME AND COSTS

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

	2012 US$000	2011 US$000
Finance income:		
Interest on short-term deposits	685	553
Interest on short-term debt instruments	1,896	-
Interest on other accounts receivable	5	55
Total finance income	2,586	608
Interest expenses:		
Bonds	(15,750)	(15,750)
Bank borrowings	(2,704)	(2,276)
Finance leases	(2,010)	(2,427)
Others	(633)	(554)
Total finance costs	(21,097)	(21,007)
Finance income and costs, net (note 27)	(18,511)	(20,399)

27 CASH GENERATED FROM OPERATIONS

	2012 US$000	2011 US$000
Profit before income tax	71,355	64,235
Adjustments for:		
Depreciation (note 6)	9,205	14,106
Amortization (note 7)	188	891
Loss on sale of property and equipment (see below)	4,338	2,482
Impairment charge (note 6)	-	4,991
Share options granted to employees (note 25)	421	341
Foreign exchange losses on operating activities	(849)	(470)
Finance costs, net (note 26)	18,511	20,399
Changes in working capital (net of the effects of acquisition and exchange differences on consolidation):		
Inventories	38,687	(50,216)
Trade receivables	6,986	(17,296)
Other accounts receivable	2,561	(502)
Trade accounts payable	(7,086)	(3,267)
Other accounts payable	(21,700)	(2,566)
Cash generated from operations	122,617	33,128

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

	2012 US$000	2011 US$000
Disposals, net (note 6)	2,349	6,159
Write-off (note 6)	3,989	-
Net book value	6,338	6,159
Loss on sale of property, plant and equipment	(4,338)	(2,482)
Proceeds from sale of property, plant and equipment	2,000	3,677

28 WORKERS' PROFIT SHARING

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

	2012 US$000	2011 US$000
Inventories (note 25)	254	2,365
Cost of goods sold	6,960	5,428
Administrative expenses	877	708
Selling expenses	354	316
	8,191	6,452
	8,445	8,817

29 INCOME TAX EXPENSE

a) Copeinca ASA -

As of 31 December 2012 and 2011, the income tax rate in Norway is 28%. As of 31 December 2012, Copeinca ASA has a tax loss carry-forward amounting to NOK76,763 thousand equivalents to US$13,707 thousand (NOK85,613 thousand equivalents to US$14,635 thousand in 2011). According to Norwegian legislation these tax losses have no expiration term.

b) Copeinca S.A.C. -

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

As of 31 December 2012 and 2011, the income tax rate in Peru is 30%. The taxable income has been determined as follows:

	2012 US$000	2011 US$000
Profit before income tax	71,355	64,235
Plus: Workers' profit sharing	8,191	6,452
	79,546	70,687
Non-deductible expenses	4,841	13,910
Temporary differences	3,240	24,471
Non-taxable revenues	(642)	(4,334)
Other adjustments	(2,534)	(16,560)
Taxable income	84,451	88,174
Workers' profit sharing (10%)	(8,445)	(8,817)
	76,006	79,357
Workers' profit sharing not paid in 2010	(238)	-
	75,768	79,357
Current income tax (30%)	22,730	23,807

c) Other subsidiaries -

As of 31 December 2011, the other subsidiaries of the Group have determined tax losses amounting to US$1,874 thousand (note 1-a) (tax losses amounting to US$720 thousand in 2011). Copeinca ASA's Management has determined the income tax for each subsidiary as from the 1 January of the year in which their control was obtained instead of as from the date of their acquisition. Management estimates that the effect resulting from this way of calculation, if any, is not significant.

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted-average tax rate applicable to profits of the consolidated companies as follows:

	2012 US$000	2012 %	2011 US$000	2011 %
Profit before income tax	71,355		64,235	
Plus: Workers' profit sharing	8,191		6,452	
	79,546	100	70,687	100
Income tax and workers´ profit sharing	23,864	30	21,206	30
Other non-taxable income	(193)	(1)	(1,300)	(3)
Other non-deductible expenses	2,303	3	4,161	6
Other adjustments	(4,216)	(5)	(7,601)	(10)
Current and deferred income tax	21,758	27	16,466	23

