

DATED FEBRUARY 1, 2013

OFFERING MEMORANDUM



Pesquera Exalmar S.A.A.

U.S.\$ 200,000,000

Pesquera Exalmar S.A.A.

(incorporated with limited liability under the laws of Peru)

7.375% Senior Notes due 2020

The notes will bear interest at the rate of 7.375% per year. Interest on the notes is payable on January 31 and July 31 of each year, beginning on July 31, 2013. The notes will mature on January 31, 2020.

We may redeem some or all of the notes at any time on or after January 31, 2017 at the prices described under the caption “Description of the Notes – Optional Redemption.” Prior to January 31, 2017, we may also redeem some or all of the notes at any time at a redemption price based on a “make-whole” premium. In addition, prior to January 31, 2016, we may redeem up to 35% of the notes from the proceeds of certain equity offerings. The notes also may be redeemed, in whole but not in part, at par at any time upon the occurrence of specified events relating to the tax laws of Peru or other relevant jurisdictions.

The notes will be our unsecured senior obligations and will rank equally with all of our other unsecured senior indebtedness.

There is currently no market for the notes. Application has been made to list the notes on the Official List of the Luxembourg Stock Exchange and to trade the notes on the Euro MTF Market of that exchange. This offering memorandum constitutes a prospectus for the purpose of Luxembourg law dated July 10, 2005 (as amended) on Prospectuses for Securities. See “Listing and General Information.”

We have registered the notes and this offering memorandum with the Peruvian Superintendency of Capital Markets (*Superintendencia del Mercado de Valores*, or the SMV). In Peru, this offering will be considered a public offering directed exclusively to “Institutional Investors” (as such term is defined under the Seventh Final Disposition of the Peruvian National Supervisory Commission of Companies and Securities, or CONASEV, Resolution No. 141-98-EF/94.10.1, as amended). The notes may not be offered or sold in the Republic of Peru or in any other jurisdiction except in compliance with the securities law thereof.

In addition, we have provisionally registered the notes in the Foreign Investment and Derivatives Instruments Registry (*Registro de Instrumentos de Inversión y de Operaciones de Cobertura de Riesgo Extranjeros*) of the Peruvian Superintendency of Banks, Insurance Companies and Private Pension Funds Administrators (*Superintendencia de Banca, Seguros y Administradoras Privadas de Fondos de Pensiones*, or the SBS) for Peruvian private pension fund investment eligibility, as required by Peruvian law.

Investing in the notes involves risks. See “Risk Factors” beginning on page 17.

The notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or the Securities Act. The notes may not be offered or sold within the United States or to U.S. persons, except to qualified institutional buyers in reliance on the exemption from registration provided by Rule 144A under the Securities Act, or Rule 144A, and to certain non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act, or Regulation S. You are hereby notified that sellers of the notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Price for notes: 99.329% plus accrued interest, if any, from February 1, 2013.

The initial purchasers expect to deliver the notes to purchasers on or about February 1, 2013 only in book-entry form through the facilities of The Depository Trust Company, or DTC, and its direct and indirect participants, including Clearstream Banking, société anonyme and Euroclear S.A./N.V., as operator of the Euroclear System.

Citigroup

Santander

Peruvian Placement Agent

Citicorp Peru S.A. Sociedad Agente de Bolsa

The date of this offering memorandum is February 1, 2013.

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In this offering memorandum, except where otherwise specified or the context otherwise requires, “we,” “us,” “our,” “Pesquera Exalmar,” “Exalmar,” and the “Company” refer to Pesquera Exalmar S.A.A. and its subsidiaries as of the date of such reference. References to the “initial purchasers” are to Citigroup Global Markets Inc. and Santander Investment Securities Inc. and their respective affiliates.

In addition, references to “Central Reserve Bank” are to the Central Reserve Bank of Peru (*Banco Central de Reserva del Perú*). All references to “*Nuevo Sol*,” “*Nuevo Soles*” or “S/.” are to the Peruvian *Nuevo Sol*, the official currency of Peru and all references to “U.S. dollar,” “U.S. dollars” or “U.S.\$” are to U.S. dollars, the official currency of the United States.

This offering memorandum has been prepared by us solely for use in connection with the proposed offering of the notes described in this offering memorandum and may not be used for any other purpose. This offering memorandum does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire notes (other than pursuant to Resolution SMV No. 004-2011-EF/94.01.1, as amended). You are authorized to use this offering memorandum solely for the purpose of considering the purchase of our notes and not for any other purpose. We are responsible for this offering memorandum, and our principal executive offices are located at Av. Paz Soldán 170-171, Lima 27, Peru. Our number in the Peruvian public registry is 11006351.

In making an investment decision, prospective investors must rely on their own examination of the company and the terms of the offering, including the merits and risks involved. Prospective investors should not construe anything in this offering memorandum as legal, business or tax advice. Each prospective investor should consult its own advisors as needed to make its investment decision and to determine whether it is legally permitted to purchase the notes under applicable legal investment or similar laws or regulations.

We have furnished the information in this offering memorandum. You acknowledge and agree that the initial purchasers make no representation or warranty, express or implied, as to the accuracy or completeness of such information, and nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by the initial purchasers. This offering memorandum contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference.

We have prepared the information contained in this offering memorandum. Neither we nor any of the initial purchasers has authorized anyone to provide you with any other information and neither we nor any of the initial purchasers takes any responsibility for other information others may give you.

The distribution of this offering memorandum and the offering and sale of the notes in certain jurisdictions may be restricted by law. We and the initial purchasers require persons into whose possession this offering memorandum comes to inform themselves about and to observe any such restrictions. This offering memorandum does not constitute an offer of, or an invitation to purchase, any of the notes in any jurisdiction in which such offer or sale would be unlawful.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES

Neither the Securities and Exchange Commission, or the SEC, nor any state securities commission has approved or disapproved of these securities or determined if this offering memorandum is truthful or complete. Any representation to the contrary is a criminal offense.

The notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and the applicable state securities laws pursuant to registration or exemption therefrom. As a prospective purchaser, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. Please refer to the sections in this offering memorandum entitled “Plan of Distribution” and “Transfer Restrictions.”

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES, OR THE RSA, WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE IMPLIES THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT ANY EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

Our notes may not be offered or sold to any person in the United Kingdom, other than to persons whose ordinary activities involve them acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom.

NOTICE TO PROSPECTIVE INVESTORS IN PERU

UPON FILING WITH THE SMV AS DESCRIBED IN THE FOLLOWING PARAGRAPH, IN PERU THIS OFFERING WILL BE CONSIDERED A PUBLIC OFFERING DIRECTED EXCLUSIVELY TO “INSTITUTIONAL INVESTORS” (AS SUCH TERM IS DEFINED UNDER THE SEVENTH FINAL DISPOSITION OF CONASEV RESOLUTION NO. 141-98-EF/94.10, AS AMENDED).

THE NOTES AND THIS OFFERING MEMORANDUM HAVE BEEN REGISTERED WITH THE SMV IN ACCORDANCE WITH THE PROCEDURES SET FORTH IN SMV RESOLUTION NO. 004-2011- EF/94.01.1,

APPLICABLE TO U.S. OFFERINGS IN RELIANCE OF RULE 144A UNDER THE SECURITIES ACT WITH A PERUVIAN COMPONENT.

THE NOTES OFFERED HEREBY ARE SUBJECT TO TRANSFER AND RESALE RESTRICTIONS AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER CONASEV RESOLUTION NO. 079-2008-EF/94.01.1, AS AMENDED.

THE NOTES HAVE ALSO BEEN PROVISIONALLY REGISTERED IN THE FOREIGN INVESTMENT AND DERIVATIVES INSTRUMENTS REGISTRY (*REGISTRO DE INSTRUMENTOS DE INVERSIÓN Y DE OPERACIONES DE COBERTURA DE RIESGO EXTRANJEROS*) OF THE SBS FOR PERUVIAN PRIVATE PENSION FUND INVESTMENT ELIGIBILITY, AS REQUIRED BY PERUVIAN LAW.

ENFORCEABILITY OF CIVIL LIABILITIES

We are a corporation (*sociedad anónima abierta*) organized and registered under the laws of Peru. All of our directors and officers and certain other persons named in this offering memorandum reside in Peru and all or a significant portion of the assets of the directors and officers and certain other persons named in this offering memorandum and substantially all of our assets are located in Peru. As a result, it may not be possible for you to effect service of process within the United States upon such persons or to enforce against them or against us in U.S. courts judgments predicated upon the civil liability provisions of the federal securities laws of the United States or other laws of the United States or any state thereof.

We have been advised by our Peruvian counsel, Miranda & Amado Abogados, that any final and conclusive judgment for a fixed and final sum obtained against us in any foreign court having jurisdiction in respect of any suit, action or proceeding against us for the enforcement of any of our obligations under the notes that are governed by New York law will, upon request, be deemed valid and enforceable in Peru through an exequatur judiciary proceeding (which does not involve the reopening of the case), provided that: (1) there is a treaty in effect between the country where said foreign court sits and Peru regarding the recognition and enforcement of foreign judgments; or (2) in the absence of such a treaty, the following conditions and requirements are met:

- the judgment does not resolve matters under the exclusive jurisdiction of Peruvian courts (and the matters contemplated in respect of this offering memorandum or the notes are not matters under the exclusive jurisdiction of Peruvian courts);
- such court had jurisdiction under its own private international conflicts of law rules and under general principles of international procedural jurisdiction;
- we received service of process in accordance with the laws of the place where the proceeding took place, were granted a reasonable opportunity to appear before such foreign court and were guaranteed due process rights;
- the judgment has the status of *res judicata* as defined in the jurisdiction of the court rendering such judgment;
- no pending litigation in Peru between the same parties for the same dispute was initiated before the commencement of the proceeding that concluded with the foreign judgment;
- the judgment is not incompatible with another judgment that fulfills the requirements of recognition and enforceability established by Peruvian law, unless such foreign judgment was rendered first;
- the judgment is not contrary to Peruvian public policy or good morals; and
- it is not proven that such foreign court denies enforcement of Peruvian judgments or engages in a review of the merits thereof.

We have no reason to believe that any of our obligations relating to the notes would be contrary to Peruvian public policy, good morals and international treaties binding upon Peru or generally accepted principles of international law.

The United States does not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters with Peru. Therefore, unless the above-mentioned requirements are satisfied, a final judgment for payment of money rendered by a federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws, may not be enforceable, either in whole or in part, in Peru. However, if the party in whose favor such unenforced final judgment was rendered brings a new suit in a competent court in Peru, such party may submit to the Peruvian court the final judgment rendered in the United States. Under such circumstances, a judgment by a federal or state court of the United States against our company could be regarded by a Peruvian court only as evidence of the outcome of the dispute to which such

judgment relates, and a Peruvian court may choose to re-hear the dispute. In addition, awards of punitive damages in actions brought in the United States or elsewhere are unenforceable in Peru. In the past, Peruvian courts have enforced judgments rendered in the United States based on legal principles of reciprocity and comity. We are responsible for the content of these listing particulars, including information derived from third party sources.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Statements

This offering memorandum includes (1) our audited consolidated financial statements as of and for the years ended December 31, 2011 and 2010 and (2) our unaudited financial statements as of September 30, 2012 and for the nine-month period ended September 30, 2012 and 2011.

The SMV through CONASEV Resolution no. 102-2010-EF/94.01.1, dated October 14, 2010, mandated that all companies under the jurisdiction of the SMV prepare, commencing January 1, 2011, financial statements in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or the IASB. Accordingly, we have prepared our financial statements in accordance with IFRS as issued by the IASB beginning with our financial statements as of and for the year ended December 31, 2011. Moreover, for comparative purposes, we have retroactively restated our consolidated financial statements as of and for the year ended December 31, 2010 in order to demonstrate the effects of the adoption of IFRS as of this date and for the period then ended. We have not retroactively restated our audited consolidated financial statements as of and for the year ended December 31, 2009 to reflect the adoption of IFRS and have therefore not included these financial statements in this offering memorandum given their limited comparability with our audited consolidated financial statements as of and for the year ended December 31, 2011 and our restated audited consolidated financial statements as of and for the year ended December 31, 2010.

Our audited consolidated financial statements as of and for the year ended December 31, 2011 include the proportional financial results of Corporación del Mar S.A., or Cormar, in which we hold a 50% interest, as well as the results of the following wholly-owned subsidiaries: Walda S.A.C., or Walda, Inversiones Poas S.A.C., or Inversiones Poas, Pesquera del Sur S.R.Ltda., or Pesquera del Sur, Inversiones Pesquera Valentina S.A.C., or Inversiones Pesquera Valentina, Negocios y Servicios Generales Antonia S.A.C., or Negocios y Servicios Generales Antonia, Pesquera Porto Novo S.A.C., or Pesquera Porto Novo, Pesquera Statefuri S.A.C., or Pesquera Statefuri, Inversiones Pesqueras Vimarot S.A.C., or Inversiones Pesqueras Vimarot, Pesquera Hades S.A.C., or Pesquera Hades, Pesquera Cabasoni S.A.C., or Pesquera Cabasoni and Empresa Pesquera Caliche S.A.C, or Empresa Pesquera Caliche.

Effective as of January 1, 2012, we merged each of the following subsidiaries into us: Walda, Inversiones Poas, Pesquera del Sur, Inversiones Pesquera Valentina, Negocios y Servicios Generales Antonia, Pesquera Porto Novo, Inversiones Pesqueras Vimarot, Pesquera Hades S, and Empresa Pesquera Caliche. Effective as of September 1, 2012, we merged each of Pesquera Statefuri S.A.C. and Pesquera Cabasoni S.A.C. into us.

Accordingly, our unaudited financial statements as of September 30, 2012 and for the nine-month period ended September 30, 2012 and 2011 include the financial results of each of the companies in the preceding paragraph and the proportionally consolidated results of Cormar, in which we hold a 50% interest.

Functional Currency and Rounding

The U.S. dollar is our functional currency and the currency upon which our consolidated financial statements are prepared.

We have made rounding adjustments to certain figures included in this offering memorandum. As a result, numerical figures presented as totals may not always be exact arithmetic aggregations of their components, as presented.

Market and Industry Information

We make statements in this offering memorandum about the Peruvian and global fishing, fishmeal and fish oil industries. These statements are based on statistics and other information from third-party sources that we believe to be generally reliable. We derive this third-party information principally from reports published by the International Fishmeal and Fish Oil Organisation, or IFFO, the Peruvian Ministry of Production, or the Ministry of Production,

the Food and Agricultural Organization of the United Nations, or FAO, Oil World, China Feed Online, the Global Organization for Eicosapentaenoic acid, or EPA, and Docosahexaenoic acid, or DHA, the Central Reserve Bank, the National Institute of Statistics and Information (*Instituto Nacional de Estadística e Informática*), or INEI, and the Peruvian Marine Institute (*Instituto del Mar del Perú*), or IMARPE. Although we believe that we have taken reasonable care to ensure that the facts and statistics presented are accurately reproduced from such sources, they have not been independently verified by us, the initial purchasers or our respective advisors and therefore we make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside the jurisdictions specified. Due to possibly flawed or ineffective collection methods and other problems, the statistics herein may be inaccurate, incomplete or may not be comparable to statistics produced from other sources and should not be unduly relied upon. In addition, there can be no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere.

Other Information

In this offering memorandum, a “metric ton” is equal to 1,000 kilograms or 2,204.62 pounds; “m³” means a cubic meter, which is equal to 1,000 liters or approximately 35.3 cubic feet; “MT” and “MT/h” refers to metric tons and metric tons per hour, respectively; references to fishmeal and fish oil prices are to “free on board,” or FOB; “center-north” refers to the area along the Peruvian coastline extending from the northernmost part of the country to parallel 16°00’00’’; “south” refers to the area along the southern Peruvian coastline, extending from parallel 16°00’00’’ to the southernmost part of Peru; and, except as otherwise specified or if the context otherwise requires, “quota” refers to the anchovy fishing quota established by the Peruvian government for the center-north region of Peru.

FORWARD-LOOKING STATEMENTS

This offering memorandum contains statements that constitute estimates and forward-looking statements, including but not limited to the sections “Summary,” “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business.” These statements appear in a number of places in this offering memorandum and include statements regarding our intent, belief or current expectations, and those of our officers and employees, with respect to, among other things: (i) our growth strategy; (ii) future trends that may affect our business and results of operations; (iii) the impact of competition and laws on our results; (iv) planned capital investments; and (v) our liquidity. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties. Actual results and developments may be substantially different from the expectations described in the forward-looking statements for a number of reasons, many of which are not under our control, among them the activities of our competition, the future global economic situation, weather conditions, market conditions, exchange rates, and operational and financial risks. The unexpected occurrence of one or more of the above-mentioned events may significantly change the results of our operations on which we have based our estimates and forward-looking statements.

Our estimates and forward-looking statements may be influenced by the following factors, including, among others:

- our dependency on the aquaculture, hog and poultry farming industries, which affect the prices of fishmeal and fish oil;
- our ability to develop our direct human consumption business;
- our ability to increase our individual fishing quota;
- our purchase of raw material from third parties in order to produce fishmeal and fish oil;
- the existence of substitutes for fishmeal and fish oil such as soy, which can be used by the hog and poultry industries;
- the availability of qualified crew for the fishing vessels we operate, and qualified personnel for our fish processing plants;
- our ability to improve our vessels and fish processing facilities;
- risks incident to the operation of vessels, including the total loss of vessels or the discharge of pollutants;
- weather conditions, such as El Niño, which can affect the availability of raw material to produce fishmeal and fish oil;
- changes in the Individual Transferable Quota system, or ITQ system, and the Legislative Decree N°. 1084 – Law of the Maximum Catch Limits by Vessel (*Ley Sobre Límites Máximos de Captura por Embarcación*);
- decreases in our assigned fishing quota due to our inability to catch 80% of our quota for four subsequent seasons;
- current and future environmental rules and regulations;
- our need for short-term bank financing for working capital;
- changes in laws and regulations, both in Peru and abroad;
- revaluation of the Peruvian currency;

- our ability to integrate and benefit from our recent acquisitions, as well as other strategic alliances;
- increases in our operating costs or our inability to meet efficiency or cost reduction objectives, including increases in the cost of, or interruptions in the supply of, fuel used for the fishing vessels we operate and manage;
- possible disruptions to commercial activities due to natural and human-induced disasters, including terrorist activities and armed conflict;
- changes in regional and international market conditions, including the effects of economic, political or social conditions and changes in foreign exchange policy or other conditions affecting China and our other principal export markets; and
- other factors described under “Risk Factors” and elsewhere in this offering memorandum.

The words “believe,” “will,” “may,” “may have,” “would,” “estimate,” “continues,” “anticipates,” “intends,” “hopes,” and similar words are intended to identify estimates and forward-looking statements. Estimates and forward-looking statements refer only to the date when they were made, and none of us or the initial purchasers undertake any obligation to update or revise any estimate or forward-looking statement due to new information, future events or otherwise. Estimates and forward-looking statements involve risks and uncertainties and do not guarantee future performance, as actual results or developments may be substantially different from the expectations described in the forward-looking statements.

In light of the risks and uncertainties described above, the events referred to in the estimates and forward-looking statements included in this offering memorandum may or may not occur, and our business performance and results of operation may differ materially from those expressed in our estimates and forward-looking statements, due to factors that include but are not limited to those mentioned above. None of us or the initial purchasers undertakes any obligation to publish, after the date hereof, an update or review of the estimates or forward-looking statements in order to reflect subsequent or unexpected events and circumstances.

SUMMARY

This summary highlights selected information about us and the notes offered hereby. It does not contain all of the information that may be important to you. Before deciding to invest in the notes, you should read this entire offering memorandum carefully for a more complete understanding of our business and the offering, including our consolidated financial statements and the related notes and the sections “Presentation of Financial and Other Information,” “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Business” and “Description of the Notes,” included elsewhere in this offering memorandum.

Overview

We are a leading Peruvian producer of fishmeal and fish oil, primarily for the livestock and aquaculture industries, and we also produce frozen seafood for direct human consumption. According to the FAO, Peru is the largest producer and exporter of fishmeal and fish oil. Since the beginning of our operations in 1997, we have grown through a combination of organic growth and acquisitions, consolidating our position as the fourth largest producer of fishmeal and fish oil in Peru in 2011 in terms of volume, according to the Ministry of Production.

Indirect Human Consumption (Fishmeal and Fish Oil)

We produce fishmeal and fish oil from anchovies caught with our fleet of vessels off the coast of Peru, as well as from anchovies purchased from independent vessel owners (also known as “vikings”) that do not operate their own fishmeal processing plants. In 2011 and 2010, our sales totaled U.S.\$192.3 million and U.S.\$183.0 million, respectively. In 2011, our sales of fishmeal totaled U.S.\$154.5 million, while our sales of fish oil totaled U.S.\$24.5 million. For the nine-month period ended September 30, 2012, our sales from fishmeal and fish oil totaled U.S.\$187.1 million, of which U.S.\$131.3 million was from sales of fishmeal and U.S.\$41.7 million was from sales of fish oil.

In Peru, producers of fishmeal and fish oil may fish during two separate seasons. The first season occurs generally between the months of April to July, with the catch during this season sold during the same year. The second fishing season occurs generally between the months of November to January, with the catch during this season being sold almost entirely during the year commencing that January. The beginning and ending month of each season may vary depending upon sea or biomass conditions, which may cause our financial results to vary from period to period.

Our fishmeal is primarily used as a source of protein in feed for a variety of livestock and in aquaculture, or fish farming, particularly in Asia, where aquaculture has grown significantly. Our sales of fishmeal represented 70.1%, 80.3% and 88.0% of our total sales in the nine-month period ended September 30, 2012 and in 2011 and 2010, respectively. Our fishmeal production totaled approximately 79,660 metric tons, 144,192 metric tons and 83,438 metric tons, respectively, in the nine-month period ended September 30, 2012 and in 2011 and 2010.

We have recently completed the conversion of all of our fishmeal processing plants to the steam-dried, or SD, method, which, assuming the same quality of fish, results in higher quality fishmeal with higher levels of protein than fishmeal produced by the direct flame dried, or FD, method.

Our fish oil is a byproduct of the fishmeal production process. Fish oil, which is used for aquaculture and for human consumption, accounted for 22.3%, 12.7% and 10.5% of our total sales in the nine-month period ended September 30, 2012 and in 2011 and 2010, respectively.

In 2008, the Peruvian government modified the regulatory framework governing the harvesting of anchovy, from an industry-wide quota system to the ITQ system, under which the government combines the establishment of a global catch quota with individual quotas, which are allocated based on each company’s fleet capacity and historical catch. Following our acquisitions of vessels and businesses in 2010 and 2011, our anchovy fishing quotas increased to a current 6.45285% in the center-north of Peru and 4.33916% in the south of Peru, up from 5.2278% and 1.441538%, respectively, in 2009. Following the introduction of the ITQ system, we have significantly reduced

the number of fishing vessels we operate in each fishing season, from 35 in 2008, with a total holding capacity of 11,116 m³, to 22 vessels in 2011, with a total holding capacity of 7,730 m³.

In addition to the production and sale of fishmeal and fish oil, our indirect human consumption business includes the sale of fish we catch in southern Peru to companies with processing plants along the south coast of Peru. Our sales of fish for indirect human consumption totaled U.S.\$5.86 million in the nine-month period ended September 30, 2012 and U.S.\$5.6 million in the year ended 2011.

Direct Human Consumption (Frozen and Fresh Seafood)

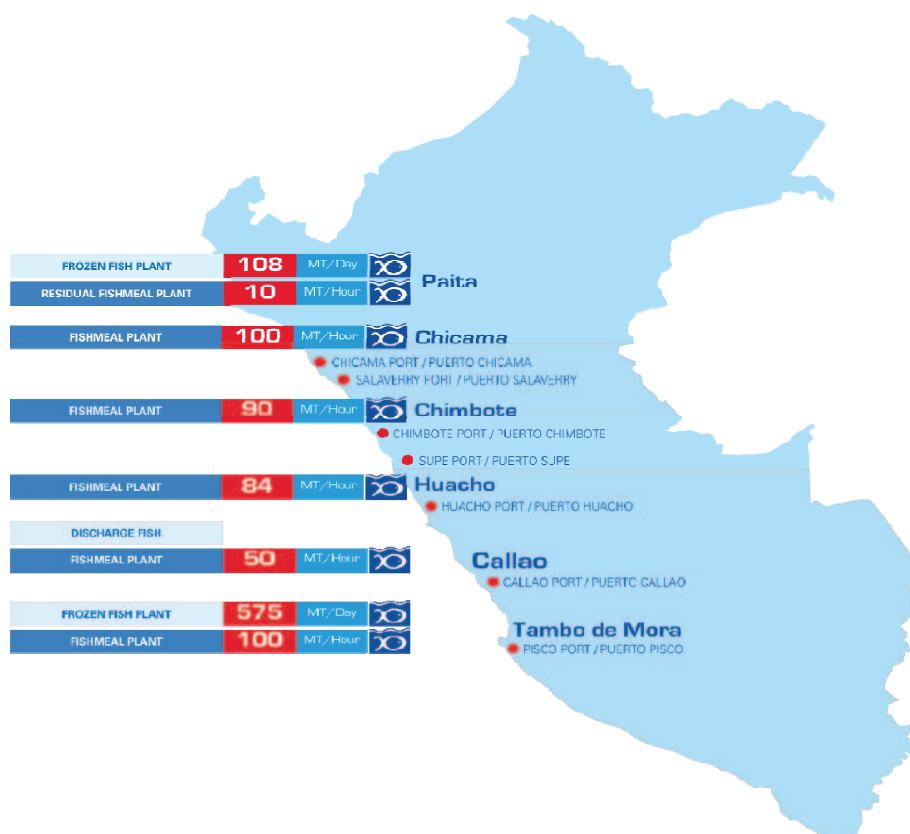
In 2011, capitalizing on synergies with our fishing operations, particularly our fleet management experience and our extensive relationship with owners of small vessels with a maximum capacity of ten metric tons, or artisan vessel owners, we commenced operations in the production and processing of frozen seafood for direct human consumption, focusing primarily on giant squid and mahi-mahi processed at our recently constructed Paita processing plant. Our Paita processing plant, in which we have invested U.S.\$7.5 million to date, has a processing capacity of 108 metric tons per day and a cold storage capacity of 2,500 metric tons. Moreover, we have invested U.S.\$7.7 million to equip six vessels with Refrigerated Sea Water, or RSW, and storage systems to develop our operations in this market segment. We also utilize these vessels to catch anchovies for fishmeal production in order to better preserve our catch.

In addition, we are currently building a second frozen seafood processing plant in Tambo de Mora, which we anticipate will process mackerel and jack mackerel caught by our specialized fleet. We anticipate that our Tambo de Mora processing plant, in which we have invested approximately U.S.\$17 million of a total expected investment of U.S.\$20 million, will have a processing capacity of 575 metric tons per day and a cold storage capacity of 6,000 metric tons. We believe that our entry into the frozen seafood business will increase our profit margins and add to the diversity of our core business.

Depending on market conditions and the location of the catch, we also sell fresh fish, mostly mackerel and jack mackerel, at the docking area of our Callao plant. These sales are carried out in cash immediately following unloading. Our sales of fresh fish for direct human totaled U.S.\$1.1 million in the nine-month period ended September 30, 2012.

Our Plants

The map below illustrates the distribution of our processing plants in Peru, comprising five fishmeal and fish oil processing plants and our newly constructed frozen seafood processing plant in Paita. Our six processing plants, including a residual fishmeal plant, have a total processing capacity of approximately 434 metric tons per hour. Our Tambo de Mora food processing plant, also shown below, is currently under construction and will be operational by February 2013:



In the nine-month period ended September 30, 2012 and in 2011 and 2010, exports accounted for almost all of our sales volume, with China, our principal export market for fishmeal, accounting for approximately 52.2%, 64.8% and 48.1% of our consolidated sales volume, respectively. Our other important export markets include Germany, Japan and Turkey, which accounted for approximately 14.8%, 6.6% and 4.2% of our consolidated sales volume for fishmeal in the nine-month period ended September 30, 2012; 13.5%, 3.4% and 5.3%, respectively, in 2011; and 28.1%, 5.7% and 1.0%, respectively, in 2010.

We also produce and export fish oil. Our main export markets are Denmark, Belgium and Chile, which represented 52.7%, 17.1% and 19.2%, respectively, of our volume of sales of fish oil in the nine-month period ended September 30, 2012.

We currently export the frozen seafood we produce from our Paita processing plant primarily to Nigeria and the United States, with exports to these countries representing 63.8% and 28.3%, respectively, of our volume of sales of frozen seafood in the nine-month period ended September 30, 2012.

Financial and Operational Highlights

In the nine-month period ended September 30, 2012, we had net profit of U.S.\$20.0 million and Adjusted EBITDA of U.S.\$56.5 million, while in the 12-month period ended September 30, 2012, we had net profit of U.S.\$17.3 million and Adjusted EBITDA of U.S.\$60.8 million. In 2011 and 2010, our net profit and Adjusted EBITDA totaled U.S.\$24.7 million and U.S.\$71.3 million, and U.S.\$19.7 million and U.S.\$52.8 million, respectively. We believe that the efficiency of our operations are reflected in our Adjusted EBITDA margins, which were 30.2% and 29.3% in the nine-month and 12 month periods ended September 30, 2012, and 37.1% and 28.9% in 2011 and 2010, respectively.

The table below sets forth certain of our financial and operational highlights for the periods indicated:

	For the Nine-Month Period Ended September 30,		For the Twelve-Month Period Ended September 30,	For the Year Ended December 31,	
	2012	2011	2012(1)	2011	2010
<i>(in millions of U.S.\$, except for ratios and percentages)</i>					
Financial highlights					
Net sales	187.1	171.7	207.7	192.3	183.0
Adjusted EBITDA (2)	56.5	67.0	60.8	71.3	52.8
Adjusted EBITDA margin (3)	30.2%	39.0%	29.3%	37.1%	28.9%
Net profit	20.0	27.3	17.4	24.7	19.7
Total debt (4)	191.1	79.4	191.1	133.3	60.9
Net debt (5)	162.2	71.8	162.2	129.5	31.0
Total debt/Adjusted EBITDA (6)	3.38	1.19	3.14	1.87	1.15
Net debt/Adjusted EBITDA (7)	2.87	1.07	2.67	1.82	0.60
Operational highlights					
Fishmeal production (in metric tons)	79,660	95,470	128,461	144,192	83,438
Fish oil production (in metric tons)	20,331	19,688	31,173	30,529	18,056
Frozen/fresh seafood production (in metric tons)(8)	5,692	8,657	5,788	9,146	N/A (7)
Employees	1,107	1,045	n.a.	1,061	1,001

- (1) Amounts for each line item and operational data were calculated by adding the applicable line item/data amount for the nine-month period ended September 30, 2012 to the corresponding line item/data amount for the year ended December 31, 2011, and then subtracting the corresponding line item/data amount for the nine-month period ended September 30, 2011.
- (2) Adjusted EBITDA means operating income minus other income plus other expenses plus employee's net profit sharing, depreciation, compensation under Legislative Decree N° 1084. Adjusted EBITDA is not an IFRS measure, does not represent cash flow for the years indicated and should not be considered an alternative to net profit (loss), as an indicator of our performance or as an alternative to cash flow as a source of liquidity. Our definition of EBITDA may not be comparable with Adjusted EBITDA as defined by other companies. Our management considers Adjusted EBITDA, notwithstanding the limitations previously mentioned, and in conjunction with other accounting and financial information available, a reasonable indicator for comparisons between us and our principal competitors in the market. For reconciliation from our net profit to Adjusted EBITDA, see "Selected Financial and Other Information."
- (3) Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by net sales.
- (4) Total debt is the sum of total financial obligations.
- (5) Net debt is total debt minus cash and cash equivalents.
- (6) Total debt/Adjusted EBITDA ratio is the ratio of our total debt as of the end of the applicable period divided by our Adjusted EBITDA for that period.
- (7) Net debt/Adjusted EBITDA ratio is the ratio of our net debt as of the end of the applicable period divided by our Adjusted EBITDA for that period.
- (8) Our frozen seafood production commenced in 2011.

Our Strengths

We believe our principal business strengths include the following:

Leading competitive position with significant diversification potential

- We are the fourth largest producer of fishmeal and fish oil in Peru in terms of volume, increasing our share of national production via third-party catch from independent vessel owners. We have the sixth largest anchovy fishing quota in Peru under the ITQ system, totaling 6.45285% in the center-north coast and 4.33916% in the south coast of Peru. As a result of consolidation in the fishing industry, we have been able to maintain our leading position through acquisitions of fishing quota and through expansion into the direct human consumption business.
- We have a solid presence in the indirect human consumption business through our operation of six plants and 22 vessels. In the 12-month period ended September 30, 2012 and in the year ended 2011, our net sales deriving from this business totaled U.S.\$198.0 million and U.S.\$184.8 million, respectively. Our processing volume in the center-north area accounted for 10.76% of the total ITQ system fishing quota

during the first fishing season of 2012. Moreover, we export substantially all of our fishmeal to investment grade countries.

- Since our IPO in 2010, we have invested U.S.\$40.0 million towards the development and expansion of our direct human consumption business, including two new processing plants and six vessels outfitted with RSW. We catch mackerel and jack mackerel through our specially equipped vessels, and we purchase mahi mahi and giant squid from artisan vessel owners in northern Peru, allowing us to capitalize on and expand our strong relationships with these owners. We process and sell catch as either fresh or frozen seafood, depending on the location of the catch, the volume caught and the price of fresh fish at the time of the catch. In addition, we constantly monitor world market trends to diversify our business and offer products with increasing added value. Despite our recent entry into the direct human consumption business, we believe that we have attained significant results in this sector. In the nine-month period ended September 30, 2012, our net sales deriving from direct human consumption totaled U.S.\$8.2 million, while our mahi mahi, mackerel and giant squid sales totaled 0.1, 6.75 and 0.65 thousand metric tons, respectively, in the same period. In 2011, our net sales deriving from direct human consumption totaled U.S.\$6.4 million, while our mahi mahi, mackerel and giant squid sales totaled 9.15 thousand metric tons, respectively, in the same period.

Advanced manufacturing facilities

- Our six fishmeal and fish oil plants are strategically located along the Peruvian coastline, allowing us to receive catch efficiently. In addition, Our Tambo de Mora plant is expected to commence operations in February 2013, while our direct human consumption plant in Paita began production in May 2012. We also have an unloading dock at our Callao plant, where we process fresh fish for our direct human consumption business. Our plants currently have an aggregate processing capacity of 434 metric tons per hour. We intend to invest a total of U.S.\$20 million in our new Tambo de Mora plant, which we anticipate will have a processing capacity of 575 metric tons per day and cold storage capacity of 6,000 metric tons. We have also invested U.S.\$7.5 million in our Paita plant, which has a production capacity of 108 metric tons per day and cold storage capacity of 2,500 metric tons.
- We are currently in the process of implementing the Peruvian Environmental Management and Adaptation Program (*Programa de Adecuación y Manejo Ambiental*), or PAMA, which we believe may allow us to improve our recovery of both solids and oils in the production processes. We have obtained the GMP B2, BASC, OHSAS 18001 and ISO 14001 certifications for each of our plants. In addition, with the exception of our Paita plant, all of our plants are certified to export omega-3 oil to the European Union.

Location in Peru, the largest fishmeal exporting country in the world.

- We are located in Peru, which benefits from geographic and climatic conditions that are favorable for the fishing industry. The cold ocean current known as Humboldt makes the ocean offshore Peru rich in nutrients, especially those necessary for the development of anchovies, which is the species used in Peru to produce fishmeal and fish oil. As a result, Peruvian fishing companies have access to an abundant anchovy biomass off the Peruvian coast. Peru is the largest producer and exporter of fishmeal in the world and in 2011 it accounted for approximately 40.8% of world exports, followed by Chile and Denmark with 10.5% and 6.8%, respectively, according to the IFFO.

Experienced management, with strong corporate governance and direct involvement in the key aspects of our value chain.

- We have an experienced and independent management team with extensive knowledge of the fishing industry in Peru. In addition, our management team is supported by our founder and principal shareholder, Victor Matta Curotto, who has over 35 years of experience in the sector. Our management team is experienced in monitoring the industry and our operations, allowing them to respond to market developments with agility. Our management team members have an average of 12.4 years of experience in the fishing industry and are involved in all of the key aspects of our business value chain, including supply,

production and sales. In addition, we have received a corporate governance score of 83% from Pacific Credit Rating.

Strong financial performance and efficient cost structure

- Throughout our expansion, we have maintained strong financial performance. In the nine months and 12 months ended September 30, 2012 and in 2011 and 2010, our net sales totaled U.S.\$187.1 million, U.S.\$207.7 million, U.S.\$192.3 million and U.S.\$183.0 million, respectively, corresponding to an operating margin of 20.4%, 17.9%, 22.6% and 17.4%, respectively. Likewise, our Adjusted EBITDA in the these periods totaled U.S.\$56.5 million, U.S.\$60.8 million, U.S.\$71.3 million and U.S.\$52.8 million, respectively, corresponding to an Adjusted EBITDA margin of 30.2%, 29.3%, 37.1% and 28.9%, respectively. Our strong financial performance has enabled us to significantly invest in our operations, with our capital expenditures in the nine months ended September 30, 2012 and in 2011 and 2010 totaling U.S.\$20.0 million, U.S.\$27.8 million and U.S.\$14.2 million, respectively.
- We have been one of the leading Peruvian fishing companies in terms of optimizing efficiencies and achieving an efficient cost structure. Since the introduction of the ITQ system, we have significantly reduced the number of our vessels in operation. We were one of the first companies to reduce its fleet as a strategic response to the adoption of the ITQ system, eventually reducing our fleet holding capacity by 50% and the number of vessels in operation by 60%. Through this effort we significantly reduced our fixed costs related to fleet and processing plants, even as we increased processing volumes through the purchase of catch and quota leases from independent operators. In 2011, our fixed costs comprised 8% of our total costs, while our variable costs and third-party costs comprised 35% and 57%, respectively, of our total costs, respectively. Moreover, as a result of our efforts to increase our cost efficiency, we reduced our total cost per metric ton of fishmeal from U.S.\$1,076 per metric ton in 2010 to U.S.\$926 per metric ton in 2011.
- Throughout our expansion, we have also maintained a strong credit profile. Our total debt and net debt was U.S.\$191.1 million and U.S.\$162.2 million, respectively, in the nine months ended September 30, 2012, which corresponded to a total leverage ratio and net leverage ratio of 3.38 and 2.87, respectively, as of September 30, 2012.

Proven ability to create value.

- While the ITQ system quotas limit the fishing catch, they do not limit the volume of production of fishmeal and fish oil. Since the ITQ system became effective in 2009, we have focused on production of increased volumes of a higher quality and more profitable fishmeal. We have done this in part through acquiring additional catch from independent vessel owners via purchases of catch and quota leases. We have also reduced the amount of time between catch and processing, which has reduced the amount of raw material required to produce one metric ton of fishmeal, or the conversion rate. Through these and other efforts, we have maximized production capacity with marginal cost increases.
- Moreover, our ability to purchase third-party catch allows us to increase or share of production beyond our assigned quota, make better use of our facilities and obtain a higher total Adjusted EBITDA. We were the first company in the Peruvian fishing industry to develop a loyalty program with independent vessel owners, which has enhanced our ability to make catch purchases and enter into quota leases with these owners. We strengthen our relationships with independent vessel owners through the provision of advisory services, off-season loans, logistics support and customized purchase agreements.

Growth through acquisition of fishing quota.

- We are experienced in the successful acquisition and integration of companies and assets, resulting in production and operating synergies. In 2010, we acquired several fishing companies and vessels which, collectively, increased our anchovy fishing quota by 0.49694% and 1.34429% in the center-north and south coast of Peru, respectively. Likewise, in 2011, our acquisition program increased our anchovy fishing quota by 0.72811% and 1.54949% in the center-north and south coast of Peru. Our current anchovy fishing

quota under the ITQ system is 6.45285% in the center-north coast and 4.33916% in the south coast of Peru. We catch anchovies in the center-north region to produce fishmeal and fish oil for indirect human consumption. We sell all of the fish we catch in the southern region to companies with processing plants along the southern coast of Peru for indirect human consumption.

- Our successful acquisitions have allowed us to strengthen our position in the Peruvian fishing industry and to geographically expand our operations. Considering our position in the fishing market, the economies of scale of our operations, our financial strength and successful experience in acquiring and incorporating companies and assets, we believe we will continue to solidify our position as one of the primary players in the Peruvian fishing industry. See “Business—History.”

Attractive global conditions for the fishmeal and fish oil industries as a result of growing international demand and limited global supplies of fish.

- *Growing Demand:* From 2001 to 2011, the FOB value of Peruvian fishmeal and fish oil has grown by 111.5% and 265.1%, respectively, due to increasing demand for fish and meat as a source of protein, supported by an increase in the population and improvement of the per capita income in developing countries. There are currently few protein-rich, efficiently produced substitutes for fishmeal, which is primarily used as feed for fish, chicken and hogs. This is particularly true in the case of feed for shrimp and fish raised in the aquaculture industry, which constitutes the majority of our sales. Substitutes such as soybean meal, ground nut meal and corn gluten are generally not considered adequate substitutes for fishmeal and fish oil products in aquaculture, as shrimp and fish depend on a fish-based diet. Furthermore, there has been an increase in demand for fish oil from the pharmaceutical industry, as fish oil nutritional supplements become increasingly popular.
- *Limited Supply:* Currently, only anchovies are used to produce fishmeal and fish oil in Peru. In addition, the supply of anchovies is limited because of environmental conditions and fishing regulatory restrictions, creating significant barriers to entry into the industry.

Business Strategy

Our main business strategies are summarized as follows:

- solidify our strong position in the Peruvian fishing industry while further increasing our efficiency and profitability;
- increase our current anchovy fishing quota through acquisitions;
- increase our production levels, including through our favorable relationships and with independent vessel owners, as supported by our strategic loyalty program; and
- build a significant position in the direct human consumption market of frozen seafood.

In order to achieve the foregoing, we plan to focus on the following initiatives:

Maintain and improve the position of our core business in the market.

We believe that the long-term demand and price outlook for fishmeal and fish oil is likely to continue to strengthen, driven by demand for fish-related protein sources for aquaculture, poultry and hog farming. As a result, we intend to maintain our focus on our core business, the production of fishmeal and fish oil. We believe that maintaining this focus will enable us to fully utilize our industry experience over the last 30 years. We also intend to improve upon our ranking as the fourth largest producer of fishmeal and fish oil by volume in Peru in 2011, according to the Ministry of Production.

Improve operating efficiencies and margins.

We will continue to seek to improve our margins in the extraction and processing of anchovy biomass by maximizing the productivity of our existing processing plants and fishing fleet. Since the implementation of the ITQ system in 2009, we have adopted a number of important measures to improve our production, such as enhancing our relationship with independent vessel owners in order to more efficiently utilize the processing capacity of our plants and optimizing our processing volumes in order to improve the quality of our fishmeal. These measures have included decreasing the number of vessels in operation by 60% and our holding capacity by 50%. At the same time, we continuously seek to improve the maintenance system of our vessels in order to implement preventive practices that reduce costs. In addition, we also believe that our entry into direct human consumption business may improve our margins given the higher margins that may be achieved in this market segment.

Focus on increasing the quality and value of our fishmeal and fish oil production.

We seek to maximize the value of our current anchovy fishing quota by increasing our production of high quality fishmeal and fish oil. We plan to make investments within the framework of PAMA, in order to comply with environmental requirements and to improve the conditions in the places in which we operate. In addition to improving profitability of the production processes, we expect that these investments will also improve the quality and increase the value of our fishmeal and fish oil.

Continue to develop a profitable customer base with long-term customer relationships.

Although fishmeal and fish oil are perceived as a commodity, we intend to continue to develop stable and long-term relationships with key customers to provide them with a value-added offer and a level of service that increases their demand for our products. Our strategy is supported by periodic customer visits by our sales representatives that enable us to promote brand awareness and gain a deeper level of understanding of the specific needs of our customers.

Continue our expansion into the direct human consumption market.

While we remain primarily focused on our core fishmeal and fish oil production business, we believe that the frozen seafood market for direct human consumption provides us with an important opportunity due to the higher profit margins available in this market segment. We have equipped six vessels with freezer and storage systems in order to develop our operations in this market. In 2011, we concluded the construction of our frozen seafood processing plant in Paita, which is located in the northern coast of Peru. Through our Paita plant, which has the capacity to produce 108 metric tons per day and the projected capacity to store up to 2,500 metric tons, we have access to a continuous supply of giant squid and mahi mahi through artisan vessel owners. Moreover, our frozen seafood processing plant in Tambo de Mora, which we anticipate will be operational in February 2013, is expected to have a processing capacity of 575 metric tons per day and a storage capacity of 6,000 metric tons. Our frozen seafood processing plants are strategically located to handle the specific types of fish available in nearby waters. The significant storage capacity of our Paita plant allows us to store large volumes of catch, and anticipate that our Tambo de Mora plant when completed will have the same capability when completed.

Ensure our supply sources through independent vessel owners and increases in our quota in the ITQ system.

Approximately 20% of the authorized catch under the ITQ system is allocated to independent vessel owners. We intend to continue to strengthen our relationships with independent vessel owners in order to increase our processing volume. We continuously seek ways to improve and strengthen our relationship with these vessel owners, such as our innovative loyalty program. We also seek to strengthen these relationships by providing independent vessel owners operational advisory services, onshore and offshore fishing logistics support and through the structuring of customized anchovy purchase agreements.