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

	2012 US$000	2011 US$000
Current (note 29-b)	(22,730)	(23,807)
Deferred (note 17)	972	7,341
	(21,758)	(16,466)

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

	2012 US$000	2011 US$000
Opening balance	13,220	-
Current income tax (note 29-b)	22,730	23,807
Payments of last year income tax	(15,276)	-
Payments in advance (note 29-h)	(6,003)	(1,679)
Compensation of income tax credit (note 29-h)	(17,486)	(8,900)
Exchange difference	759	(8)
Adjustment	1,232	-
Income tax credit (note 12-c)	824	-
Closing balance	-	13,220

f) Peruvian tax authorities (SUNAT, Spanish acronym) have the right to review and, if applicable, amend the income tax determined by Copeinca S.A.C. in the last four years as from the following year the tax returns have been filed (years subject to examination). Years 2008 to 2012 are subject to examination by the tax authorities. Since discrepancies may arise on the interpretation of the tax laws applicable to Copeinca S.A.C. by the tax authorities, it is not possible to presently anticipate if any additional liabilities will arise as a result of eventual examinations. Any additional tax, penalties and interest, if any, will be recognized in the results of the period in which such differences are resolved. Copeinca S.A.C.'s Management consider that no significant liabilities will arise as a result of these tax examinations.

g) Copeinca S.A.C. may obtain a refund of the VAT (IGV in Peru) on its exports. In this sense, the tax paid may be applied against the VAT arising from local sales or other taxes that are considered as revenues for the Public Treasury or otherwise apply for refund through negotiable credit notes or checks. The credit to be recovered as of 31 December 2012 amounts to approximately US$235 thousand (approximately US$3,859 thousand as of 31 December 2011) and is shown net in other accounts receivable in the balance sheet (note 12).

h) Copeinca S.A.C. reported a taxable income for the fiscal year 2011; consequently, it was under the obligation of making, during 2012, payments in advance of the 2012's income tax as established by Article 54 of the income tax law. In this sense, Copeinca S.A.C. made payments in advance of the 2012's income tax between January and November 2012 for a total amount of US$23,489 thousand (US$10,579 thousand in 2011) of which US$6,003 thousand were paid in cash (US$1,679 thousand in 2011) and US$17,486 thousand were provided as compensation for current income tax credit (US$8,900 thousand in 2011) (note 29-e). Payments in advance of the income tax are applied against the final income tax filed within the tax authorities.

30 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of Copeinca ASA by the weighted-average number of ordinary shares outstanding and issued during the year (note 14). Diluted earnings per share have not been calculated because there are no potential ordinary shares diluents.

	2012	2011
Profit attributable to equity holders of Copeinca ASA (US$000)	49,597	47,769
Weighted-average number of common shares outstanding (thousand)	57,656	58,496
Basic and diluted earnings per share (US$ per share)	0.8602	0.8187

31 CONTINGENCIES

As of 31 December 2012, Copeinca S.A.C. has the following contingent liabilities:

- Claims filed against the Peruvian Tax Authorities currently pending resolution, related to tax assessments amounting to US$2,227 thousand (US$2,218 thousand in 2011).
- Court actions (civil and labor-related actions) against Copeinca S.A.C. for an amount of US$7,415 thousand, (US$4,620 thousand in 2011).
- Administrative proceedings filed within the Production Ministry amounting to US$8,105 thousand (US$6,036 thousand in 2011).

It is not anticipated that any material liabilities will arise from the contingent liabilities other than those provided for (note 18-d). Management believes that no material liabilities will arise from the final resolution of these cases.

32 RELATED-PARTY TRANSACTIONS

As of 31 December 2012, Copeinca ASA's major shareholders are Dyer and Coriat Holding (incorporated in Spain) holder of a 33% interest and Ocean Harvest SL holder of a 14% interest. The remaining 53% interest is widely held.

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

Camposol S.A. is a subsidiary of Dyer and Coriat Holding.

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

As of 31 December 2012 and 2011, the Company has no receivables from operation activities related to these entities.

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

	2012 US$000	2011 US$000
Opening balance	17	162
Services rendered	152	117
Repayment of loans received	(140)	(263)
Interest charged	-	1
Closing balance	29	17

These services include US$23 thousand from services rendered to Camposol S.A. and US$129 thousand for assorted services to Gestion del Pacifico S.A.C.