While our relationships with independent vessel owners are important, we also continue to seek to increase our anchovy fishing quotas under the ITQ system via acquisitions. Since 2006, we have been acquiring other fishing companies, increasing both our size, quota and market share. Our strategy is to continue our acquisitions in Peru

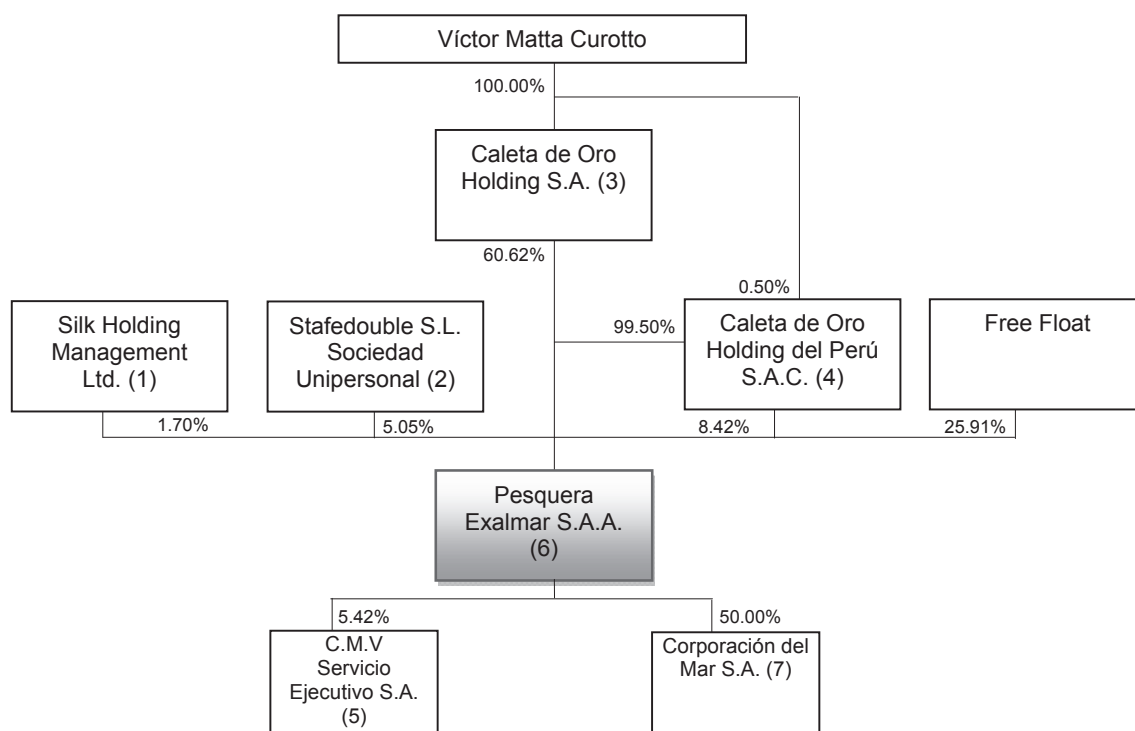
until we increase our anchovy fishing quota in the center-north coast by an additional 0.55% of the global quota over the short term and an additional 1.0% over the coming years. Increasing our anchovy fishing quota would allow us to depend less on purchases from independent vessel owners to utilize our full processing capabilities. The implementation of this strategic initiative is expected to strengthen our net margin given that the purchase of raw material from third parties results in a lower gross margin than the production of fishmeal from our own catch, due to the higher costs associated with acquiring the raw materials. In the nine-month period ended September 30, 2012 and 2011, 50.3% and 45.1%, respectively, of the fish we processed was supplied by third parties.

In addition, we intend to capitalize on our relationships and experience with artisan vessel owners to acquire various species of fish for direct human consumption, such as giant squid and mahi mahi, particularly those artisan vessel owners that operate in proximity to our Paita frozen seafood processing plant.

Our Corporate Structure

In November 2010, we completed the initial public equity offering of our Class A common shares in Peru, through which we raised S/. 341 million from the offer and sale of 71,889,667 Class A common shares at a price of S/. 4.75 per Class A common share. We believe that the public offering of our Class A common shares marked an important milestone in the development of our business, increasing our public profile, credibility and transparency.

The following is a chart of our current ownership and corporate structure:



(1) A company incorporated under the laws of the British Virgin Islands, held in its entirety by Víctor Matta Curotto.

(2) Beneficially held by Citigroup Venture Capital International, or CVCI.

(3) A company incorporated under the laws of Panama, held in its entirety by Víctor Matta Curotto.

(4) A company incorporated under the laws of Peru, held in its entirety by Víctor Matta Curotto.

(5) The remaining equity interests in this subsidiary are held by (a) Víctor Matta Curotto's spouse, María del Carmen Dall'Orso Gonzáles (53.36%) and (b) Rossana Ortiz, our chief executive officer (41.2%).

(6) Issuer of the notes in this offering.

(7) The remaining equity interest in this subsidiary is held by Austral Group S.A.A.

Company Information

Our principal executive offices are located at Paz Soldán N° 170, Oficina 701, San Isidro, Lima – Peru. Our telephone number is +51 (1) 211-5300 and our fax number is +51(1) 441-4643. Our email address is central@exalmar.com.pe. Information on our website is not incorporated into this offering memorandum and should not be relied upon in determining whether to make an investment in the notes.

THE OFFERING

The following summary contains basic information about the notes and is not intended to be complete. It does not contain all of the information that is important to you. For a more complete understanding of the notes, please refer to the section of this offering memorandum entitled “Description of the Notes.”

Issuer	Pesquera Exalmar S.A.A.
Notes Offered	U.S.\$200,000,000 aggregate principal amount of 7.375% Senior Notes due 2020.
Issue Price	99.329% of the principal amount, plus accrued interest, if any, from February 1, 2013.
Issue Date	February 1, 2013.
Maturity Date	January 31, 2020.
Interest	The notes will bear interest from and including February 1, 2013 at the rate of 7.375% per annum, payable semi-annually in arrears.
Interest Payment Dates	Interest on the notes will be payable semi-annually on January 31 and July 31, commencing on July 31, 2013. Interest on the notes will be calculated on the basis of a 360-day year comprised of twelve 30-day months.
Ranking	The notes will be unsecured obligations and will rank senior in right of payment to any obligations of the Issuer expressly subordinated in right of payment to the notes; will rank at least <i>pari passu</i> in right of payment with all unsecured, unsubordinated Indebtedness of the Issuer (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law); will be subordinated to existing and future secured obligations of the Issuer to the extent of the value of the assets serving as security therefor; and will be effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries. The notes will not have the benefit of any collateral securing any of our existing or future secured indebtedness.
Use of Proceeds	We intend to use the net proceeds from the sale of the notes (1) to repay all of our outstanding indebtedness under our syndicated loan facility arranged by WestLB AG New York Branch, Santander Overseas Bank, Inc., The Bank of Nova Scotia, Citibank N.A., Banco de Crédito del Perú and HSBC Bank (Panamá), (2) to finance acquisitions in order to increase our anchovy fishing quota and (3) for general corporate purposes.
Change of Control	If we experience a Change of Control (as defined in the indenture governing the notes), we must offer to repurchase the notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any. See “Description of the Notes—Repurchase of Notes Upon a Change of Control.”
Additional Amounts	All payments in respect of the notes, whether of principal or interest, will be made without withholding or deduction for or on account of any present or future taxes, duties, levies, or other governmental charges and any interest, penalties or other liabilities

with respect thereto, except to the extent required by applicable law. If withholding or deduction is required by applicable law, subject to certain exceptions and limitations, we will pay additional amounts so that the net amount received by the holders of the notes is no less than the amount they would have received in the absence of such withholding or deduction. See "Description of the Notes—Additional Amounts."

Optional Redemption We may redeem the notes, at any time and from time to time prior to January 31, 2017, in whole or in part, at a redemption price equal to 100% of the principal amount of the notes plus the applicable "make whole" premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time and from time to time on or after January 31, 2017, we may redeem the notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth in "Description of the Notes — Optional Redemption."

We may also redeem, at any time prior to January 31, 2016, up to 35.0% of the aggregate principal amount of the notes at any time with the net cash proceeds of one or more equity offerings at a redemption price of 107.375% of the principal amount of the notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65.0% of the aggregate principal amount of the notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

Redemption for Tax Reasons We may redeem the notes in whole, but not in part, at any time at a redemption price equal to 100% of the principal amount, plus and unpaid accrued interest, if any, upon the occurrence of specified events relating to the tax laws of Peru or other relevant jurisdictions applicable to us. See "Description of the Notes—Redemption for Taxation Reasons."

Certain Covenants Under the terms of the notes and the indenture, we will agree to observe certain covenants, such as limitations on the incurrence of certain indebtedness and the incurrence of certain liens for so long as the notes are outstanding. These covenants are subject to a number of important limitations and exceptions. See "Description of the Notes—Certain Covenants."

Events of Default The indenture governing the notes will set forth events of default applicable to the notes. For a discussion of certain events of default that will permit acceleration of the principal of the notes plus accrued interest, see "Description of the Notes—Events of Default."

Denomination, Book-Entry Delivery and Form The notes will be issued in fully registered form without interest coupons and with a minimum denomination of U.S.\$200,000 and in multiples of U.S.\$1,000 in excess thereof. The notes may be sold only (i) to qualified institutional buyers in reliance on Rule 144A under the Securities Act and (ii) to certain non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act. Notes sold to qualified institutional buyers in reliance on Rule 144A will be issued in the form of beneficial

interests in one or more permanent global securities in fully registered form and deposited with a custodian for, and registered in the name of a nominee of, DTC. Notes sold in offshore transactions in reliance on Regulation S will be issued in the form of beneficial interests in one or more permanent global securities in fully registered form and deposited with a custodian for, and registered in the name of a nominee of, DTC.

Transfer Restrictions; No Registration Right

The notes have not been and will not be registered under the Securities Act or any state securities laws. The notes may not be offered or sold except under an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. See “Transfer Restrictions.”

We will not be required to, nor do we intend to, register the notes for resale under the Securities Act or to offer to exchange the notes for notes registered under the Securities Act or the securities laws of any jurisdiction.

Further Issuances

Subject to the covenants in the indenture governing the notes, we may from time to time, without the consent of the holders of the notes, issue further securities having the same terms and conditions as the notes in all respects. Any further issue may be consolidated with, and form a single series with, the notes sold in this offering.

Listing

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and for trading on the Euro MTF market. The approval for such listing is not a condition to the consummation of this offering.

Governing Law; Submission to Jurisdiction.....

The indenture and the notes will be governed by New York law. We will submit to the non-exclusive jurisdiction of the United States federal and state courts located in the Borough of Manhattan in The City of New York, in respect of any action arising out of or based on the notes.

Trustee, Registrar and Transfer Agent

The Bank of New York Mellon.

Luxembourg Listing Agent, Paying Agent and Transfer Agent

The Bank of New York Mellon (Luxembourg) SA.

Risk Factors

Investing in the notes involves substantial risks and uncertainties. See “Risk Factors” and other information included in this offering memorandum for a discussion of factors you should carefully consider before deciding to purchase any notes.

SUMMARY FINANCIAL AND OTHER INFORMATION

The following tables present our summary consolidated financial and other information. The consolidated financial information as of and for the years ended December 31, 2011 and 2010 has been derived from our audited consolidated financial statements contained elsewhere in this offering memorandum. The financial information as of September 30, 2012 and for the nine-month period ended September 30, 2012 and 2011 has been derived from our unaudited financial statements contained elsewhere in this offering memorandum.

The results of operations presented in this offering memorandum are not necessarily indicative of any future performance. This information should be read in conjunction with our audited and unaudited consolidated financial statements, including the notes thereto, contained elsewhere in this offering memorandum and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

	For the Nine-Month Period Ended September 30,		For the Year Ended December 31,	
	2012	2011	2011	2010
	<i>(in millions of U.S.\$)</i>			
Income Statement Data				
Net sales.....	187.1	171.7	192.3	183.0
Cost of sales.....	(112.4)	(99.3)	(109.1)	(115.1)
Ban period expenses	(20.9)	(14.3)	(20.0)	(22.6)
Gross profit	53.8	58.1	63.2	45.3
Selling expenses.....	(9.5)	(5.8)	(7.0)	(5.7)
Administrative expenses	(5.5)	(5.0)	(7.2)	(5.0)
Other income (expenses), net(1)	(0.6)	(3.0)	(5.6)	(2.8)
Operating income	38.2	44.3	43.4	31.8
Financial gain	0.3	0.2	0.7	0.1
Financial expenses	(8.0)	(4.6)	(6.5)	(7.7)
Foreign exchange difference net effect.....	0.7	(0.3)	0.2	0.7
Income before income tax	31.2	39.6	37.8	24.9
Income tax	(11.2)	(12.3)	(13.1)	(5.2)
Net profit	20.0	27.3	24.7	19.7

(1) Includes compensation under Legislative Decree N° 1084.

	As of September 30,	As of December 31,	
	2012	2011	2010
	(in millions of U.S.\$)		
Balance Sheet Data			
<i>Current assets</i>			
Cash and cash equivalents	28.9	3.8	29.9
Trade receivables, net	15.7	14.8	7.7
Other receivables, net	41.8	33.0	24.5
Amounts due from related parties	4.2	3.1	1.3
Inventories, net	26.8	48.4	13.9
Prepaid expenses	2.4	1.7	1.9
Total current assets	119.8	104.8	79.2
<i>Non-current assets</i>			
Financial investments	0.5	0.5	0.5
Property, vessels, machinery and equipment, net	171.6	166.5	149.9
Intangible assets, net	97.7	97.7	64.6
Goodwill	88.7	88.7	51.7
Total non-current assets	358.5	353.4	266.7
Total assets	478.3	458.2	345.9
<i>Current liabilities</i>			
Financial obligations	51.4	52.9	19.6
Trade payables	13.1	32.1	13.4
Other payables	6.8	27.8	5.2
Amounts due to related parties	0.0	0.1	0.1
Current tax liabilities	2.1	9.4	2.6
Employee benefit obligations	6.1	7.2	3.5
Total current liabilities	79.5	129.5	44.4
<i>Non-current liabilities</i>			
Financial obligations	139.7	80.4	41.2
Deferred tax liabilities	17.2	19.0	29.0
Provisions	4.5	4.9	2.3
Total non-current liabilities	161.4	104.3	72.5
Total liabilities	240.9	233.8	116.9
<i>Shareholders' equity</i>			
Share capital	90.3	90.3	90.3
Capital surplus	69.8	69.8	70.1
Other reserves	3.6	3.6	3.6
Retained earnings	73.7	60.7	64.9
Total shareholders' equity	237.4	224.4	229.0
Total liabilities and shareholders' equity	478.3	458.2	345.9

Cash Flows

	Nine-Month Period Ended September 30,		Year Ended December 31,	
	2012	2011	2011	2010
	<i>(in millions of U.S.\$)</i>			
Net cash provided by (used in):				
Operating activities.....	19.1	49.7	20.0	43.3
Investing activities.....	(23.7)	(86.3)	(110.4)	(38.4)
Financing activities.....	29.7	14.3	64.3	14.9
Increase (decrease) in cash and cash equivalents.....	25.1	(22.3)	(26.1)	19.8
Cash and cash equivalents at beginning of period.....	3.8	29.9	29.9	10.1
Cash and cash equivalents at the end of period.....	28.9	7.6	3.8	29.9

Adjusted EBITDA

Adjusted EBITDA means operating income plus depreciation plus our employee profit sharing plan pursuant to Legislative Decree N°892, and other income (expenses), net. The following table presents the reconciliation between Adjusted EBITDA and the operating income reported in our financial statements for the periods shown:

	For the Nine-Month Period Ended September 30,		For the Twelve- Month Period Ended September 30,	For the Year Ended December 31,	
	2012	2011	2012(1)	2011	2010
	<i>(in millions of U.S.\$)</i>				
Operating income.....	38.2	44.3	37.3	43.4	31.8
(+) Depreciation.....	12.9	15.1	14.8	17.0	15.8
(+) Employee profit sharing, net.....	4.8	4.6	5.5	5.3	2.4
(+/-) Other income (expenses), net.....	0.6	3.0	3.2	5.6	2.8
Adjusted EBITDA	56.5	67.0	60.8	71.3	52.8

- (1) Amounts for each line item were calculated by adding the applicable line item amount for the nine-month period ended September 30, 2012 to the corresponding line item amount for the year ended December 31, 2011, and then subtracting the corresponding line item amount for the nine-month period ended September 30, 2011.
- (2) Includes compensation under Legislative Decree N° 1084 which refers to the indemnity paid as a settlement payment to ship workers during 2009 due to the enforcement of the ITQ system. See note 24 in our unaudited financial statements and note 22 in our consolidated audited financial statements.

Adjusted EBITDA is not an IFRS measure, does not represent cash flow for the years indicated and should not be considered an alternative to net profit (loss), as an indicator of our performance or as an alternative to cash flow as a source of liquidity. Our definition of Adjusted EBITDA may not be comparable with Adjusted EBITDA as defined by other companies. Our management considers Adjusted EBITDA, notwithstanding the limitations previously mentioned, and in conjunction with other accounting and financial information available, a reasonable indicator for comparisons between us and our principal competitors in the market.

RISK FACTORS

You should consider carefully the following risk factors, as well as the other information presented in this offering memorandum, before purchasing the notes. The risks and uncertainties described below are not the only ones that we face. Additional risks and uncertainties that we do not know about or that we currently think are immaterial or we do not view as risks may also affect us and the notes. Any of the following risks, if they actually occur, could materially and adversely affect our business, results of operations, prospects and financial condition. In that event, the market price of the notes and our ability to make payments in respect of the notes could be materially adversely affected, and you could lose all or part of your investment in the notes.

Risks Related to our Business and Industry

We are dependent on continuing global demand for fishmeal and fish oil products.

Our business depends on continued global demand for fishmeal and fish oil. Consumption of our products has expanded in recent years, however, it is possible that this trend may not continue and that present consumption levels may not be maintained in the future. Demand for fishmeal and fish oil is affected by numerous factors beyond our control including fluctuations resulting from adverse changes in general economic conditions, evolving consumer preferences and nutritional and health-related concerns. Fishmeal and fish oil are primarily used as feed for farmed fish, poultry and hogs. Our business is also highly dependent on the aquaculture industry. According to the IFFO, in 2011, the aquaculture industry consumed approximately 68% of the total world production of fishmeal. As a result, future downturns in the aquaculture, poultry or hog farming industries could reduce demand for our products which could adversely affect our results of operations and cash flows.

Also, current demand for fishmeal reflects scarcity of cost-effective substitutes for animal, shrimp and fish aquaculture feeds. Fishmeal faces increasing competition from grain-based materials such as soybean meal, ground nut meal or corn gluten which are used as protein sources and are therefore substitutes for our fishmeal and fish oil products for use by animals such as poultry and hogs (which do not depend on a fish-based diet to the same extent as fish and shrimp). Grain-based products or other new products may gain greater acceptance among our customers which would force the price of fishmeal to remain competitive with substitute products. We believe that the significant increase in fishmeal and fish oil prices in recent years is likely to lead to a search for more cost-effective animal, shrimp and fish aquaculture feeds. If more effective substitutes for fishmeal and fish oil in aquaculture and agriculture emerge, demand for fishmeal and fish oil could decline significantly, which could materially and adversely affect prices, and consequently our business, results of operations and financial condition.

Our fishmeal and fish oil products are subject to price fluctuations.

Most of our revenues are derived from the sale of fishmeal and fish oil, and the prices we obtain for our products are directly related to world market prices for such products. Although fishmeal prices have risen in the past decade, fishmeal and fish oil prices are subject to fluctuation. Prices for fishmeal increased 98.1% from U.S.\$879 per metric ton in February 2009 to U.S.\$ 1,741 per metric ton in February 2011, but also declined 39.5% from U.S.\$1,775 per metric ton in April 2010 to U.S.\$1,073 per metric ton in January 2012. Fishmeal prices are determined by factors beyond our control, including, among others, global demand and supply of fishmeal and fish oil, our customers' access to credit, international economic trends, global economic conditions, particularly in China which is the world's largest consumer of fishmeal, currency exchange fluctuations, expectations of inflation, actions of commodity markets participants, consumption and demand patterns and political events in major producing countries.

Historically, fish oil prices have followed the prices of vegetable oils since fish oil competes with vegetable as nutrition for aquaculture. Consequently, fish oil prices have been greatly influenced by crude oil prices as vegetable oils are also used as another energy source. Recently, fish oil prices have also been affected by demand for omega-3 products. Due to these variables, fishmeal and fish oil prices may rise or fall in the future and prices for these products may not continue to maintain their current levels.

We do not currently hedge the price at which our fishmeal and fish oil products are sold, and as a result we are exposed to the effects of changes in prevailing market prices for fishmeal and fish oil. A decline in the market price of fishmeal and fish oil would adversely impact our revenues, net profit and cash flows and could have a material adverse effect on our ability to repay our debt and meet our other financial obligations.

Our operations may be affected by climatic events such as El Niño and La Niña and unexpected migrations of the anchovy biomass.

Our operations depend on the catch of anchovies, the raw material for fishmeal and fish oil. Availability of this resource depends on, among other things, the reproductive cycle of the anchovies, the presence of necessary nutrients in the water to sustain the biomass and climatic conditions that affect the waters off the Peruvian coastline. Our operations may be adversely affected by changes in ocean temperatures and by major climatic trends. Abnormal ocean temperatures or currents cause fish to disperse from their customary depths and locations, affecting the efficiency of fishing vessels by causing them to spend more time at sea and use more fuel in harvesting fish. In the past, major climatic events have caused significant decreases in catches worldwide and particularly off the Peruvian coast. The occurrence of *El Niño*, or a strong positive temperature deviation of equatorial Pacific waters, causes ocean water temperatures to rise, forcing anchovies to deeper waters where they are more difficult to catch. *La Niña* is characterized by unusually cold temperatures in the equatorial Pacific and causes anchovies to spread out at different depths in search of warmer waters, also making them more difficult to catch.

According to the Climate Prediction Center of the U.S. National Oceanic and Atmospheric Administration, *El Niño* and *La Niña* episodes typically occur every two to seven years, frequently lasting approximately six to ten months. The last year in which *El Niño* had a significant impact on production in Peru was in 1998, reducing the aggregate anchovy catch by approximately 79.6%, according to IMARPE, and had a material adverse effect on the Peruvian fishing industry. Although in 1998 certain Peruvian fishmeal producers received a government exemption that allowed them to catch other species for the production of fishmeal during such year, any such exception may not be available in the future if the Peruvian coast is affected by *El Niño*. In 2010, as a result of *El Niño* and *La Niña*, of the 4.57 million metric tons of fish available for capture under the quota established by the Peruvian government, only 3.3 million, or 71%, was caught. In addition, during the first fishing season in 2012, as a result of a weaker and shortened effect of *El Niño*, the Peruvian government established a reduced global anchovy fishing quota of 2.7 million metric tons, one million metric ton less than the average historical quota for this season. In respect of the second fishing season of 2012, the Peruvian government established a global anchovy fishing quota of 0.8 million metric tons, a 68% reduction in the fishing quota established for the corresponding season of 2011. For additional information, see “Business—Fishing—Indirect Human Consumption.” A strong *El Niño* phenomenon may occur in future years and when it does, it will negatively affect our financial condition and results of operations.

In addition to natural phenomena such as *El Niño* and *La Niña*, from time to time the Peruvian anchovy biomass migrates from one location to another, resulting in a mismatch between the locations of the biomass and our processing plants. In the last 11 years, approximately 19% of the total Peruvian anchovy catch was processed on the southern coast of Peru, where we currently do not own any processing plants. A significant migration of biomass to the southern coastline of Peru would adversely affect our business and results of operations.

We face intensive competition.

The fishing industry in Peru is characterized by intense competition and increasing pressure on profit margins. Competition occurs on the basis of price, quality of products, product lines, etc. We face strong competition from domestic fishing operators, including Tecnológica de Alimentos, Corporación Pesquera Inca S.A.C., Pesquera Diamante S.A., Austral Group S.A.A. and Pesquera Hayduk S.A. Some of our competitors have greater financial resources than we do and could use these resources to take steps that could adversely affect us.

As other companies expand their operations in Peru or other international companies enter the Peruvian market, competition will continue to intensify. Our inability to respond effectively to competitive pressures and changes in our markets could materially and adversely affect us or cause us to lose market share. We cannot assure you that future market consolidation and competition will not materially and adversely affect us.

Increased competition in the markets in which we operate, whether through new competitors or existing competitors expanding their operations, could adversely affect our market shares, our profit margins and our business.

Our results of operations and cash flows could be adversely affected by existing regulatory requirements or changes in laws and regulations in Peru or any of our principal export markets.

Our industry is subject to complex statutes, rules, and regulations in Peru and internationally. In order to operate our fleet and production plants, we must comply with certain operational obligations of an administrative or regulatory nature, such as obtaining various permits, licenses, concessions, authorizations, certifications, registrations, and payment rights. Changes to any of the laws, regulations, rules, or policies regarding the granting and renewal of authorizations, licenses, permits, concessions for the extraction, production, processing, preparation, distribution, packaging, or labeling of our products, or environmental matters, could have a significant impact on our business. See “Regulatory Environment.”

The ITQ system is subject to change.

In 2008, the Peruvian government modified the regulatory framework governing anchovy catch activities, moving from a regulation based on an industry-wide quota system to the ITQ system, pursuant to which the government combines the establishment of a global catch quota with the allocation of individual quotas, based on each company’s fleet capacity and historical catch during the previous years. The ITQ system has no specific term or duration under its governing law. Under the General Fishing Law, the Ministry of Production establishes regulatory measures by issuing administrative rules.

While there is no evidence that the current ITQ system will be changed in the near future, we cannot assure you that this system will remain in place indefinitely. A change in the ITQ system would adversely affect our business, results of operations and financial condition.

We may be unable to successfully develop our direct human consumption business.

In 2011, we initiated our operations in the direct human consumption business through the production and processing of frozen seafood, which consists primarily of giant squid and mahi-mahi available in the northern coast of Peru that we process through our recently constructed Paita processing plant. Moreover, we have equipped six vessels with freezer and storage systems in order to develop our operations in this market. We are also currently constructing a second frozen seafood processing plant in Tambo de Mora, which we anticipate will process mackerel and jack mackerel caught by our specialized fleet.

We face risks inherent in our entry into the direct human consumption business and cannot guarantee our future performance in this business. We may experience difficulties in developing successful business relationships, attracting customers, establishing operating procedures, hiring qualified employees, developing future plants and obtaining further licenses and regulatory approvals as well as take other measures necessary to successfully and efficiently conduct our operations in this business. Moreover, we face strong competition in this business from both domestic and international producers that possess more experience in the direct human consumption business. In the event we are unable to overcome these and any other risks we may face in the operation of our direct human consumption business, our operations, financial condition and results of operation may be materially adversely effected.

We are dependent on exports to China and our other main export markets.

In 2010 and 2011, the principal markets for our products were China, Germany, Japan and Belgium. In particular, our business is highly dependent on China, as it is the largest importer of fishmeal. According to IFFO, in 2011, China imported 1,212.4 million metric tons of fishmeal, representing approximately 40.2% of the total world imports during such year. In the nine-month period ended September 30, 2012 and in 2011 and 2010, our fishmeal exports to China, our principal export market for fishmeal, accounted for approximately 52.2%, 64.8% and 48.1% of our consolidated sales volume, respectively. Imposition of tariffs, quotas, trade barriers, import bans or any other

restrictions in China or any of our export countries would affect our pricing structure, competitiveness and our ability to sell into these countries, rendering it difficult to place our products in other countries.

Our ability to compete effectively in our export markets could be materially and adversely affected by a number of factors beyond our control, including deterioration in macroeconomic conditions, exchange rate volatility or government subsidies. Moreover, demand for our products may decrease substantially upon the occurrence of any unforeseen events such as outbreak of wars, terrorist attacks or other political, economic or social events in our principal markets that lead to a protracted economic downturn. If our ability to sell our products competitively in one or more of our significant export markets were impaired by any such development, we might not be able to reallocate our products to other markets on equally favorable terms, and our business, financial condition and results of operations could be adversely affected.

Failure to comply with applicable environmental regulations could adversely affect our business and reputation.

Our operations are subject to environmental regulations at the local and national levels. These regulations apply to our fleet and processing plants and govern, among other things, emissions into the atmosphere, disposal of solid waste and aqueous effluents, management and disposal of hazardous wastes, and other activities incident to our business. Our future operations and financial results may vary as a result of such regulations. Compliance with these regulations and new or existing regulations that may be applicable to us in the future could increase our operating costs and adversely affect our results of operations and cash flows. In addition, failure to comply with these regulations could, based on the frequency or severity of such non-compliance, subject us to warnings from relevant authorities, impositions of fines, specific performance, civil or criminal liability, and closure of facilities or the temporary or permanent suspension of our fishing and processing activities, among other things, which would have adverse effects on our business, financial condition and results of operation. Complying with future remediation obligations associated with the investigation and clean-up of contaminated properties, as well as with damage claims arising out of the contamination of properties or any impact on natural resources can result in significant costs.

Failure to catch at least 80% of our quota under the ITQ system in four consecutive seasons would reduce our awarded anchovy fishing quota.

Under the ITQ system, if a quota holder fails to catch at least 80% of its quota for four consecutive fishing seasons (other than as a result of unforeseen events and *force majeure* under Peruvian law), its quota will then be reduced by an amount equal to an average of the unfulfilled quota during each of those four consecutive fishing seasons. In such case, the Ministry of Production will re-allocate the reduced portion of the quota among all other quota holders on a pro rata basis. Although we have not experienced any difficulties in fulfilling our quota, events beyond our control may cause us to not meet our quota. A reduction of our quota would reduce the amount of raw material we are able to obtain and consequently would limit our fishmeal and fish oil production volumes and would have a material adverse effect on our business, results of operations and financial condition.

Our results are seasonal, and any circumstance that adversely affects our business during our fishing seasons would have a material adverse effect on our annual results of operations and cash flows.

Our business is seasonal and depends on two annual fishing seasons which are typically authorized to occur in the second and fourth quarters of each year. As a result, we have experienced, and expect to experience in the future, significant quarterly variations in our revenues and cash flows. We seek to manage our processing activities and inventories to adapt to the seasonal variations in our sales and we generally have increased sales activity during the first and third quarters of the year. Conversely, we usually experience a decrease in sales during the second and fourth quarter of the year due to our focus on harvesting and processing activities during the fishing season in such quarters. For example, in 2011, the quarterly sales volume of our fishmeal and fish oil was distributed as follows: 13.81% in the first quarter, 41.08% in the second quarter, 33.51% in the third quarter and 11.60% in the fourth quarter. As a result of the foregoing, we do not have evenly distributed quarterly cash flows and are vulnerable to any adverse events at sea or in our processing plants, business interruptions or other unforeseen circumstances which impact our harvesting activities during the fishing seasons. If any such events were to occur, they would likely have a disproportionately material and adverse effect on our financial condition and results of operations.

In addition, during the two fishing seasons, companies prepare their inventory for sale throughout the year according to their sale agreements and market trends. Delays in starting fishing activities may affect our cash flows, as the financial system usually finances the fishing industry based on completed inventories.

Our recent rate of growth reflects a series of acquisitions and is not likely to be sustainable in the future due to a lack of suitable candidates for acquisition and other regulatory restrictions on our growth.

In the period between 2007 and 2009, our sales increased 84.4%. From December 31, 2007 to December 31, 2009, our fleet holding capacity increased 118.4% and our processing capacity increased 66.9%, in each case primarily as a result of our acquisition of 14 Peruvian fishing vessels and three industrial plants during such period. Although during the period between 2009 and the date of this offering memorandum we have increased our anchovy fishing quota from 5.72% to 6.45%, we believe that future consolidation of fishmeal and fish oil producers in Peru is not likely to continue at the same rate as the number of suitable candidates for acquisition has decreased.

Our future growth may also be constrained by a number of regulatory restrictions applicable to the fishmeal and fish oil industry. For example, since 2001, building new fishmeal or fish oil processing plants in Peru or increasing the production capacity of any existing processing plants is prohibited. Finally, the Ministry of Production imposes a limit on the total allowable anchovy catch for each fishing season and limits the duration of each fishing season as well as imposes fishing bans when it deems necessary, all of which limits our ability to increase our future production and cash flows.

As a result of these factors, our future growth rate and results of operations are subject to uncertainties, and our recent growth (including improvements in market share) is not necessarily indicative of our future performance. It is possible that no suitable candidates for acquisition with favorable terms and conditions may be available in the future, and we may not be able to increase our production volumes of fishmeal or fish oil above current levels. Consequently, it is possible that our future growth may be significantly lower than in recent years, which may adversely affect our financial condition, results of operations, cash flows and prospects.

We may be subject to unknown or contingent liabilities related to our recent acquisitions.

We undertake due diligence efforts prior to the closing of each acquisition. Our recently acquired assets and businesses may nonetheless be subject to unknown or contingent liabilities which we may be unable to pay. Also, we may not have a sufficient legal basis for exercising recourse against former owners of the companies and assets we have recently acquired. We cannot assure you that we will have the ability to recover any losses due to breaches by the sellers of their representations and warranties. In addition, the total amount of costs and expenses we may incur in connection with liabilities associated with the acquired assets and businesses may exceed our expectations, plus we may experience other unforeseeable adverse effects, all of which may adversely affect our business, results of operations and financial condition.

We may undertake additional acquisitions that may be significant in size, may change the scale of our business and/or may cause disruptions in our ongoing business.

Although we believe that future acquisition opportunities to acquire quotas and processing plants in Peru are more limited, we expect to evaluate potential opportunities to acquire additional vessels, processing plants and businesses in the future. If those future acquisitions were significant, they could change the scale of our business and could expose us to new geographic, political, operating and financial risks. Our ability to make any such acquisitions will depend on our ability to identify suitable candidates for acquisition, acquire them on acceptable terms and successfully integrate their operations. Any acquisitions would be accompanied by risks, including risks related to the quality of the assets being acquired; difficulties in assimilating the operations and personnel of any acquired companies; the potential disruption of our ongoing business; the inability of management to maximize our financial and strategic position through the successful integration of the acquired businesses; the inability of management to maintain uniform standards, controls, procedures and policies; the impairment of relationships with employees, customers and contractors as a result of any integration of new personnel; and the potential unknown liabilities associated with acquired assets or businesses. In addition, we would need additional capital to finance potential acquisitions. Debt financing related to any acquisition will expose us to the risks associated with borrowing money,

while an additional equity financing may cause existing shareholders to suffer dilution. We may not be successful in overcoming these risks or any other problems associated with such acquisitions.

Our business requires working capital and capital expenditures, and our inability to access short-term and long-term financing could adversely affect our results of operations.

We have ongoing working capital needs to operate our business, and we could need additional financing in the future to support our working capital and capital expenditures. In addition, the fishing operations, maintenance of vessels, machinery and equipment and compliance with applicable laws and regulations requires ongoing capital expenditures. Our working capital requirements for 2012 may reach up to U.S.\$65 million, which will be met primarily through pre-shipment and post-shipment facilities, together with fishmeal or fish oil warrants, or export credit letters. Currently, we obtain our working capital financing from uncommitted credit facilities, in the total amount of U.S.\$123.3 million with the following banks: Banco de Crédito del Perú, Interbank, Citibank del Perú, Banco Continental, Banco Santander, Scotiabank, HSBC, and Banco Interamericano de Finanzas. These credit facilities may no longer be available to us in the future. The availability of future financing is subject to many uncertainties beyond our control, including, among others, international, regional, macroeconomic and political conditions of the capital markets.

The cost and availability of financing for Peruvian companies are influenced by economic and market conditions in other emerging market countries, especially those in Latin America. Although economic conditions are different in each country, investors' reactions to developments in one country may affect the cost and availability of financing to issuers in other countries, including Peru. As a result, additional capital or other types of financing may not be available when needed or, if available, the terms of such financing may not be favorable to us. Difficulty or failure to obtain sufficient financing on attractive terms could result in postponing required improvements or expansions of our production facilities or increasing our financial expenses which could adversely affect our results of operations.

The loss of significant customers would adversely affect our revenue from exports.

We have a highly concentrated client base, with most of our clients located in China and western Europe. In 2011 and 2010, our top 10 clients by sales volume represented 65.5% and 73.0%, respectively, of our fishmeal sales. If one or more of our customers were to decide to acquire its fishmeal or fish oil from a different producer, to acquire substitute products in lieu of our fishmeal or fish oil or to discontinue purchases from us for any other reason, we may be unable to sell our production to other customers on comparable terms, and our financial condition and results of operations could be materially and adversely affected.

An increase in the price of fish we purchase from third parties could adversely affect our operating margins.

In addition to the fish we harvest with our own vessels, which is limited to our anchovy fishing quota of 6.45285% of the total allowable anchovy catch for each fishing season in the center-north of Peru, we purchase fish at market prices from third parties. In 2011 and 2010, we supplemented our own catch by purchasing anchovies from third parties that represented approximately 45.1% and 50.3%, respectively, of the total volume of anchovies we processed during such periods. As a result, our sales volume depends to a certain degree on our ongoing ability to purchase quantities of raw material at prices we deem reasonable and that are in line with international prices of fishmeal. If we are unable to acquire sufficient quantities of fish from third parties in the future, we would have less fish to process, which in turn would decrease our production and our sales. If the price of the raw materials we acquire from third parties were to increase any further, it would increase our cost of sales and adversely affect our cash flows and operating margins.

Increases in our fuel costs or disruptions in our fuel supply would adversely affect our results of operations.

Fuel costs represent a significant portion of our operating expenses. For example, fuel accounted for 19.58%, 18.13% and 11.60% of our fishmeal production costs in the nine-month period ended September 30, 2012 and in 2011 and 2010, respectively. Increases in fuel costs could adversely affect our results of operations. Fuel costs have been subject to wide fluctuations as a result of increases in demand and sudden disruptions in, and other concerns

about, global supply, as well as market speculation. Both the cost and availability of fuel are subject to many economic and political factors and events occurring throughout the world that we can neither control nor accurately predict, such as instability in oil prices in the primary oil-exporting countries in the Middle East, Latin America and Africa. As a result of factors of this nature, fuel costs continue to exhibit substantial volatility and could significantly increase above their current levels. In any event, we may not be able to offset any future increases in the cost of fuel by passing through to our customers all or a substantial portion of the increasing fuel costs. Consequently, increases in fuel costs may have a material adverse effect on our future financial condition and results of operations.

The fishing vessels and processing plants we operate or manage may suffer loss or damage which may not be covered by our insurance policies, and future coverage may be difficult or expensive to maintain.

We may experience vessel loss, or the operation of our vessels or processing plants may be temporarily interrupted, arising from a number of causes, including adverse weather, collision, stranding, fire, mechanical failure and human error. Any such event could result in direct losses and liabilities, loss of revenue or increased costs. With respect to our vessels, our insurance specifically covers damage to the hull and machinery on the vessel, loss or damage to property, illness, death or injury to crew members, negligence of crew members, pollution and collision liability. Nevertheless, our insurance policies are subject to certain potentially significant deductible exclusions from coverage such as negligence. Therefore, if any of the above-mentioned events occurs, our insurance may not compensate us for all of our losses and our contingency plan may not be sufficient, in which case such events could have a material adverse effect on our business, results of operations and financial condition.

We renew our insurance policies on an annual basis. The cost of coverage may increase to an extent that we may choose to reduce our policy limits or agree to certain exclusions from our coverage. Among other factors, adverse political developments, security concerns and natural disasters may materially adversely affect available insurance coverage and result in increased premiums for available coverage and additional exclusions from coverage. As a result, our insurance coverage may prove to be inadequate for events that may cause significant disruption to our operations, which may have a material adverse effect on our business.

We are exposed to foreign exchange rate risk.

Substantially all of our revenues are denominated in U.S. dollars, and approximately 50% of our costs (including electricity, labor, maintenance, local contractors and fuel) in 2011 were denominated in *Nuevos Soles*. Our exposure to foreign exchange rate risk arises mainly from our commercial accounts payable, labor and tax obligations, other accounts payable and other financial obligations denominated in *Nuevos Soles*.

As of September 30, 2012, several balances under our assets and liabilities are expressed in our financial statements in U.S. dollars at the exchange rate published by the SBS as of such date, which was S/.2.598 for sale and S/.2.597 for purchase per U.S. dollar. The U.S. dollar to *Nuevo Sol* exchange rate has fluctuated significantly over the last 10 years. Potential devaluations of the U.S. dollar in the future could have an impact on our local and total costs and ability to meet our obligations denominated in *Nuevos Soles*, causing a material adverse effect on our results of operations and financial condition.

Our products may be subject to contamination for which we may be subject to product recalls or other liabilities which could cause us to incur significant additional costs.

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

Food and drug safety concerns and related unfavorable publicity may adversely affect us.

We could be materially adversely affected if our customers or consumers lose confidence in the safety and quality of our products. Adverse publicity about these concerns, whether or not ultimately based on fact, and whether or not involving our products, could discourage consumers from buying our products. The real or perceived sale of contaminated products by us could result in a loss of consumer confidence and product liability claims, which could have a material adverse effect on our sales and operations. To the extent that we are unable to maintain appropriate sanitation and quality standards in our plants, food and quality issues could involve expense and damage to our brand names.

Products that we sell could become subject to contamination, product tampering, mislabeling, recall or other damage. Damage to our reputation in the event of a judgment against us or a product recall could have an adverse effect on our business.

We may be exposed to disruption in the delivery of our products to the markets.

Our products are delivered by trucks to the ports and shipped in chartered and container-vessels to markets in Asia and Europe, among other destinations. If there is any disruption in the shipping delivery due to weather conditions, port conditions, union strikes, social unrest or any other factors, our sales may be adversely affected. Any disruptions in the supply chain may potentially increase our operating costs and adversely impact our business, causing a material adverse effect in our results of operations and financial condition.

We are substantially dependent on our processing plants, and any interruption or operational failure in any of these plants may result in a reduction of our production volume and, therefore, materially and adversely affect us.

Most of our profit is derived from the fishmeal, fish oil and frozen seafood we produce within our processing plants. Shortage in the supply of key spare parts, adequate maintenance service or new equipment and machinery to replace old ones and cover expansion requirements could materially and adversely affect our operations and development projects. Moreover, if an accident, unanticipated repair, equipment malfunction, or natural or climatic disaster occurs in one or more of our processing plants, we may be materially and adversely affected and all or part of our operations may be interrupted, and we cannot assure you that such damage will be covered under our insurance policies.

In addition, we are subject to labor strikes and other operational incidents, such as equipment failures, fires, explosions, pipe ruptures and transportation accidents. These and other operational accidents may result in physical injury, death, material loss and destruction of our properties and equipment, and/or, in the case of environmental accidents, which may result in the suspension of our operations and/or the imposition of civil, labor and administrative penalties and criminal liability. Irregularities in our processing plants' environmental licensing, municipal licensing and our failure to comply with regulations applicable to our business may also result in the suspension of our operations and/or the imposition of civil, administrative and criminal penalties.

We depend on the expertise of our senior management, directors and skilled crew personnel, and our business may be disrupted if we lose their services.

Our senior management team possesses extensive experience and industry knowledge. We depend on our senior management and directors, including Víctor Matta Curotto, our controlling shareholder (through Caleta de Oro Holding, S.A.) to set our strategic direction and management of our business, which are crucial to our success. Furthermore, our continued success also depends upon our ability to attract and retain a large group of experienced professionals and personnel to form the crew for each of our vessels. The loss of the services of our senior management or our inability to recruit, train or retain a sufficient number of experienced personnel could have an adverse effect on our operations and profitability. Our ability to retain senior management as well as experienced personnel will partially depend on our ability to maintain appropriate staff compensation and benefit schemes. Our current compensation and benefit schemes may not be sufficient to retain the services of our experienced personnel in the future.

Future litigation or governmental proceedings could result in material adverse consequences, including judgments or settlements against us, which could adversely affect our results of operations and financial condition.

We currently are, and may in the future become, involved in lawsuits, regulatory inquiries and governmental and other legal proceedings arising out of the ordinary course of our business. Some of these proceedings raise difficult and complicated factual and legal issues and are subject to uncertainties and complexities. The timing of the final resolutions to lawsuits, regulatory inquiries and governmental and other legal proceedings in Peru is generally uncertain. While we do not consider any of the legal proceedings in which we are currently involved, individually or collectively, material, the possible outcomes of, or resolutions to, these proceedings could include adverse judgments or settlements, either of which could require substantial payments.

Our controlling shareholder may have conflicts of interest relating to our business.

As of September 30, 2012, Caleta de Oro Holding, S.A., Caleta de Oro Holding del Perú S.A.C. and Silk Holding Management Ltd., which are held by our controlling shareholder, Victor Matta Curotto, hold 70.7% of our share capital. Although Victor Matta Curotto does not have the exclusive power to determine the outcome of any action requiring shareholder approval, he has historically exercised substantial influence at our shareholder meetings as a result of being our largest shareholder. The interests of Victor Matta Curotto may in some cases differ from those of the holders of the notes. In circumstances involving a conflict of interest between Victor Matta Curotto and the holders of the notes, Victor Matta Curotto may exercise his rights in a manner that would benefit his interests to the detriment of the holders of the notes.

We may incur additional indebtedness in the future which could adversely affect our financial health and our ability to generate sufficient cash to satisfy our outstanding debt obligations

After the offering of the notes, we may incur additional indebtedness which may have the following direct or indirect effects on you:

- limit our ability to satisfy our obligations under the notes and other debt;
- increase our vulnerability to adverse general economic and industry conditions;
- require us to dedicate a portion of our cash flow from operations to servicing and repaying our
- indebtedness which may place us at a competitive disadvantage to our competitors with less debt;
- limit our flexibility in planning for or reacting to changes in our business and the industry in which we operate;
- limit, along with the financial and other restrictive covenants of our indebtedness, among other things, our ability to borrow additional funds, and
- increase the cost of additional financing.