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

	2012 US$000	2011 US$000
Opening balance	9	-
Services received	1,910	937
Payments done	(1,839)	(928)
Closing balance	80	9

The services received from Marinazul S.A. are related to research and investigation amounting to US$306 thousand. The services received from Gestion del Pacifico S.A.C. are related to image, communications and social responsibility amounting to US$630 thousand, Office Maintenance amounting to US$448 thousand, IT services amounting to US$273 thousand and other expenses amounting to US$253 thousand.

a) Board and management remuneration -

On the Nominations Committee dated 25 April 2012 the Board remuneration for 2011 and 2012 has been determined as follows:

Directors	**Board**	**Nominations Committee Proposed Fees**	
		NOK 000	**US$000**
Mr. Samuel Dyer Coriat	Chairman	500	87
Mr. Kristjan Davidsson	Deputy Chairman	400	70
Mr. Samuel Dyer Ampudia	Member	250	43
Mr. Ivan Orlic Ticeran	Member	250	43
Mr. Osterling Luis Dyer Ampudia	Member	250	43
Mrs. Mimi Berdal	Member	250	43
Mrs. Marianne Johnsen	Member	250	43
Mr. Sheyla Dyer Coriat	Member	250	43
		2,400	**415**

The Group has a Management team consisting of a CEO and a CFO; all employed by the main subsidiary Copeinca S.A.C. During 2012 and 2011, the amounts paid to these executives were:

	2012				
	Salary US$000	**Bonus US$000**	**Benefits in kind US$000**	**Value of options issued (**) US$000**	**Total Remuneration US$000**
Management					
Pablo Trapunsky Vilar (CEO)	284	40	25	79	428
Angel Chiri Gutiérrez (CFO) **(*)**	38	-	5	-	43
Total remuneration	322	40	30	79	471
Management					
Samuel Dyer Coriat (Executive chairman)	346	-	57	672	1,075
Eduardo Castro-Mendivil (CFO)	194	-	22	258	474
Pablo Trapunsky Vilar (CEO)	241	19	25	277	562
Total remuneration	781	19	104	1,207	2,111

(*) Joined in 2012.
(**) Options issued but not exercised (note 14-c).

b) *Statement on the determination of salary and other remuneration -*

i) Wages -

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

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

ii) Other benefits -

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

iii) Severance payments -

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

iv) Other remuneration -

No member of the Group's Management has received remuneration or economical benefits from other entities in the Group, other than the amounts stated above. No additional remuneration has been granted for special services outside the normal functions of a CEO.

No loans have been given to, or guarantees given on the behalf of, any members of the Group's management, the Board or other elected corporate bodies.

v) Share options scheme -

Key management also benefits from a stock option plan (note 14-c).

Shares and options controlled by Board members and Management are as follows:

Shares controlled by Board members and Management	**Number of share options**	**Number of shares**	**Share-holding**
Samuel Dyer Coriat (Chairman)	130,000	809,920	1.38%
Mimi Berdal (Member)	-	9,000	0.02%
Osterling Luis Dyer Ampudia (Member)	-	2,074,537	3.55%
Samuel Dyer Ampudia (Member)	-	7,650,200	13.08%
Sheyla Dyer Coriat (Member)	-	763,920	1.31%
Ivan Orlic Ticerán (Member)	-	8,118,075	13.88%
Pablo Trapunsky (CEO)	45,000	4,000	0.01%
Diego Cateriano (Fleet manager)	52,500	17,000	0.03%
Total shares controlled by Board members and Management	227,500	19,446,652	33.26%

The number of shares owned by the members of the Board of Directors, CEO, CFO and Fleet Manager include their related parties.

33 GUARANTEES

As of 31 December 2012, the Group has pledged the following assets:

Type of Asset	Encumbered creditor	Name of asset	Type of indebtedness	Fair Value US$000	Type of guarantee
Vessel	Petroperú	Rodga I	Line of credit	44,531	Mortgage
Vessel	Santander	DC1	Line of credit	1,379	Mortgage
Vessel	DNB Nor	Grunepa III	Bank loan	25,979	Mortgage
Total				71,889	

34 COMMITMENTS

Capital expenditures contracted for at the end of the reporting period but not yet incurred amounts to US$735 thousand for property plant and equipment (US$841 thousand in 2011).

35 EVENTS AFTER THE REPORTING PERIOD

On January 2013, Copeinca S.A.C. has reopened its US$175 million 9% senior notes due in 2017 raising gross proceeds of US$75 million, which will be guaranteed by Copeinca ASA (note 16). The issue of these notes corresponds to a single issue of, the US$175 million 9.00% senior notes due 2017. The total aggregate principal amount of the 9.00% senior notes due in 2017 outstanding following this reopening will amount to US$250 million.

The net proceeds from the additional bond issue will be used to repay lease obligations to found capital expenditures and for general corporate purposes.