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

In addition, certain of our financing arrangements impose operating and financial restrictions on our business, and the indenture governing the notes prohibits us from incurring additional indebtedness, subject to certain exceptions, unless we are able to satisfy certain financial ratios and certain other restrictions. Our ability to meet our

financial ratios may be affected by events beyond our control. We cannot assure you that we will be able to meet these ratios. These provisions may negatively affect our ability to react to changes in market conditions, take advantage of business opportunities we believe to be desirable, obtain future financing, fund needed capital expenditures, or withstand a continuing or future downturn in our business. Any of these could materially and adversely affect our ability to satisfy our obligations under the notes and the ability of our parent company to satisfy its obligations under its guarantee of the notes.

In the future, we may from time to time incur substantial additional indebtedness. Although the indenture governing the notes restricts us and our future subsidiaries from incurring additional debt, these restrictions are subject to important exceptions and qualifications. If we or our future subsidiaries incur additional debt, the risks that we face as a result of our existing indebtedness could further intensify.

Risks Related to Peru

Poor economic conditions in Peru could adversely affect our operations.

The vast majority of our operations are located in Peru and our sales are mainly conducted in Asia and Europe. As a result, our business, financial position and results of operations are dependent upon economic and social climate in Peru, including inflation, interest rates, exchange rates, regulations, taxation, social stability, political unrest and other developments in or affecting Peru, over which we have no control.

According to data published by the Central Reserve Bank, Peruvian gross domestic product, or GDP, grew at a rate of 8.9% in 2007, 9.8% in 2008, 0.9% in 2009, 8.8% in 2010 and 6.9% in 2011. The annualized GDP growth of Peru through the seven month period ended July 31, 2012 was 7.2% as compared to 6.8% in the corresponding period of 2011. Metals have represented more than 58% of Peru's exports in each year since 2007, which makes the Peruvian economy vulnerable to a sharp fall in metal commodity prices.

In the past, Peru has experienced periods of weak economic activity. We cannot assure you that such conditions will not return or that such conditions will not have a material and adverse effect on our business, results of operations, financial condition and ability to repay the notes.

Political and social developments in Peru could adversely affect our operations.

Our financial condition and results of operations may be adversely affected by changes in Peru's political climate to the extent that such changes affect the nation's economic policies, growth, stability, outlook or regulatory environment.

Peru has, from time to time, experienced social and political turmoil, including riots, nationwide protests, strikes and street demonstrations. Despite Peru's ongoing economic growth and stabilization, social and political tensions and high levels of poverty and unemployment continue. Future governmental policies to preempt or respond to social unrest could include, among other things, expropriation or nationalization of private assets and property, suspension of the enforcement of creditors' rights or new taxation policies. These policies could adversely and materially affect the economy and our business.

Peru's current president, Ollanta Humala of the Gana Perú political coalition, has been in office since July 28, 2011. The election of President Humala initially generated a climate of political and economic uncertainty. However, President Humala's administration ratified Julio Velarde to continue in his role as president of the Central Reserve Bank and appointed Luis Castilla, the Vice-Minister of Treasury under the previous administration, as Minister of Economy and Finance. In his first year in office, President Humala has substantially maintained the moderate economic policies of former president Alan García, whose administration was characterized by business-friendly and open-market economic policies that sustained and fostered economic growth, while controlling the inflation rate at historically low levels. However, we cannot assure you that the current or any future administration will maintain business-friendly and open-market economic policies or policies that stimulate economic growth and social stability. Any changes in the Peruvian economy or the Peruvian government's economic policies may have a negative effect on our business, financial condition and results of operations.

In addition, because in the most recent election for congress no single party obtained a clear majority, government gridlock and political uncertainty may occur. We cannot provide any assurances that political or social developments in Peru, over which we have no control, will not have an adverse effect on Peru's economic situation and on our business, results of operations, financial condition and ability to repay the notes.

The Peruvian economy could be adversely affected by economic developments in regional or global markets.

The 2008 global economic crisis, principally driven by the sub-prime mortgage market in the United States, substantially affected the international financial system, including Peru's securities market and economy. Additionally, the ongoing economic crisis in Europe may reduce the confidence of foreign investors, which may cause volatility in the securities markets and affect the ability of companies to obtain financing in the global capital markets. This could have a material adverse effect on our business, economic and financial condition and results of operations.

The United States and the world's other major economies showed signs of recovery and confidence in the financial system following the 2008 global economic crisis during the early months of 2011. However, fiscal problems in the United States due to difficulties and delays in increasing the government debt ceiling, culminating in the downgrade of the U.S. long-term sovereign credit rating by Standard & Poor's on August 6, 2011, added to an already highly risk-averse environment. Meanwhile, there are continuing doubts about the pace of global growth in some global markets. An interruption to the recovery of developed economies, the continued effects of the current crisis or a new economic and/or global financial crisis could affect Peru's economy and, consequently, materially and adversely affect our business, economic and financial condition or results of operations.

The re-implementation of certain laws by the Peruvian government, most notably restrictive exchange rate policies, could have an adverse effect on our business, financial condition and results of operations.

Since 1991, the Peruvian economy has experienced a major transformation from a highly protected and regulated system to a free market economy. During this period, protectionist and interventionist laws and policies have been gradually dismantled to create a liberal economy dominated by private sector and market forces. The Peruvian economy has generally responded positively to this transformation, having increased its GDP by an average annual rate of over 5.6% during the period from 2000 to 2011. Exchange controls and restrictions on remittances of profits, dividends and royalties have ceased. Prior to 1991, Peru exercised control over foreign exchange markets by imposing restrictions to multiple exchange rates and restrictions to the possession and use of foreign currencies. In 1991, President Fujimori's administration eliminated all foreign exchange controls and unified the exchange rate. Currently, foreign exchange rates are determined by market conditions, with regular operations by the Central Reserve Bank in the foreign exchange market in order to reduce volatility in the value of Peru's currency against the U.S. dollar.

The Peruvian government may institute restrictive exchange rate policies in the future. Any such restrictive exchange rate policy could affect our ability to engage in foreign exchange activities, and could also have a material adverse effect on our business, financial condition and results of operations.

Inflation could adversely affect our financial condition and results of operations.

As a result of reforms initiated in the 1990s, Peruvian inflation has decreased significantly in recent years from four-digit inflation during the 1980s. Over the five-year period ended on December 31, 2011, the Peruvian economy experienced annual inflation averaging approximately 3.08% per year as measured by the Peruvian Consumer Price Index (*Índice de Precios al Consumidor del Perú*). This index is calculated by INEI and measures variations in prices of a selected group of goods and services typically consumed by Peruvian families. The Central Reserve Bank establishes on an annual basis a target inflation rate for each fiscal year and announces the target rate in effect in order to shape market expectations.

If Peru experiences substantial inflation in the future, our costs could increase and our operating margins could decrease, which could adversely affect our business, financial condition and results of operations.

Inflationary pressures may also limit our ability to access foreign financial markets and may cause government intervention in the economy, including the introduction of government policies that may adversely affect the overall performance of the Peruvian economy. Our results of operations and the value of our securities may be adversely affected by higher inflation.

Any closure of ports in Peru could significantly affect our business.

A significant part of our business strategy consists in the export of our products through different ports along the Peruvian coast, particularly the Callao port, located in the Lima Department. Therefore, the success of this strategy is very sensitive to any closure of ports, which could occur as a consequence of governmental decisions or social unrest activities, such as strikes or others.

A closure of any of the ports that we use to export our products would affect our sales and could have material adverse effects on our results of operations.

The recent market volatility generated by distortions in the international financial markets could affect the Peruvian capital markets and the Peruvian banking system.

Volatility in international markets may adversely affect the Peruvian capital markets as well. The Peruvian banking system has not experienced any significant liquidity problems as a result of the recent international crisis, primarily because the main source of funding for local banks is represented by its core deposits. However, we cannot assure you that future market volatility will not affect the Peruvian banking system or that such volatility will not have an adverse effect on our business, financial condition or results of operations.

Changes in tax laws may increase our tax burden and, as a result, negatively affect our profitability.

The Peruvian government regularly implements changes to the tax regulations that may increase our tax burdens. These changes include modifications in the methods for tax audits and, from time to time, the enactment of temporary taxes.

The effects of these proposed tax reforms and any other changes resulting from the enactment of additional tax reforms have not been quantified. However, if enacted, some of these reforms may result in increases in our overall tax burden, which could negatively affect our overall financial performance.

All of our processing plants are located in Peru and could be adversely affected by earthquakes or other natural disasters.

Peru is located in an area of intense seismic activity, and is affected by earthquakes from time to time. On August 15, 2007, an earthquake of 7.9 on the Richter scale affected the central coast of Peru, severely damaging the Ica region. Such earthquake affected the facilities of our Tambo de Mora processing plant, particularly the processing machinery and warehouse areas, damaging all the underground electric apparatus, displacing base structures and cracking concrete foundations where equipment was located. Damages in our Tambo de Mora plant amounted to approximately U.S.\$4.8 million, of which, U.S.\$4.6 million were covered by insurance.

Additionally, as a consequence of this event, in some cases we had to renegotiate with clients to delay the delivery of our products.

We are also vulnerable to damage from other types of disasters, including fires, floods, power loss, communications failures and similar events. If any disaster were to occur, our ability to operate our business at our facilities would be seriously, or potentially completely impaired. Although we are insured against possible damages caused by earthquakes and other natural disasters, accidents or similar occurrences (including coverage for losses caused by strikes), the occurrence of an earthquake or any other natural disaster could have a material adverse effect in our business, results of operations, financial condition, and prospects.

The perception of higher risk in other countries, especially in emerging economies, may adversely affect the Peruvian economy, our business and the market price of Peruvian securities issued by Peruvian issuers, including the notes.

Emerging markets like Peru are subject to greater risks than more developed markets, and financial turmoil in any emerging market could disrupt business in Peru and adversely affect the price of the notes. Economic instability in Peru and in other emerging-market countries has been caused by many different factors, including high interest rates, changes in currency values, high levels of inflation, exchange controls, wage and price controls, changes in economic or tax policies, the imposition of trade barriers and internal security issues. Any of these factors, as well as volatility in the markets for securities similar to the notes, may adversely affect the value of the notes. Moreover, financial turmoil in any important emerging-market country may adversely affect prices in stock markets and prices for debt securities of issuers in other emerging-market countries as investors move their money to more stable, developed markets. An increase in the perceived risks associated with investing in emerging markets could dampen capital flows to Peru and adversely affect the Peruvian economy in general and investors' interest in our notes, in particular. We cannot assure you that investors' interest in Peru, and in our notes, will not be adversely affected by events in other emerging markets or the global economy in general.

Risks Related to the Notes

Our obligations under the notes will be subordinated to certain statutory liabilities.

Under Peruvian bankruptcy law, our obligations under the notes are subordinated to certain statutory preferences. In the event of our liquidation, such statutory preferences, including claims for salaries, wages, secured obligations, social security, taxes, court fees and expenses related thereto, will have preference over any other claims, including claims by any investor in respect of the notes.

The notes will be effectively subordinated to our secured debt.

The notes will be our unsecured unsubordinated obligations and will rank equal in right of payment with all of our other existing and future unsecured unsubordinated indebtedness. The payment of principal and interest on the notes will be effectively subordinated in right of payment upon our bankruptcy to all of our secured indebtedness. As of September 30, 2012, after giving pro forma effect to this offering and the intended application of the net proceeds to repay the outstanding balance under our syndicated loan, our secured indebtedness (which comprises working capital loans secured solely by current accounts receivable or inventory) would be U.S.\$37.1 million. If we become insolvent or are liquidated, or if payment in respect of our secured indebtedness is accelerated, our secured lenders will be entitled to exercise the remedies available to a secured lender under applicable law, in addition to any remedies that may be available under the financing arrangements relating to that secured indebtedness, and we cannot assure you that there will be sufficient assets remaining to pay amounts due on the notes. As a result, you may receive less, ratably, than the lenders of our secured indebtedness.

There is no existing market for the trading of the notes, and we cannot assure you that you will be able to sell your notes in the future.

There is no existing market for trading of the notes, and we cannot assure you that in the future a market for the notes will develop, or that you will be able to sell any notes you have purchased, or that any such notes may be sold for any particular price. Although we have applied for the notes to be admitted to the official list of the Luxembourg Stock Exchange and to be traded on the Euro MTF Market of the Luxembourg Stock Exchange, we cannot assure you that a trading market will develop. The initial purchasers have advised us that they currently intend to make a market in the notes but they are not under any obligation to do so, and any market-making with respect to the notes may be discontinued at any time without notice at the sole discretion of the initial purchasers.

In addition, trading or resale of the notes (or beneficial interests therein) may be negatively affected by other factors described in this offering memorandum arising from this transaction or the market for securities of Peruvian issuers generally. As a result, we cannot assure you the level of liquidity of any trading market for the notes and, as a result, you may be required to bear the financial risk of your investment in the notes indefinitely.

The liquidity and price of the notes following the offering may be volatile.

The price and trading volume of the notes may be highly volatile. Factors such as variations in our revenues, earnings and cash flows and proposals of new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in prices for comparable companies could cause the price of the notes to change. Any such developments may result in large and sudden changes in the volume and price at which the notes will trade.

We cannot assure you that the credit ratings for the notes will not be lowered, suspended or withdrawn by the rating agencies.

The credit ratings of the notes may change after issuance. Such ratings are limited in scope and do not address all material risks relating to an investment in the notes but rather reflect only the views of the rating agencies at the time the ratings are issued. An explanation of the significance of such ratings may be obtained from the rating agencies. We cannot assure you that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies if, in the judgment of such rating agencies, circumstances so warrant. Any lowering, suspension or withdrawal of such ratings may have an adverse effect on the market price and marketability of the notes.

Enforcing your rights as a noteholder in Peru may prove difficult.

Your rights under the notes will be subject to the insolvency and administrative laws of Peru, and we cannot assure that you will be able to effectively enforce your rights in such bankruptcy, insolvency or similar proceedings. In addition, the bankruptcy, insolvency, administrative and other laws of Peru may be materially different from, or conflict with, each other, including in the areas of rights of creditors, priority of third-party and related-party creditors, treatment of intercompany debt, ability to obtain post-bankruptcy filing loans or to pay interest and the duration of proceedings. The laws of Peru may not be as favorable to your interests as the laws of those jurisdictions with which you are familiar. The application of these laws, or any conflict among them, could call into question what and how Peruvian laws should apply. Such issues may adversely affect your ability to enforce your rights under the notes in Peru or limit any amounts that you may receive.

We may redeem the notes prior to maturity.

The notes may also be redeemable at our option for certain reasons, and with certain limitations, as specified in “Description of the Notes”. We may choose to redeem those notes at times when prevailing interest rates may be relatively low. Accordingly, an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the notes.

The notes are subject to certain restrictions on transfer.

The notes have not been and will not be registered under the Securities Act or any U.S. state securities laws. You may not offer the notes in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws, or pursuant to an effective registration statement. It is your obligation to ensure that your offers and sales of the notes within the

United States and other countries comply with applicable securities laws. In Peru, the notes are subject to transfer and resale restrictions and shall not be transferred or resold except as permitted under CONASEV Resolution No. 079-2008-EF/94-01.1, as amended.

Different disclosure requirements in Peru and the United States may provide you with different or less information about us than you expect.

Securities disclosure requirements in Peru differ from those applicable in the United States. Accordingly, the information about us available to you may not be the same as the information available to security holders of a U.S. company. There may be less publicly available information about us than is regularly published about companies in the United States and certain other jurisdictions. We are not subject to the periodic reporting requirements of the

Exchange Act and, therefore, are not required to comply with the information disclosure requirements that it imposes.

The ability of investors to enforce civil liabilities under U.S. securities laws may be limited.

None of our directors or executive officers is a resident of the United States. All or a substantial portion of our assets and those of our directors and executive officers are located outside of the United States. As a result, it may not be possible for investors in our securities to effect service of process within the United States upon such persons or to enforce in U.S. courts or outside of the United States judgments obtained against such persons outside of the United States.

We are a company organized and existing under the laws of Peru, and there is no existing treaty between the United States and Peru for the reciprocal enforcement of foreign judgments. It is not clear whether a foreign court would accept jurisdiction and impose civil liability if proceedings were commenced in a foreign jurisdiction predicated solely upon U.S. federal securities laws. See “Enforcement of Civil Liabilities.”

If certain changes to tax laws were to occur, we would have the option to redeem the notes as a whole.

The notes may be redeemed, in whole but not in part, at our option, if, subject to certain conditions and as a result of (1) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of Peru affecting taxation; or (2) any change in, or amendment to, an official position regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction), we or any applicable Subsidiary Guarantor, as the case may be, is, or on the next Interest Payment Date (as defined herein) would be, required to pay Additional Amounts (as defined herein) with respect to taxes of Peru at a rate in excess of (x) 4.99% in the aggregate with respect to interest paid on the notes or (y) 30% in the aggregate with respect to any payments other than interest on the notes that a holder of the notes would realize were such notes redeemed on such Interest Payment Date. See “Description of the Notes—Redemption for Taxation Reasons.”

We are not able to determine whether an increase in the withholding tax rate will ultimately occur; however, if such an increase were to occur, and certain other conditions are met, the notes would be redeemable at our option at a redemption price equal to 100% of the principal amount thereof; together with accrued and unpaid interest (including any Additional Amounts). Further, the notes may be redeemed, in whole but not in part, at our option, if the value-added tax exemption on interest paid on securities issued through an international offering by companies incorporated or established in Peru expires or it is not renewed.

Peruvian capital gains tax may apply on transfers of the offered notes.

In the event beneficial interests in the Global Notes are exchanged for definitive notes (or the Global Notes are transferred), the non-Peruvian holders of such Global Notes may be subject to Peruvian capital gains tax on any transfer of such definitive notes (or transfer of notes). See “Taxation—Peruvian Tax Considerations.”

USE OF PROCEEDS

We estimate the gross proceeds from the sale of the notes to be approximately U.S.\$198,658,000 million before deduction of commissions and expenses we will pay in connection with this offering. We intend to use the net proceeds from the sale of the notes (1) to repay all of our outstanding indebtedness under our syndicated loan facility arranged by WestLB AG New York Branch, Santander Overseas Bank, Inc., The Bank of Nova Scotia, Citibank N.A., Banco de Crédito del Perú and HSBC Bank (Panamá), (2) to finance acquisitions in order to increase our anchovy fishing quota and (3) for general corporate purposes. Santander Overseas Bank, Inc. is an affiliate of Santander Investment Securities Inc., an initial purchaser in this offering. For additional information regarding our syndicated loan facility, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Borrowings from Banks and Other Financial Institutions.”

EXCHANGE RATES

The Peruvian *Nuevo Sol* is freely traded in the exchange market. We maintain our books and records in U.S. dollars. However, for tax purposes in Peru we must have books and records in *Nuevos Soles*, as this is the legal currency of Peru. As such, our financial results presented in our consolidated financial statements are affected by fluctuations of the *Nuevo Sol*/U.S. dollar exchange rates.

Although the *Nuevo Sol* has significantly depreciated against the dollar in the past, in the last five years the *Nuevo Sol* has grown stronger, and in 2011 the *Nuevo Sol* appreciated 3.99% against the U.S. dollar. Future fluctuations in the value of the *Nuevo Sol* against the U.S. dollar may adversely affect our results of operations and financial conditions and that of our subsidiaries, as there would be a difference between assets and liabilities denominated in foreign currencies. See “Risk Factors—Risks Related to our Business and Industry—We are exposed to foreign exchange rate risk.”

Since March 1991, Peru has not applied exchange control practices and there has been free market trading in the country. During the previous two decades, however, the Peruvian currency experienced a significant number of large devaluations. Therefore, in the past Peru has adopted and operated under various exchange rate control practices and exchange rate determination policies. These policies have ranged from strict control over exchange rates to market determination of rates. Currently, investors are allowed to purchase foreign currency at free market exchange rates through any person or entity.

The following table shows, for the periods indicated, certain information regarding the exchange rates for *Nuevos Soles* per U.S. dollar.

	Low (1)	High (1)	Period Average (2)	Period End
Year:				
2007	2.968	3.202	3.125	2.997
2008	2.693	3.160	2.942	3.142
2009	2.853	3.259	3.007	2.891
2010	2.786	2.885	2.827	2.809
2011	2.694	2.834	2.753	2.697
2012	2.551	2.710	2.640	2.551
	Low (1)	High (1)	Period Average (3)	Period End
Month:				
June 2012	2.641	2.709	2.672	2.671
July 2012	2.620	2.655	2.636	2.629
August 2012	2.610	2.630	2.617	2.610
September 2012	2.594	2.611	2.603	2.598
October 2012	2.578	2.602	2.588	2.592
November 2012	2.579	2.616	2.599	2.579
December 2012	2.551	2.581	2.566	2.551
January 2013 (through January 25)	2.541	2.557	2.550	2.557

(1) Exchange rates are the actual low and high rates, on a day-by day basis, for each period.

(2) Calculated as the average of the month-end exchange rates during the relevant period.

(3) Calculated as the monthly average rate published by the SBS.

Source: SBS.

CAPITALIZATION

The following tables set forth our capitalization as of September 30, 2012 derived from our unaudited interim financial statements as of September 30, 2012 prepared in accordance with IFRS:

- on an actual historical basis; and
- as adjusted to reflect (1) the receipt of gross proceeds of U.S.\$198,658,000 from the sale of the notes and before deduction of commissions and expenses we will pay in connection with this offering and (2) the application of the net proceeds as described in “Use of Proceeds.”

You should read this table in conjunction with “Use of Proceeds,” “Selected Financial and Other Information,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our audited consolidated and unaudited financial statements and the related notes thereto, which are included in this offering memorandum.

	As of September 30, 2012	
	(unaudited)	
	Actual	As Adjusted(1)
	<i>(in thousands of U.S.\$)</i>	<i>(in thousands of U.S.\$)</i>
Short-term liabilities		
Financial obligations	51,409	51,409
Other short-term liabilities (2)	28,082	28,082
Total short-term liabilities.....	79,491	79,491
Long-term liabilities		
Financial obligations	139,742	201,894
Other long-term liabilities (3)	21,617	21,617
Total long-term liabilities.....	161,359	223,511
Total liabilities.....	240,850	303,002
Total equity.....	237,405	237,405
Total capitalization (4)	478,255	540,407

- (1) As adjusted to reflect (1) the receipt of gross proceeds of U.S.\$198,658,000 from the sale of the notes and before deduction of commissions and expenses we will pay in connection with this offering and (2) the application of such proceeds as described under “Use of Proceeds.”
- (2) Comprised commercial accounts payable, accounts payable of related entities, income taxes indebtedness, employee profit sharing and benefits.
- (3) Comprised deferred income taxes and provisions.
- (4) Total capitalization is the sum of total liabilities and total equity.

There has been no material change in our capitalization since September 30, 2012, except as disclosed above.

SELECTED FINANCIAL AND OTHER INFORMATION

The following tables present our selected consolidated financial and other information. The consolidated financial information as of and for the years ended December 31, 2011 and 2010 has been derived from our audited consolidated financial statements contained elsewhere in this offering memorandum. The financial information as of September 30, 2012 and for the nine-month period ended September 30, 2012 and 2011 has been derived from our unaudited financial statements contained elsewhere in this offering memorandum.

The results of operations presented in this offering memorandum are not necessarily indicative of any future performance. This information should be read in conjunction with our audited and unaudited consolidated financial statements, including the notes thereto, contained elsewhere in this offering memorandum and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

	For the Nine-Month Period Ended September 30,		For the Year Ended December 31,	
	2012	2011	2011	2010
	<i>(in millions of U.S.\$)</i>			
Income Statement Data				
Net sales.....	187.1	171.7	192.3	183.0
Cost of sales.....	(112.4)	(99.3)	(109.1)	(115.1)
Ban period expenses	(20.9)	(14.3)	(20.0)	(22.6)
Gross profit	53.8	58.1	63.2	45.3
Selling expenses.....	(9.5)	(5.8)	(7.0)	(5.7)
Administrative expenses	(5.5)	(5.0)	(7.2)	(5.0)
Other income (expenses), net(1)	(0.6)	(3.0)	(5.6)	(2.8)
Operating income	38.2	44.3	43.4	31.8
Financial gain	0.3	0.2	0.7	0.1
Financial expenses	(8.0)	(4.6)	(6.5)	(7.7)
Foreign exchange difference net effect.....	0.7	(0.3)	0.2	0.7
Income before income tax	31.2	39.6	37.8	24.9
Income tax	(11.2)	(12.3)	(13.1)	(5.2)
Net profit	20.0	27.3	24.7	19.7

(1) Includes compensation under Legislative Decree N° 1084.

	As of September 30,	As of December 31,	
	2012	2011	2010
		(in millions of U.S.\$)	
Balance Sheet Data			
<i>Current assets</i>			
Cash and cash equivalents	28.9	3.8	29.9
Trade receivables, net	15.7	14.8	7.7
Other receivables, net	41.8	33.0	24.5
Amounts due from related parties	4.2	3.1	1.3
Inventories, net	26.8	48.4	13.9
Prepaid expenses	2.4	1.7	1.9
Total current assets	119.8	104.8	79.2
<i>Non-current assets</i>			
Financial investments	0.5	0.5	0.5
Property, vessels, machinery and equipment, net	171.6	166.5	149.9
Intangible assets, net	97.7	97.7	64.6
Goodwill	88.7	88.7	51.7
Total non-current assets	358.5	353.4	266.7
Total assets	478.3	458.2	345.9
<i>Current liabilities</i>			
Financial obligations	51.4	52.9	19.6
Trade payables	13.1	32.1	13.4
Other payables	6.8	27.8	5.2
Amounts due to related parties	0.0	0.1	0.1
Current tax liabilities	2.1	9.4	2.6
Employee benefit obligations	6.1	7.2	3.5
Total current liabilities	79.5	129.5	44.4
<i>Non-current liabilities</i>			
Financial obligations	139.7	80.4	41.2
Deferred tax liabilities	17.2	19.0	29.0
Provisions	4.5	4.9	2.3
Total non-current liabilities	161.4	104.3	72.5
Total liabilities	240.9	233.8	116.9
<i>Shareholders' equity</i>			
Share capital	90.3	90.3	90.3
Capital surplus	69.8	69.8	70.1
Other reserves	3.6	3.6	3.6
Retained earnings	73.7	60.7	64.9
Total shareholders' equity	237.4	224.4	229.0
Total liabilities and shareholders' equity	478.3	458.2	345.9

Cash Flows

	Nine-Month Period Ended September 30,		Year Ended December 31,	
	2012	2011	2011	2010
	<i>(in millions of U.S.\$)</i>			
Net cash provided by (used in):				
Operating activities.....	19.1	49.7	20.0	43.3
Investing activities.....	(23.7)	(86.3)	(110.4)	(38.4)
Financing activities.....	29.7	14.3	64.3	14.9
Increase (decrease) in cash and cash equivalents.....	25.1	(22.3)	(26.1)	19.8
Cash and cash equivalents at beginning of period.....	3.8	29.9	29.9	10.1
Cash and cash equivalents at the end of period.....	28.9	7.6	3.8	29.9

Adjusted EBITDA

Adjusted EBITDA means operating income plus depreciation plus our employee profit sharing plan pursuant to Legislative Decree N°892, and other income (expenses), net. The following table presents the reconciliation between Adjusted EBITDA and the operating income reported in our financial statements for the periods shown:

	For the Nine-Month Period Ended September 30,		For the Twelve- Month Period Ended September 30,	For the Year Ended December 31,	
	2012	2011	2012(1)	2011	2010
	<i>(in millions of U.S.\$)</i>				
Operating income.....	38.2	44.3	37.3	43.4	31.8
(+) Depreciation.....	12.9	15.1	14.8	17.0	15.8
(+) Employee profit sharing, net.....	4.8	4.6	5.5	5.3	2.4
(+/-) Other income (expenses), net.....	0.6	3.0	3.2	5.6	2.8
Adjusted EBITDA	56.5	67.0	60.8	71.3	52.8

- (1) Amounts for each line item were calculated by adding the applicable line item amount for the nine-month period ended September 30, 2012 to the corresponding line item amount for the year ended December 31, 2011, and then subtracting the corresponding line item amount for the nine-month period ended September 30, 2011.
- (2) Includes compensation under Legislative Decree N° 1084 which refers to the indemnity paid as a settlement payment to ship workers during 2009 due to the enforcement of the ITQ system. See note 24 in our unaudited financial statements and note 22 in our consolidated audited financial statements.

Adjusted EBITDA is not an IFRS measure, does not represent cash flow for the years indicated and should not be considered an alternative to net profit (loss), as an indicator of our performance or as an alternative to cash flow as a source of liquidity. Our definition of Adjusted EBITDA may not be comparable with Adjusted EBITDA as defined by other companies. Our management considers Adjusted EBITDA, notwithstanding the limitations previously mentioned, and in conjunction with other accounting and financial information available, a reasonable indicator for comparisons between us and our principal competitors in the market.

Selected financial ratios and working capital

The following table sets for certain financial ratios and our working capital for the periods shown:

	As of September 30,	As of December 31,	
	2012	2011	2010
	<i>(in millions of U.S.\$, except for ratios)</i>		
Liquidity Ratios and Working Capital			
Current liquidity (1).....	1.51	0.81	1.78
Working capital (2).....	40.3	(24.7)	84.8
Debt Ratios			
Short-term indebtedness (3).....	0.33	0.58	0.19
Long-term indebtedness (4).....	0.68	0.46	0.32
Total indebtedness (5).....	1.02	1.04	0.51
Debt ratio (6).....	0.50	0.51	0.34
Total debt/Adjusted EBITDA (7).....	3.38	1.87	1.15
Net debt/Adjusted EBITDA (8).....	2.87	1.82	0.60
Profit Ratios			
Return on investment (9).....	4.2%	5.4%	5.7%
Return on equity (10).....	8.4%	11.0%	8.6%
Gross margin (11).....	28.8%	32.9%	24.8%
Net margin (12).....	10.7%	12.8%	10.8%
Net profit per share (13).....	0.07	0.08	0.08

(1) Current liquidity equals current assets divided by current liabilities.

(2) Working capital equals current assets minus current liabilities.

(3) Short-term indebtedness equals current liabilities divided by total shareholders' equity.

(4) Long-term indebtedness equals non-current liabilities divided by total shareholders' equity.

(5) Total indebtedness equals total liabilities divided by total shareholders' equity.

(6) Debt ratio equals total liabilities divided by total assets.

(7) Total debt/Adjusted EBITDA ratio is the ratio of our total debt as of the end of the applicable period divided by our Adjusted EBITDA for that period.

(8) Net debt/Adjusted EBITDA ratio is the ratio of our net debt as of the end of the applicable period divided by our Adjusted EBITDA for that period.

(9) Return on investment is calculated by dividing net profit by total assets.

(10) Return on equity is calculated by dividing net profit by total shareholders' equity.

(11) Gross margin is calculated by dividing gross profit by net sales.

(12) Net margin is calculated by dividing net profit by net sales.

(13) Net profit per share is calculated by dividing net profit by the number of shares outstanding at period end.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our (1) unaudited financial statements as of September 30, 2012 and for the nine-month period ended September 30, 2012 and 2011 and our (2) audited consolidated financial statements as of and for the years ended December 31, 2011 and 2010 and the notes thereto included elsewhere in this offering memorandum, as well as with the information presented under "Presentation of Financial and Other Information" and "Selected Financial Information." Our financial statements have been prepared in accordance with IFRS. Our functional currency is the U.S. dollar. Unless otherwise indicated, our financial statements and other financial information concerning us and our subsidiaries included in this offering memorandum are presented in U.S. dollars.

The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including those set forth in "Forward-Looking Statements" and "Risk Factors."

Overview

We are a leading Peruvian producer of fishmeal and fish oil, primarily for the livestock and aquaculture industries, and we also produce frozen seafood for direct human consumption. According to the FAO, Peru is the largest producer and exporter of fishmeal and fish oil. Since the beginning of our operations in 1997, we have grown through a combination of organic growth and acquisitions, consolidating our position as the fourth largest producer of fishmeal and fish oil in Peru in 2011 in terms of volume, according to the Ministry of Production.

Indirect Human Consumption (Fishmeal and Fish Oil)

We produce fishmeal and fish oil from anchovies caught with our fleet of vessels off the coast of Peru, as well as from anchovies purchased from independent vessel owners (also known as "vikings") that do not have their own fishmeal processing plants. In 2011 and 2010, our sales totaled U.S.\$192.3 million and U.S.\$183.0 million, respectively. In 2011, our sales of fishmeal totaled U.S.\$154.5 million, while our sales of fish oil totaled U.S.\$24.5 million. For the nine-month period ended September 30, 2012, our sales from fishmeal and fish oil totaled U.S.\$187.1 million, of which U.S.\$131.3 million was from sales of fishmeal and U.S.\$41.7 million was from sales of fish oil.

In Peru, producers of fishmeal and fish oil may fish during two separate seasons. The first season occurs generally between the months of April to July, with the catch during this season sold during the same year. The second fishing season occurs generally between the months of November to January, with the catch during this season being sold almost entirely during the year commencing that January. The beginning and ending month of each season may vary depending upon sea or biomass conditions, which may cause our financial results to vary from period to period.

Our fishmeal is primarily used as a source of protein in feed for a variety of livestock and in aquaculture, particularly in Asia, where aquaculture has grown significantly. Our sales of fishmeal represented 70.1%, 80.3% and 88.0% of our total sales in the nine-month period ended September 30, 2012 and in 2011 and 2010, respectively. Our fishmeal production totaled approximately 79,660 metric tons, 144,192 metric tons and 83,438 metric tons, respectively, in the nine-month period ended September 30, 2012 and in 2011 and 2010.

We have recently completed the conversion of all of our fishmeal processing plants to the SD method, which, assuming the same quality of fish, results in higher quality fishmeal with higher levels of protein than fishmeal produced by the direct FD method.

Our fish oil is a byproduct of the fishmeal production process. Fish oil, which is used for aquaculture and for human consumption, accounted for 22.3%, 12.7% and 10.5% of our total sales in the nine-month period ended September 30, 2012 and in 2011 and 2010, respectively.

In 2008, the Peruvian government modified the regulatory framework governing the harvesting of anchovy, from an industry-wide quota system to the ITQ system, under which the government combines the establishment of a global catch quota with individual quotas, which are allocated based on each company's fleet capacity and historical catch. Following our acquisitions of vessels and businesses in 2010 and 2011, our anchovy fishing quotas increased to a current 6.45285% in the center-north of Peru and 4.33916% in the south of Peru, up from 5.2278% and 1.441538%, respectively, in 2009. Following the introduction of the ITQ system, we have significantly reduced the number of fishing vessels we operate in each fishing season, from 35 in 2008, with a total holding capacity of 11,116 m³, to 22 vessels in 2011, with a total holding capacity of 7,730 m³.

In addition to the production and sale of fishmeal and fish oil, our indirect human consumption business includes the sale of fish we catch in southern Peru to companies with processing plants along the south coast of Peru. Our sales of fish for indirect human consumption totaled U.S.\$5.86 million in the nine-month period ended September 30, 2012 and U.S.\$5.6 million in the year ended 2011.

Direct Human Consumption (Frozen and Fresh Seafood)

In 2011, capitalizing on synergies with our fishing operations, particularly our fleet management experience and our extensive relationship with artisan vessel owners, we commenced operations in the production and processing of frozen seafood for direct human consumption, focusing primarily on giant squid and mahi-mahi processed at our recently constructed Paita processing plant. Our Paita processing plant, in which we have invested U.S.\$7.5 million to date, has a processing capacity of 108 metric tons per day and a cold storage capacity of 2,500 metric tons. Moreover, we have invested U.S.\$7.7 million to equip six vessels with RSW and storage systems to develop our operations in this market segment. We also utilize these vessels to catch anchovies for fishmeal production in order to better preserve our catch.

In addition, we are currently building a second frozen seafood processing plant in Tambo de Mora, which we anticipate will process mackerel and jack mackerel caught by our specialized fleet. We anticipate that our Tambo de Mora processing plant, in which we have invested approximately U.S.\$17 million of a total expected investment of U.S.\$20 million, will have a processing capacity of 575 metric tons per day and a cold storage capacity of 6,000 metric tons. We believe that our entry into the frozen seafood business will increase our profit margins and add to the diversity of our core business.

Depending on market conditions and the location of the catch, we also sell fresh fish, mostly mackerel and jack mackerel, at the docking area of our Callao plant. These sales are carried out in cash immediately following unloading. Our sales of fresh fish for direct human totaled U.S.\$1.1 million in the nine-month period ended September 30, 2012.

Factors Affecting our Results of Operations

The primary factors affecting our results of operations include:

- the volume of raw materials we are able to obtain and process during each fishing season;
- the demand for, and prices of, our finished products in the market;
- the price of raw materials we purchase from third parties;
- the cost of fuel;
- the yield of fishmeal and fish oil; and
- exchange rates between the *Nuevo Sol* and the U.S. dollar and inflation in Peru.

Volume of Raw Material Processed

The volume of raw material that we can process is determined by (1) the total allowable anchovy catch determined by the Ministry of Production for each fishing season and the individual quota assigned by the Ministry of Production to us, (2) the actual catch of our fleet and (3) the volume of fish we buy from third parties, all of which may vary from period to period.

The amount of raw material that we are able to obtain depends largely on the total allowable anchovy catch set by the Ministry of Production for each fishing season for the center-north and the south regions of Peru. The allowable anchovy catch is determined according to ocean conditions and the health and size of the biomass as determined by IMARPE.

The total allowable anchovy catch for the center-north has varied from year to year. For example, the total allowable anchovy catch in 2007 and 2008 was 5 million metric tons, while the total allowable anchovy catch in 2009 and 2010 was 5.5 million metric tons and 4.57 million metric tons, respectively. In 2010, as a result of *El Niño* and *La Niña*, the total fishing volume caught (3.3 million metric tons) was less than the total allowable anchovy catch for the year, as these conditions caused a dispersal of biomass and an unusually high proportion of juvenile anchovies within our catch. In 2011, the total allowable anchovy catch was 6.2 million metric tons for both fishing seasons, corresponding to a total allowable anchovy catch during the first fishing season equivalent to 3.675 million metric tons and 2.5 million metric tons, respectively. The total allowable anchovy catch in the first and second fishing seasons of 2012 was 2.7 million metric tons and 0.8 million metric tons during the second fishing season.

With respect to the south, the government sets individual fishing quotas that differ from those in the center-north. For example, in the second fishing season of 2009, the government established its first quota in the south in the amount of 0.5 million metric tons. In previous years, fishing was open throughout the year in the south. In 2010 and 2011, the total allowable anchovy catch in the south was 0.85 million metric tons and 0.8 million metric tons, respectively. In the first fishing season of 2012, the total allowable anchovy catch of the south was 0.4 million metric tons, while the total allowable anchovy catch in the second fishing season of 2012 was 0.307 million metric tons.

In addition to the global anchovy fishing quota established by the Peruvian government for each fishing season for the center-north and the south and the fish we purchase from independent vessel owners, the volume of fish we process annually is dependent upon our individual anchovy fishing quota as well as the commencement date and duration of each fishing season. These factors have a direct impact on our results of operations in light of the impact they have upon our fish sales. The first fishing season generally occurs between April and July of each year and the fish caught during this season is generally sold in the same year. By contrast, the second fishing season generally occurs between November and January of the following year and the fish caught during this season is generally sold during the first quarter of the year commencing that January. The duration of the fishing seasons has varied over the past years as shown in the table below:

	2012		2011		2010	
	<i>(in millions of metric tons)</i>	<i>(Duration)</i>	<i>(in millions of metric tons)</i>	<i>(Duration)</i>	<i>(in millions of metric tons)</i>	<i>(Duration)</i>
First Season	2.700	May 2 to July 31	3.675	April 1 to July 31	2.500	May 13 to July 31
Second Season.....	0.810	Nov. 22 to Jan. 31	2.500	Nov. 23 to Jan. 31	0.700	Nov. 20 to Jan. 31
Total	3.510		6.175		3.20	

Source: PRODUCE

Our current individual anchovy fishing quota is 6.45285% for the center-north of Peru and 4.33916% for the south. Our own catch and the catch we purchase from independent vessel owners accounted for 10.37%, 10.62% and 11.41% of the global anchovy fishing quota in the center-north in the nine-month period ended September 30, 2012 and in 2011 and 2010, respectively.

As a percentage of the total fish processed in our plants, raw material obtained from third parties accounted for 45.1% and 50.3% in 2011 and 2010, respectively, of all metric tons processed.

The following table sets forth the source of the fish processed in our plants for the periods indicated:

	Nine-Month Period Ended September 30,		Year Ended December 31,			
	2012		2011		2010	
	(processed metric tons)	(%)	(processed metric tons)	(%)	(processed metric tons)	(%)
Own Vessels.....	201,883	57.9	341,759	54.9	177,285	49.7
Third parties	146,792	42.1	280,753	45.1	179,425	50.3
Total	348,675	100.0	622,512	100.0	356,710	100.0

Source: Pesquera Exalmar S.A.A.

Prices of our Final Products

Prices of our final products are determined by market demand, driven principally by the demand from China, and by existing supply being produced mainly in Peru, Chile, Denmark and Norway.

The main industries driving demand for fishmeal are the aquaculture and hog farming industries, while the main industries driving demand for fish oil are the aquaculture industry and the pharmaceutical industry, which is primarily interested in omega-3 for direct human consumption.

The following table sets forth our average sales price of fishmeal, fish oil, frozen seafood and fresh fish for the periods indicated.

	Nine-month period ended September 30,		Year Ended December 31,	
	2012	2011	2011	2010
	(in U.S.\$ per metric ton)			
Fishmeal	1,279.46	1,380.74	1,357.11	1,495.10
Fish oil.....	1,529.49	1,049.42	1,059.72	830.74
DHC frozen seafood .	1,544.68	1,012.35	1,103.10	-
DHC fresh fish	347.20	606.90	644.71	-

Source: Pesquera Exalmar S.A.A.

Prices of Raw Material Purchased from Third Parties

Prices of raw material purchased from third parties have fluctuated significantly since the implementation of the ITQ system. Prior to the implementation of the ITQ system, fishing companies in Peru fished aggressively, particularly during the beginning of the season, attempting to catch the largest amount of fish in the shortest period of time possible, resulting in an over-supply of fish at the processing plants. The processing capacity limits led to reduced demand for fish from third-parties, which drove down its price.

As a result of the ITQ system, the fishing season in Peru has been extended significantly. In addition, since fishing quotas are individually fixed, companies, including ours, have been able to better distribute their fishing activities throughout the fishing season and plan processing at their plants. As a consequence, their capacity to process raw material and demand for fish from third parties have increased.

However, the average price of fish obtained by Exalmar from third parties decreased from U.S.\$298.64 per metric ton in 2010 to U.S.\$245.88 per metric ton in 2011, primarily due to an increased global quota, which caused an increase in the supply of anchovies.

In the nine-month periods ended September 30, 2012 and 2011, the average price paid by Exalmar was U.S.\$293.39 and U.S.\$249.83, respectively, per metric ton. Since the implementation of the ITQ system, the average price of fish has increased relative to the price of fishmeal, from approximately 12% to approximately 18%.

Fuel Costs

Fuel is one of the principal production costs for both our fleet and our processing plants, and the cost of fuel as a percent of our harvesting costs and total production costs has been increasing since 2010.

The cost of diesel fuel used by our fleet accounted for 29.3%, 22.8% and 17.8% of our harvesting cost in the nine-month periods ended September 30, 2012 and in 2011 and 2010, respectively. With respect to our plants, fuel accounted for 51.2%, 54.8% and 44.3% of our total production cost in the nine-month periods ended September 30, 2012 and in 2011 and 2010, respectively, excluding the cost of raw materials. With respect to our fishmeal, fuel accounted for 19.6%, 18.1% and 11.6% of our total production costs in the nine-month periods ended September 30, 2012 and in 2011 and 2010, respectively.

Fishmeal and Fish Oil Yields

Yield is the quantity of raw material required to obtain one unit of fishmeal or fish oil.

Fishmeal and fish oil yields are determined by (1) the freshness of processed fish and (2) the technology used in the production process. In the case of fish oil, yields are also determined by the fat content of anchovies, which varies according to ocean conditions.

In recent years, our fishmeal and fish oil yields have remained relatively stable. The table below sets forth the fishmeal yields we have achieved in our respective processing plants for the periods indicated:

Plant	Nine-Month Period Ended September 30,		Year Ended December 31,	
	2012	2011	2011	2010
Tambo de Mora	4.343	4.218	4.441	4.211
Callao	4.341	4.304	4.407	4.318
Huacho	4.449	4.342	4.838	4.225
Chimbote	4.440	4.349	4.607	4.248
Chicama	4.387	4.472	5.208	4.362
Paita	n.a.	4.521	4.521	4.239
Total average	4.391	4.321	4.616	4.279

Source: Pesquera Exalmar S.A.A.

The table below sets forth the fish oil yields we have achieved in our respective processing plants for the periods indicated:

Plant	Nine-Month Period Ended September 30,		Year Ended December 31,	
	2012	2011	2011	2010
Tambo de Mora	4.280%	4.585%	4.750%	3.760%
Callao	5.130%	4.721%	3.920%	4.200%
Huacho	6.240%	4.452%	3.410%	3.980%
Chimbote	6.360%	5.730%	5.490%	5.100%
Chicama	6.710%	5.244%	4.490%	6.590%
Paita	n.a.	3.990%	3.990%	4.580%
Total average	5.810%	4.890%	4.630%	5.060%

Source: Pesquera Exalmar S.A.A.

Factors Affecting Comparability of Recent Results of Operations and Financial Condition

Recent Acquisitions

Following our initial public offering in 2010, we continued our strategy of increasing our anchovy fishing quota through acquisitions. We were able to use the proceeds from our IPO and a portion of the proceeds of our syndicated

loan to increase our anchovy fishing quota in the center-north region by 1.22505% and 2.89379% in the south region.

The table below sets forth our acquisitions of vessels and companies in 2010 through the date of this offering memorandum and their respective anchovy fishing quotas in the center-north and the south:

Vessel	Quota		Acquisition
	Center-North	South	
Marco Antonio.....	0.04941%	0.228470%	Pesquera Virgen de las Peñas S.A.C.
Maria Luz	0.06243%	0.06415%	Purchase of Vessel
Miluska	0.07427%	0.16202%	Pesquera Mar Adentro S.A.C.
Glenn I	0.03136%	0.02588%	Purchase of Vessel
Marcar 2	0.06428%	0.13028%	Pesquera Ollanta S.A.C.
Marcar 3	0.08493%	0.14060%	Pesquera Ollanta S.A.C.
Tigre 8.....	0.09798%	0.592889%	Pesquera San Martín de Porras S.A.C.
Rene Junior.....	0.00922%	—	Purchase of Vessel
Carmelita 2	0.02306%	—	Purchase of Vessel
Branco 4	0.09187%	0.41287%	Walda SAC
Tiburón 20	0.05835%	0.10348%	Inversiones Pesqueras Valentina S.A.C.
Cristo Rey	0.01250%	0.00000%	Empresa Pesquera Caliche S.A.C.
Emanuel 3	0.06730%	0.07247%	Purchase of Vessel
Gisali I	0.02596%	0.00000%	Pesquera Porto Novo S.A.C.
Javier.....	0.01991%	0.00000%	Purchase of Vessel
Juana Rosa	0.01876%	0.00000%	Inversiones Pesquera Vimarot S.A.C.
Karin 5	0.01261%	0.00000%	Pesquera Hades S.A.C.
Maria Mercedes	0.02641%	0.03580%	Purchase of Vessel
Milagrosa Concepción II	0.03040%	0.00000%	Negocios y Servicios Generales Antonia S.A.C.
Señor de Luren 2	0.01264%	0.00000%	Pesquera Cabasoni S.A.C.
Branco 3	0.07503%	0.21905%	Walda S.A.C.
Lobos de Afuera 2	0.10693%	0.44776%	Pesquera del Sur S.R.Ltda.
Urubamba 8	0.05943%	0.09900%	Inversiones Poas S.A.C.
Rimac 6	0.08692%	0.15907%	Inversiones Poas S.A.C.
San Antonio	0.02309%	0.00000%	Pesquera Statefuri S.A.C.
Total.....	1.22505%	2.89379%	

Following these acquisitions, our anchovy fishing quota totaled 6.45285% in the center-north and 4.33916% in the south.

See “Presentation of Financial and Other Information” for a discussion of the consolidation of the above entities in our financial statements.

Significant Change in Applicable Fishing Regulations

Prior to the effectiveness of the ITQ system, which was implemented for the first fishing season of 2009, the so-called “Olympic race” system prevailed. Under the Olympic race system, each vessel sought to fish to its maximum potential before the industry-wide quota was exhausted, concentrating fishing efforts in the fewest number of days possible and resulting in a significant strain on the ecosystem. This concentration of fishing efforts into significantly fewer days congested and contaminated the bays due to long waiting periods to unload the catch of approximately 1,200 vessels, which reached an average of 120 thousand metric tons per day during this period. Moreover, this system prevented the adequate treatment of residue from the production of fishmeal, given that the plants operated at maximum capacity for a short period of time.

Under the ITQ system, the fishing season has been extended and each fishing license holder was awarded a strict individual anchovy fishing quota based on its fleet capacity and historical catch during the previous years. As a result, companies have been able to better plan their harvesting and production activities and the number of vessels in operation has been reduced significantly.

Seasonality

Fishing activity in Peru consists of two fishing seasons for which anchovy fishing quotas are established by the Peruvian government. Through investigation cruises along the coastline of Peru, IMARPE monitors the behavior of the biomass, the spawning period, the development stage of the anchovies, incidence of young fish, and general ocean climate conditions. These studies are used to determine the quantity of resources that are permitted to be harvested, and the date each fishing season may commence to preserve the biomass for the following season and maintain the sustainability of the resources. These two seasons generally occur between the months of (1) April and June and (2) November and January.

During fishing seasons, companies accumulate the inventories that will be sold throughout the year pursuant to sales contracts and taking into consideration market demand. Delays in the beginning of fishing seasons may result in liquidity or cash difficulties for Peruvian fishing companies given that advances of cash to fishing companies are generally secured by inventory. In addition, delays in the beginning of fishing seasons may also effect the results of operations of Peruvian fishing companies given that the first fishing season generally occurs between April and July of each year and the fish caught during this season is generally sold in the same year. Likewise, the second fishing season generally occurs between November and January of the following year and the fish caught during this season is generally sold during the first quarter of the year commencing that January.

Critical Accounting Policies

Our critical accounting policies used in the preparation and presentation of our consolidated financial statements are as follows:

Interests in joint ventures

We and our subsidiaries recognize interests in joint ventures through the application of the proportionate consolidation method whereby the venturer may combine its share of each of the assets, liabilities, income and expenses of the jointly controlled entity with the similar items, line by line, in its financial statements, as follows: the statement of financial position of the venture includes its share of the assets that it controls jointly and its share of the liabilities for which it is jointly responsible. The statement of comprehensive income of the venturer includes its share of the income and expenses of the jointly controlled entity. Balances and transactions between us and our subsidiaries and joint ventures have been eliminated upon consolidation.

Cormar is an entity jointly controlled pursuant to an agreement between us and Austral Group S.A.A. We report on their joint participation in jointly controlled entities using proportionate consolidation. The accounting policies of participation in joint ventures have been modified to the extent necessary to ensure consistency with our policies.

Property, plant and equipment

Property, plant and equipment are recorded at cost and are presented net of accumulated depreciation. Initial disbursements as well as those subsequently incurred should be recognized as assets when it is probable that the future economic benefits associated with the asset will flow to the entity, and the cost of the asset can be measured reliably. Disbursements for maintenance and repairs are expensed during the period as incurred. The gain or loss arising on the sale or disposal of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the income statement upon realization of the sale.

Depreciation is determined by the straight-line method based on the useful life of assets, represented by equivalent depreciation rates. The annual depreciation is recognized as an expense and calculated considering the estimated useful lives of the different captions:

	Years
Buildings and other constructions.....	33
Vessels.....	2-29
Machinery and equipment.....	2-35

Vehicles	5
Furniture and fixtures	10
Miscellaneous equipment	10

The estimated useful lives, residual values and depreciation method are periodically reviewed by Management based on the economic results expected for the items comprising property, plant and equipment.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Intangible assets

Our primary intangible asset is our fishing quota licenses. Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives, represented by equivalent amortization rates.

Useful lives and amortization method are periodically reviewed to guarantee that the amortization method used reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity.

Intangible assets of indefinite useful life are not amortized, and their recoverability is periodically reviewed to determine if events, circumstances and flows do not require a provision for impairment.

Goodwill

Goodwill, resulting from the acquisition of business combination, is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is initially recognized at cost and subsequently presented at cost less any impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of our cash-generating units that are expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in subsequent periods.

If we are in the measurement process of a business combination, during the measurement period, retroactively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances existing at the acquisition date and, if they were known, would have affected the measurement of the amounts recognized at that time. We also recognize additional assets or liabilities during the measurement period if new information about facts and circumstances that existed at the acquisition date and, if they had known, would have resulted in the recognition of those assets and liabilities at that date. The measurement period ends as soon as we receive information about facts and circumstances that existed at the acquisition date or learns that it is possible to obtain more information. However, the measurement period shall not exceed one year from the acquisition date.

Recognition of revenues, costs and expenses

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sales of goods

Revenue from the sale of goods is recognized when the goods are delivered and transfer of title has occurred, at which time all the following conditions are satisfied:

- We and our subsidiaries have transferred to the buyer the significant risks and rewards of ownership of the goods;
- We and our subsidiaries retain neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to us and our subsidiaries; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest

Income derived from a financial asset's interest is recognized when it is probable that the economic benefits will flow to us and our subsidiaries and its amount can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Costs and expenses

The cost of sales is recorded in profit or loss upon goods delivery and revenue recognition. Expenses are recorded in income for the period as incurred, irrespective of the date of payment.

Ban period expenses

Ban period expenses are the fixed and maintenance costs of vessels, facilities and machinery and equipment incurred during fishing ban periods or in periods with a lack of raw material; these expenses are recognized as an expense in the period in which they are incurred. These costs affect the gross profit in our consolidated statement of comprehensive income.

Results of Operations

The following table provides a breakdown of our consolidated results of operations, including the percentage of consolidated sales, for the periods indicated.

	For the Nine-Month Period Ended September 30,				For the Year Ended December 31,			
	2012		2011		2011		2010	
	<i>(in millions of U.S.\$, except percentages)</i>							
Net sales:								
Indirect Human Consumption								
Fishmeal	131.3	70.2%	139.3	80.3%	154.6	80.3%	161.2	88.1%
Fish oil	41.7	22.3%	21.2	12.7%	24.5	12.7%	19.2	10.5%
Fish	5.9	3.1%	5.1	3.0%	5.6	3.0%	2.2	1.2%
Direct Human Consumption								
Frozen and fresh seafood	7.8	4.2%	5.1	3.0%	6.4	3.3%	—	—
Others	0.4	0.2%	1.1	0.6%	1.3	0.7%	0.4	0.2%
Total net sales	187.1	100.0%	171.7	100.0%	192.3	100.0%	183.0	100.0%
Cost of sales	(112.4)	(60.1)%	(99.3)	(57.9)%	(109.1)	(56.7)%	(115.1)	(62.9)%
Ban period expenses	(20.9)	(11.2)%	(14.3)	(8.3)%	(20.0)	(10.4)%	(22.6)	(12.3)%
Gross profit	53.8	28.8%	58.1	33.8%	63.2	32.9%	45.3	24.8%
Selling expenses	(9.5)	(5.2)%	(5.8)	(3.4)%	(7.0)	(3.7)%	(5.7)	(3.1)%

Administrative expenses	(5.5)	(2.9)%	(5.0)	(2.9)%	(7.2)	(3.7)%	(5.0)	(2.7)%
Other income	4.7	2.5%	0.7	0.4%	1.1	0.6%	2.2	1.2%
Other expenses	(5.3)	(2.8)%	(3.7)	(2.1)%	(6.7)	(3.5)%	(5.0)	(2.7)%
Operating income	38.2	20.4%	44.3	25.8%	43.4	22.6%	31.8	17.4%
Financial expenses.....	(8.0)	(4.3)%	(4.6)	(2.7)%	(6.5)	(3.4)%	(7.7)	(4.2)%
Financial income	0.3	0.2%	0.2	0.1%	0.7	0.3%	0.1	0.1%
Foreign exchange net effect	0.7	0.4%	(0.3)	(0.1)%	0.2	0.1%	0.7	(2.3)%
Income tax	(11.2)	(6.0)%	(12.3)	(7.2)%	(13.1)	(6.8)%	(5.2)	(2.8)%
Net profit	20.0	10.7%	27.3	15.9%	24.7	12.8%	19.7	10.8%

The table below provides a breakdown of our consolidated sales and production volumes by product for the periods indicated. This information relates only to our sales and not to the sales of our subsidiaries due to the fact the sales of Pesquera Exalmar represented 100.0%, 99.5%, 99.5% and 100.0% of our consolidated sales for the nine-month periods ended September 30, 2012 and 2011 and in 2011 and 2010, respectively.

	For the Year Ended December 31,					
	2011			2010		
	Sales	% of Total	Volume	Sales	% of Total	Volume
	(in millions of U.S.\$)	(%)	(in thousands of MT)	(in millions of U.S.\$)	(%)	(in thousands of MT)
Pesquera Exalmar						
Indirect Human Consumption						
Fishmeal	154.5	80.3%	113.9	161.2	88.0%	107.8
Fish oil	24.5	12.7%	23.1	19.2	10.5%	23.1
Fish	5.6	2.9%	23.0	2.2	1.2%	6.8
Sub-total	30.1	15.7%	46.1	21.4	11.7%	29.9
Direct Human Consumption						
Frozen seafood	1.0	0.5%	0.9	—	0.0%	—
Fresh fish	5.4	2.8%	8.3	—	0.0%	—
Sub-total	6.4	3.3%	9.2	—	0.0%	—
Others	0.3	0.1%	—	0.4	0.2%	—
Subsidiaries	1.0	0.5%	—	—	0.0%	—
Total	192.3	100.0%	169.1	183.0	100.0%	137.8

	For the Nine-Month Period Ended September 30,					
	2012			2011		
	Sales	% of Total	Volume	Sales	% of Total	Volume
	(in millions of U.S.\$)	(%)	(in thousands of MT)	(in millions of U.S.\$)	(%)	(in thousands of MT)
Pesquera Exalmar						
Indirect Human Consumption						
Fishmeal	131.3	70.2%	102.6	139.3	80.3%	100.9
Fish oil	41.7	22.3%	27.3	21.2	12.7%	20.2
Fish	5.9	4.2%	24.0	5.1	3.0%	20.1
Sub-total	47.6	25.4%	51.3	26.2	15.3%	40.3
Direct Human Consumption						
Frozen seafood	6.7	3.6%	4.4	0.3	0.2%	0.3
Fresh fish	1.1	0.6%	3.2	4.8	2.8%	7.8
Sub-total	7.8	4.2%	7.5	5.1	3.0%	8.2
Others	0.4	0.2%	—	0.3	0.2%	—
Subsidiaries	—	0.0%	—	0.9	0.5%	—
Total	187.1	100.0%	161.4	171.7	100.0%	149.3

Nine-Month Period Ended September 30, 2012 Compared to Nine-Month Period Ended September 30, 2011

The following discussion is based on information contained in our unaudited financial statements as of September 30, 2012 and for the nine-month periods ended September 30, 2012 and 2011 and should be read in conjunction therewith.

Our results of operations for the nine-month period ended September 30, 2012, were negatively impacted by (1) a delay in the commencement of the first fishing season, which began in May rather than April, and (2) the decrease in the global anchovy fishing quota from 3.675 million metric tons in the first fishing season of 2011 to 2.7 million metric tons in the corresponding fishing season in 2012.

Our sales of products derived from fish caught during the second season of 2011 are reflected in our results of operations in 2012.

Sales

Our total net sales increased by 9.0%, or U.S.\$15.4 million, from U.S.\$171.7 million in the nine-month period ended September 30, 2011 to U.S.\$187.1 million in the corresponding period in 2012 for the reasons set forth below. Sales of fish for direct human consumption accounted for U.S.\$6.73 million of our total sales in the nine-month period ended September 30, 2012. Exalmar accounted for 99.5% and 100% of our total sales in September 30, 2011 and September 30, 2012, respectively.

Indirect Human Consumption

Fishmeal

Our sales of fishmeal decreased by 5.7%, or U.S.\$8.0 million, from U.S.\$139.3 million in the nine-month period ended September 30, 2011 to U.S.\$131.3 million in the corresponding period in 2012, primarily due to:

- a 7.3% reduction in the average price of fishmeal from U.S.\$1,380.74 per metric ton in the nine-month period ended September 30, 2011 to U.S.\$1,279.46 per metric ton in the corresponding period in 2012, primarily due to the fact that the global quota for anchovies for the second season of 2011 and sold in the beginning of 2012 was larger than anticipated resulting in an oversupply of fishmeal in the beginning of 2012 that reduced fishmeal prices. The reduction in fishmeal prices was particularly pronounced during the first four months of 2012, with this period representing 51.4% of our sales of fishmeal in the nine-month period ended September 30, 2012; and
- a delay in the commencement of the first fishing season, which began in May rather than April. This delay resulted in a delay in our fishmeal production, and consequently fishmeal sales, for the period.

partially offset by:

- a 1.7%, or 1,734.4 metric ton, increase in volume of fishmeal sold in nine-month period ended September 30, 2012, compared to the corresponding period in 2011. This increase resulted from the relatively large global anchovy fishing quota during the second season of 2011 that totaled 2.5 million metric tons and which allowed us to begin the year with 40,590 tons of fishmeal and to produce a significant volume (9,000 metric tons) of fishmeal in January.

Fish Oil

Our sales of fish oil increased by 97.3%, or U.S.\$20.6 million, from U.S.\$21.2 million in the nine-month period ended September 30, 2011 to U.S.\$41.7 million in the corresponding period in 2012, primarily due to:

- a 35.3% increase in the volume of fish oil sold, from 20,162.63 metric tons in the nine-month period ended September 30, 2011 to 27,287.45 metric tons in the corresponding period in 2012, primarily as a result of an increase in sales from inventory, given that production during the period remained stable; and
- a 45.7% increase in the average price of fish oil, from an average of U.S.\$1,049.43 per metric ton in the nine-month period ended September 30, 2011 to an average of U.S.\$1,529.51 per metric ton in the corresponding period in 2012, primarily as a result of a decrease in the global supply of fish oil.

Fish

In addition to the production and sale of fishmeal and fish oil, our indirect human consumption business includes the sale of fish we catch in southern Peru to companies with processing plants along the southern coast of Peru. Our sales of fish for indirect human consumption increased 15.6% from U.S.\$5.07 million in the nine-month period ended September 30, 2011 to U.S.\$5.86 million in the corresponding period in 2012. The volume of fish sold from the south totaled U.S.\$3.42 million, representing 58.3% of our sales of fish for indirect human consumption. The increase in our sales of fish for indirect human consumption was primarily due to:

- a 19.0% increase in the volume of fish sold for indirect human consumption from 20,138 metric tons in the nine-month period ended September 30, 2011 to 23,974 metric tons in the corresponding period in 2012. This increase primarily resulted from the ramp up of our operations in this segment,

partially offset by:

- a 2.9% decrease in the average price of fish sold for indirect human consumption from U.S.\$251.61 per metric ton in the nine-months ended September 30, 2011 to U.S.\$244.26 per metric ton in the corresponding period in 2012. This decrease primarily resulted from a decrease in fishmeal prices.

Direct Human Consumption

Frozen Seafood

Our sales of frozen seafood for direct human consumption increased from U.S.\$0.33 million in the nine-month period ended September 30, 2011 to U.S.\$6.73 million in the corresponding period in 2012. The increase in our sales of frozen seafood for direct human consumption was primarily due to:

- an increase in the volume of frozen seafood sold for direct human consumption from 324 metric tons in the nine-month period ended September 30, 2011 to 4,354 metric tons in the corresponding period in 2012. This increase primarily resulted from the start of operations of our frozen seafood processing plant in Paita; and
- a 52.8% increase in the average price of frozen seafood sold for direct human consumption from U.S.\$1,011.10 per metric ton in the nine-months ended September 30, 2011 to U.S.\$1,544.56 per metric ton in the corresponding period in 2012.

Fresh Fish

Our sales of fresh fish for direct human consumption decreased 77% from U.S.\$4.8 million in the nine-month period ended September 30, 2011 to U.S.\$1.1 million in the corresponding period in 2012, primarily as a result of:

- a 59.2% decrease in the volume of fresh fish sold for direct human consumption from 7,833 metric tons in the nine-month period ended September 30, 2011 to 3,194 metric tons in the corresponding period in 2012. This decrease primarily resulted from the buildup of our frozen seafood operations, which we were implementing in 2011; and

- a 42.8% decrease in the average price of fresh fish sold for direct human consumption from U.S.\$606.90 in the nine-months ended September 30, 2011 to U.S.\$347.21 per metric ton in the corresponding period in 2012.

Cost of Sales

Our cost of sales increased by 13.1%, from U.S.\$99.3 million in the nine-month period ended September 30, 2011 to U.S.\$112.4 million in the corresponding period in 2012. As a percentage of total sales, our cost of sales increased from 57.9% in the nine-month period ended September 30, 2011 to 60.1% in the corresponding period in 2012, primarily due to:

- a 17.4% increase in the price of fish bought from third parties, from U.S.\$249.83 per metric ton in the nine-month period ended September 30, 2011 to U.S.\$293.39 per metric ton in the corresponding period in 2012, which was partially offset by an 11.3% decrease in the amount of fish bought from third parties, from U.S.\$45.2 million in the nine-month period ended September 30, 2011 to U.S.\$40.6 million in the corresponding period in 2012, primarily as a result of the decrease in the global anchovy fishing quota from 3.675 million metric tons in the first fishing season in 2011 to 2.7 million metric tons in the corresponding fishing season in 2012; and
- an 5.4% increase in the cost per metric ton of our fishmeal and fish oil sold from U.S.\$820.99 per metric ton in the nine-month period ended September 30, 2011 to U.S.\$865.12 per metric ton in the corresponding period in 2012, primarily as a result of decreased volumes of production and an increase in the price of fuel.

Ban Period Expenses

Ban period expenses include all production expenses incurred during the off-fishing season or periods of time during which the Peruvian government prohibits fishing. This line item includes fixed expenses relating to property, vessels, machinery and equipment and maintenance costs. During ban periods, these expenses do not have a direct effect on production, are excluded from the cost of production and are recorded at the time they are incurred.

As a percentage of total sales, ban period expenses represented 8.3% in the nine-month period ended September 30, 2011 and 11.2% in the corresponding period in 2012. Ban period expenses increased by 46.2% from U.S.\$14.3 million in the nine-month period ended September 30, 2011 to U.S.\$20.9 million in the corresponding period in 2012, primarily due to:

- an increased ban period in the nine-month period ended September 30, 2012 (150 days), compared to the corresponding period in 2011 (118 days); and
- the significant increase in expenses resulting from the delay in the commencement of the first season, including (1) fishing vessel costs (which increased from U.S.\$7.8 million in the nine-month period ended September 30, 2011 to U.S.\$12.2 million in the corresponding period in 2012) and (2) processing plant costs (which increased from U.S.\$6.5 million in the nine-month period ended September 30, 2011 to U.S.\$7.8 million in the corresponding period in 2012).

Gross Profit

As a result of the foregoing, our gross profit decreased by 7.4%, or U.S.\$4.3 million, to U.S.\$53.8 million in the nine-month period ended September 30, 2012 from U.S.\$58.1 million in the corresponding period in 2011. Gross margin decreased from 33.8% in the nine-month period ended September 30, 2011 to 28.8% in the corresponding period in 2012, primarily due to the increase in total costs (cost of sales plus ban period costs) by 17.3% during the period, while sales increased only 9.0% during the period.

Selling expenses

Selling expenses increased by 63.2%, or U.S.\$3.7 million, to U.S.\$9.5 million in the nine-month period ended September 30, 2012 from U.S.\$5.8 million in the corresponding period in 2011. As a percentage of sales, selling expenses increased from 3.4% in the nine-month period ended September 30, 2011 to 5.1% in the nine-month period ended September 30, 2012 primarily due to:

- a U.S.\$0.7 million increase in export shipment services;
- a U.S.\$0.8 million increase in expenses for the transportation of finished products;
- the reclassification of stowing and packing expenses (which totaled U.S.\$0.3 million in the nine-month period ended September 30, 2012) from plant expenses to selling expenses;
- U.S.\$1.3 million in selling expenses related to our direct human consumption business, which we did not have in 2011.

Our total selling expenses per metric ton increased by 31.4%, from U.S.\$47.8 per metric ton in September 2011 to U.S.\$62.8 per metric ton in September 2012.

The following table sets forth the breakdown of our selling expenses for the periods indicated:

	For the Nine-Month Period Ended September 30,		Variation
	2012	2011	
	<i>(in millions of U.S.\$)</i>		<i>(%)</i>
Personnel	0.6	0.2	n.a.
Transportation of finished products	2.5	1.7	43.9%
Sale commissions for finished products	0.4	0.3	28.4%
Rental expenses	0.2	—	n.a.
Security and surveillance	0.4	0.2	110.0%
Inspection and analysis	1.0	0.9	18.4%
Stowing and packing	0.3	—	n.a.
Export shipment services	3.0	2.4	29.5%
Storage of finished products	0.4	—	n.a.
Other third-party services	0.2	—	n.a.
Miscellaneous	0.5	0.1	n.a.
Total	9.5	5.8	63.8%

Administrative Expenses

Administrative expenses increased by 9.4%, or U.S.\$0.5 million, from U.S.\$5.0 million in the nine-month period ended September 30, 2011 to U.S.\$5.5 million in the corresponding period in 2012. As a percentage of sales, in the nine-month period ended September 30, 2011 and 2012, administrative expenses represented 2.9% and 2.9%, respectively. The increase in administrative expenses was primarily due to:

- a U.S.\$0.3 million increase in personnel expenses resulting from an increase in wages and administrative staff within our direct human consumption business;
- a U.S.\$0.2 million increase in third-party services and other management charges; and
- a U.S.\$0.2 million increase in rental expenses.

The following table sets forth the breakdown of our administrative expenses for the periods indicated:

	For the Nine-Month Period Ended September 30,		Variation
	2012	2011	
	<i>(in millions of U.S.\$)</i>		<i>(%)</i>
Personnel	2.8	2.5	12.4%
Communications.....	0.1	0.1	(6.2)%
Fees.....	1.0	0.7	36.1%
Maintenance and repairs	0.1	0.1	16.4%
Rental expenses	0.3	0.1	100.0%
Third-party services.....	0.4	0.2	77.9%
Tax expenses	0.1	—	109.3%
Insurance	—	—	(22.6)%
Depreciation	—	0.1	(48.1)%
Other	0.4	0.9	(46.5)%
Joint Venture/Subsidiaries (1).....	0.3	0.3	(3.8)%
Total	5.5	5.0	9.39%

(1) Amounts for the nine-month period ended September 30, 2012 refer to Cormar, while amounts for the nine-month period ended September 30, 2011 refer to our consolidated subsidiaries for that period.

Other Income

Other income increased by U.S.\$4.0 million, from U.S.\$0.7 in the nine-month period ended September 30, 2011 to U.S.\$4.7 in the corresponding period in 2012, primarily due to a gain of (1) U.S.\$2.6 million we recorded in connection with the sale of an asset structured as a sale leaseback transaction and (2) U.S.\$0.3 million we recorded in connection with the sales by Cormar.

The following table sets forth the breakdown of our other income for the periods indicated:

	For the Nine-Month Period Ended September 30,		Variation
	2012	2011	
	<i>(in thousands of U.S.\$)</i>		<i>(%)</i>
Provisions Adjustment	0.6	0.1	500.0%
Income from recovery of incidental expenses	—	—	n.a.
Income on sale of equipment	2.9	—	n.a.
Miscellaneous	1.2	0.6	100.0%
Total	4.7	0.7	571.0%

Other Expenses

Other expenses increased by 43.2%, or U.S.\$1.6 million, from U.S.\$3.7 million in the nine-month period ended September 30, 2011 compared to U.S.\$5.3 million in the corresponding period in 2011 primarily due to a U.S.\$1.9 million expense from a sale and leaseback transaction and a U.S.\$1.0 million expense related to sales of assets by Cormar.

The following table sets forth the breakdown of our other expenses for the periods indicated:

	For the Nine-Month Period Ended September 30,		Variation
	2012	2011	
	(in thousands of U.S.\$)		(%)
Tax penalties and fines incurred	0.9	1.0	(10.0)%
Compensation under Legislative Decree N° 1084	0.2	0.7	(71.4)%
Costs from the sale of assets, net	3.0	—	n.a.
Other operating expenses (1)	1.2	2.0	(40.0)%
Total	5.3	3.7	43.2%

(2) Other operating expenses include operating expenses from prior periods, credit fees, supply costs and losses resulting from non-insurance.

Operating Income

As a result of the foregoing, operating income decreased by 13.8%, or U.S.\$6.1 million, from U.S.\$44.3 million in the nine-month period ended September 30, 2011 to U.S.\$38.2 million the corresponding period in 2012. Our operating margin decreased from 25.8% in the nine-month period ended September 30, 2011 to 20.4% in the corresponding period in 2012, primarily due to:

- a U.S.\$3.7 million increase in our selling expenses; and
- a U.S.\$1.9 million decrease in other net income.

Financial Expenses

Financial expenses increased by U.S.\$3.4 million in the nine-month period ended September 30, 2012 compared to the corresponding period in 2011. As a percentage of sales, financial expenses increased from 2.7% in the nine-month period ended September 30, 2011 to 4.3% in the corresponding period in 2012. The increase in our financial expenses was primarily due to:

- a non-recurring increase in our cash and cash equivalents in 2011 resulting from the net proceeds of our initial public offering in 2010. This increase allowed us to reduce our working capital indebtedness and related interest expenses in 2011; and
- interest expenses deriving from our U.S.\$140 million syndicated loan, which was disbursed in two installments: U.S.\$80 million in November 2011 and U.S.\$40 million in 2012.

Loss on derivative instruments was U.S.\$0.7 million in the nine-month period ended September 30, 2012 compared to U.S.\$0.5 million in the corresponding period in 2011. This loss primarily resulted from the derivative swap agreement we entered into with HSBC Bank USA on May 30, 2012 in the amount of U.S.\$80 million to mitigate our exposure to the variable LIBOR interest rate on our syndicated loan facility.

Financial Gain

Financial gain increased by U.S.\$0.1 million in the nine-month period ended September 30, 2012 compared to the corresponding period in 2011. As a percentage of sales, financial gain increased from 0.1% in the nine-month period ended September 30, 2011 to 0.2% in the corresponding period in 2012.

Foreign Exchange Difference Net Effect

The U.S. dollar is our functional currency and our financial statements are therefore presented in U.S. dollars. As a result of exchange rate variations between the U.S. dollar and the Peruvian *Nuevo Sol*, we recorded a gain of U.S.\$0.7 million in the nine-month period ended September 30, 2012 compared to a loss of U.S.\$0.3 million in the corresponding period in 2011.

Income Taxes

Income taxes decreased from U.S.\$12.3 million in the nine-month period ended September 30, 2011 to U.S.\$11.2 million in the corresponding period in 2012 primarily due to our decreased taxable income for the period.

Net profit

As a result of the foregoing, net profit decreased from U.S.\$27.3 million in the nine-month period ended September 30, 2011 to U.S.\$20.0 million in the corresponding period in 2012. As a percentage of sales, net profit decreased from 15.9% in the nine-month period ended September 30, 2011 to 10.7% in the corresponding period in 2012.

Year Ended December 31, 2011 Compared to Year Ended December 31, 2010

The following discussion is based on information contained in our consolidated audited financial statements as of and for the years ended December 31, 2011 and 2010 and should be read in conjunction therewith.

Our results of operations in 2011 were significantly impacted by the results of our fishing activities during the second fishing season of 2010, as the catch from this season was sold almost entirely during the year commencing in January 2011.

The anchovy fishing quota in 2011 was considerably higher than in 2010. For the first fishing season of 2011, the Peruvian government established an anchovy fishing quota of 3.765 million metric tons, compared to an anchovy fishing quota of 2.5 million metric tons in the corresponding season of 2010. Similarly, the anchovy fishing quota for the second season of 2011 was 2.5 million metric tons, compared to 2.1 million metric tons in the corresponding season of 2010.

The larger fishing quota for the first season of 2011 positively impacted our results of operations, which, however, were negatively impacted by the results of the second fishing season of 2010 during which only 0.7 million metric tons of fish were caught despite a global fishing quota of 2.1 million metric tons, largely as a result of climatic factors. The decreased catch during this season resulted in lower inventories during the beginning of 2011 and, consequently, decreased sales during the first quarter of 2011. Our initial inventory in 2011 was 9,492 metric tons, compared to 32,997 metric tons in 2010 and 40,590 metric tons in 2012.

Sales

Our total sales increased by 5.1%, or U.S.\$9.3 million, from U.S.\$183.0 million in 2010 to U.S.\$192.3 million in 2011 for the reasons set forth below. Sales of fish for direct human consumption accounted for U.S.\$6.4 million of our total sales in 2011. Exalmar accounted for 99.5% and 100.0% of our total sales in 2011 and 2010, respectively.

Indirect Human Consumption

Fishmeal

Our consolidated sales of fishmeal decreased by 4.2%, or U.S.\$6.7 million, from U.S.\$161.2 million in 2010 to U.S.\$154.5 million in 2011, primarily due to:

- a 9.2% decrease in the average price of fishmeal from U.S.\$1,495 per metric ton in 2010 to U.S.\$1,357 per metric ton in 2011. The decrease in the average price of fishmeal during the period resulted primarily from the announcement of a higher-than-anticipated 2.5 million metric ton anchovy fishing quota for the second season of 2011,

partially offset by:

- a 5.6% increase in volume of fishmeal sold, from 107.8 metric tons in 2010 to 113.9 metric tons in 2011. This increase was primarily the result of our sale in December 2011 of 9,000 metric tons corresponding to the second fishing season of that year, which typically would have been sold in 2012.

Fish Oil

Our sales of fish oil increased by 27.6%, or U.S.\$5.3 million, from U.S.\$19.2 million in 2010 to U.S.\$24.5 million in 2011, primarily due to:

- A 26.6% increase in the price of fish oil, from an average of U.S.\$892 per metric ton in 2010 to an average of U.S.\$1,129 per metric ton in 2011.

partially offset by:

- a 0.2% decrease in the volume of fish oil sold, from 23.1 metric tons in 2010 to 23.1 metric tons in 2011.

Fish

Our sales of fish for indirect human consumption increased 154.5% from U.S.\$2.2 million to U.S.\$5.6 million, primarily due to:

- a 238.3% increase in the volume of fish sold from 6,797 metric tons in 2010 to 22,995 metric tons in 2011. This increase was primarily due to a successful fishing season in the south of Peru. Of the total volume of fish sold for indirect human consumption, 82.5% was caught in the south where the volume of fish captured increased from 6,185 metric tons in 2010 to 18,965 metric tons in 2011. The volume of fish sold in the north-center increased from 612 metric tons in 2010 to 4,030 metric tons in 2011;

partially offset by:

- a 23.0% decrease in the average price of fish sold for indirect human consumption from U.S.\$318.8 in 2010 to U.S.\$245.4 in 2011. This decrease primarily resulted from an increased supply of fish.

Direct Human Consumption

Our sales of fish for direct human consumption in 2011 totaled U.S.\$6.4 million, comprising primarily jack mackerel. We did not sell fish for direct human consumption in 2010.

Cost of Sales

Our cost of sales decreased by 5.3%, from U.S.\$115.1 million in 2010 to U.S.\$109.1 million in 2011. As a percentage of total sales, our cost of sales decreased from 62.9% in 2010 to 56.7% in 2011, primarily due to:

- a decrease in the total volume of raw material purchased from third parties. In 2010, the volume of fish purchased from third parties represented 50.3% of the total fish we processed, compared to 45.1% in 2011; and
- a 9.4% decrease in the cost of sale per metric ton of fishmeal and fish oil, from U.S.\$879.3 in 2010 to U.S.\$796.6 in 2011 due to the decrease in third party purchases.

partially offset by:

- a 31.8% increase in the total cost of fish bought from third parties from U.S.\$53.5 million in 2010 to U.S.\$70.5 million in 2011;

- a 74.1% increase in the total volume of fish processed from 356,710 metric tons in 2010 to 622,512 metric tons in 2011. This increase resulted in a decrease in per unit production costs given that our fixed costs were diluted across a larger volume of processed fish.

Ban Period Expenses

As a percentage of total sales, ban period expenses represented 12.3% in 2010 and 10.4% in 2011. Ban period expenses decreased by 11.5% from U.S.\$22.6 million in 2010 to U.S.\$20.0 million in 2011, primarily due to:

- a reduced ban period in 2011 (171 days), compared to 2010 (210 days);
- a U.S.\$ 1.3 million decrease in depreciation expenses in 2011 compared to 2010;
- decreased costs relating to our processing plants, particularly (1) maintenance and repair expenses attributable to a decrease in use due to a shorter ban period and (2) personnel expenses, which decreased 17.4% and 16.5%, respectively, during the period;
- decreased costs relating to our fleet of vessels, particularly (1) maintenance and repair expenses and (2) insurance expenses, which decreased 10.7% and 40.4%, respectively, during the period.

Gross Profit

As a result of the foregoing, our gross profit increased by 39.5%, or U.S.\$17.9 million, in the year ended December 31, 2011 compared to the corresponding period in 2010. Gross margin increased from 24.8% in 2010 to 32.9% in 2011, primarily due to a decrease in total costs (cost of sales plus ban period costs) by 5.8%, compared to an increase in sales of 5.1%. Our sales of fish for direct human consumption (totaling U.S.\$6.4 million) had a material impact on our gross profit in 2011.

Selling expenses

Selling expenses increased by 22.8%, or U.S.\$1.3 million, in 2011 compared to 2010. As a percentage of sales, selling expenses increased from 3.1% in 2010 to 3.7% in 2011 primarily due to:

- a U.S.\$0.6 million increase in transportation costs for finished products from U.S.\$1.4 million in 2010 to U.S.\$2.0 million in 2011, primarily due to an increase in the price of fuel and the appreciation of the *Nuevo Sol* against the U.S. dollar; and
- a U.S.\$0.5 million increase in export shipment services from U.S.\$2.3 million in 2010 to U.S.\$2.8 million in 2011, primarily due to the increased use of shipping containers with inner lining bags, which increase shipping costs.

Taking into account our sales volume of fishmeal and fish oil, our selling expenses per metric ton increased 16.0% from U.S.\$43.8 per metric ton in 2010 to U.S.\$50.8 per metric ton in 2011.

The following table sets forth the breakdown of our selling expenses for the periods indicated:

	For the Year Ended December 31,		Variation
	2011	2010	
	(in millions of U.S.\$)		(%)
Personnel	0.3	0.2	24.4%
Transportation of finished products	2.0	1.4	42.4%
Sale commissions for finished products	0.3	0.3	7.0%
Rental expenses	0.1	0.1	(17.3)%
Security and surveillance	0.2	0.1	48.3%
Inspection and analysis	1.1	1.0	4.4%
Stowing and packing	—	—	(30.1)%
Export shipment services	2.8	2.3	20.6%
Storage of finished products	—	—	(97.3)%
Other third-party services	0.1	0.1	45.1%
Miscellaneous	0.1	0.2	50.4%
Total	7.0	5.7	22.8%

Administrative Expenses

Administrative expenses increased by 44.0%, or U.S.\$2.2 million, in 2011 compared to 2010, primarily as a result of:

- a 62.8%, or U.S.\$1.5 million, increase in personnel expenses due primarily to an increase in administrative staff and wages; and
- a U.S.\$0.4 million increase in third-party services and a U.S.\$0.1 million increase in professional fees.

As a percentage of sales, administrative expenses represented 2.7% and 3.7% in the year ended December 31, 2010 and 2011, respectively.

The following table sets forth the breakdown of our administrative expenses for the periods indicated:

	For the Year Ended December 31,		Variation
	2011	2010	
	(in millions of U.S.\$)		(%)
Personnel	3.8	2.3	62.8%
Communications	0.2	0.2	9.4%
Fees	1.0	0.8	14.1%
Maintenance and repairs	0.1	0.1	22.0%
Rental expenses	0.2	0.1	54.8%
Other third-party services	0.5	0.1	325.3%
Tax expenses	0.1	0.1	(34.0)%
Insurance	—	—	6.2%
Depreciation	0.1	0.1	(35.0)%
Others	0.7	0.7	41.4%
Joint Venture/Subsidiaries	0.5	0.5	13.3%
Total	7.2	5.0	44.2%

Other Income

Other income decreased by 50.0%, or U.S.\$1.1 million, in 2011 compared to 2010, primarily due to non-recurring leaseback transaction in 2010. In addition, in 2011, we recorded a non-recurring gain in the amount of U.S.\$0.5 million resulting from our acquisition of Pesquera Virgen de las Peñas S.A.C.

The following table sets forth the breakdown of our other income for the periods indicated:

	For the Year Ended December 31,		Variation (%)
	2011	2010	
	(in millions of U.S.\$)		
Provisions Adjustment	0.2	0.3	(33.3)%
Income from recovery of incidental expenses	—	—	n.a.
Income on sale of equipment	—	0.5	(100.0)%
Miscellaneous	0.9	1.4	(35.7)%
Total	1.1	2.2	(50.0)%

Other Expenses

Other expenses increased 36.7%, or U.S.\$1.8 million, in 2011 compared to 2010 primarily due to the payment of expenses in the amount of U.S.\$2.3 million under our employee profit sharing program, established pursuant to Legislative Decree N°892, for amounts due in prior years. This increase in expenses resulted from a change in the interpretation of tax laws by the relevant tax authorities required that we recalculate amounts payable in prior years.

	For the Year Ended December 31,		Variation (%)
	2011	2010	
	(in millions of U.S.\$)		
Statutory employee profit sharing for previous years	2.3	—	n.a.
Tax penalties and fines incurred	1.9	0.9	111.1%
Compensation under Legislative Decree No. 1084	1.0	1.9	(47.4)%
Costs from the sale of assets, net	1.0	0.4	150.0%
Other operating expenses (1)	0.5	1.7	(70.6)%
Total	6.7	4.9	36.7%

(1) Other operating expenses include operating expenses from prior periods, credit fees, supply costs and losses resulting from non-insurance.

Operating Income

As a result of the foregoing, our operating income increased by 36.5%, or U.S.\$6.3 million, in 2011 compared to 2010. Our operating margin increased from 17.4% in 2010 to 22.6% in 2011, primarily due to a 5.1% increase in our total sales, a 5.3% decrease in our costs of sales and an 11.5% decrease in our ban period sales.

Financial Expenses

Financial expenses decreased by U.S.\$1.2 million in 2011 compared to 2010. As a percentage of sales, financial expenses decreased from 4.2% in 2010 to 3.4% in 2011. This decrease primarily resulted from the increase in our cash and cash equivalents as a result of the net proceeds of our initial public offering in 2010, which allowed us to reduce our working capital indebtedness and related interest expenses in the initial months of 2011. In addition, interest rates decreased in 2011 compared to 2010, which allowed us to reduce our financial expenses under our working capital loans by U.S.\$0.5 million in 2010. Moreover, our financial leasing indebtedness decreased, resulting in a U.S.\$0.6 million reduction in our interest rate.

Loss on derivative instruments increased to U.S.\$1.0 million in 2011 from U.S.\$0.9 million in 2010, as a result of the derivative swap we entered into with HSBC Bank USA on May 30, 2012 for our syndicated loan facility arranged by WestLB. Through this derivative instrument we attempt to mitigate the effects of the variable interest rate on this loan.

Financial Gain

Financial gain increased by U.S.\$0.6 million in 2011 compared to 2010. As a percentage of sales, financial gain increased from 0.1% in 2010 to 0.3% in 2011.

Foreign Exchange Difference Net Effect

The U.S. dollar is our functional currency and our financial statements are therefore presented in U.S. dollars. As a result of exchange rate variations between the U.S. dollar and the Peruvian *Nuevo Sol*, we recorded a gain of U.S.\$0.2 million in 2011 compared to a gain of U.S.\$0.7 million in 2010.

Income Taxes

Income taxes increased from U.S.\$5.2 million in 2010 to U.S.\$13.1 million in 2011 due to our increased taxable income for the period.

Net profit

As a result of the foregoing, our net profit increased from U.S.\$19.7 million in 2010 to U.S.\$24.7 million in 2011. As a percentage of sales, net profit increased from 10.8% in 2010 to 12.8% in the corresponding period in 2011.

Liquidity and Capital Resources

Over the past three years, we have met our cash requirements for working capital, debt service and capital expenditures mainly with a combination of funds provided by our operations and outside financing, and we believe that the same combination of funds from our operations and outside financing are likely to be sufficient to meet our working capital, debt service and capital expenditure requirements for the foreseeable future.

Our liquidity may be materially adversely affected as a result of a reduction in the anchovy biomass and the occurrence of the *El Niño* effect. See “Risk Factors—Risks Related to our business and industry—Our operations may be affected by climatic events such as El Niño and La Niña and unexpected migrations of the anchovy biomass.”

Our business cycle drives our working capital requirements. In order to meet our requirements we enter into working capital financing agreements with local banks under terms and conditions that are consistent with our risk and debt profile. We enter into short-term, pre-shipment and post-shipment financings, each conditioned on the requisite amount of inventory and sales. We also enter into working capital financing not conditioned on inventory or sales. These financings support our liquidity when adverse climactic conditions prevent us from fishing.

Our cost structure and ability to enter into working capital financing allow us to manage our fixed costs in the event of a fishing ban or a general reduction in the global anchovy fishing quota. In the event Peru experiences the effects of *El Niño*, our long-term financings contain provisions that grant us a grace period for the payment of interest and principal for the duration of any such effect.

As an exporter, we obtain our revenues in U.S. dollars and our debt incurrence policy is focused on entering into U.S. dollar debt instruments to avoid any impacts to our cash position as a result of foreign exchange risk. We may enter into debt financing in our local currency in respect of receivables in *Nuevos Soles*.

Cash Flow Information

The following table presents selected cash flow information for the periods indicated.

	For the Nine-Month Period Ended September 30,		For the Year Ended December 31,	
	2012	2011	2011	2010
	<i>(in millions of U.S.\$)</i>			
Net cash provided by (used in):				
Operating activities	19.1	49.7	20.0	43.3
Investing activities	(23.7)	(86.3)	(110.4)	(38.4)
Financing activities	29.7	14.3	64.3	14.9
Increase (decrease) in cash and cash equivalents	25.1	(22.3)	(26.1)	19.8
Foreign exchange difference:				
Cash and cash equivalents at beginning of period	3.8	29.9	29.9	10.1
Cash and cash equivalents at the end of period	28.9	7.6	3.8	29.9

Cash Flow from Operating Activities

Nine-month period ended September 30, 2012 and 2011

Cash flow from operating activities decreased by 61.6%, from U.S.\$49.7 million in the nine-month period ended September 30, 2011 to U.S.\$19.1 million in the corresponding period in 2012, primarily due to (1) payments to and on behalf of employees and income tax, which increased by U.S.\$17.9 million over the corresponding period in 2011 and (2) payments to suppliers of goods and services mainly for fish purchased from independent vessel owners, which increased by U.S.\$24.9 million over the corresponding period in 2011.

Years Ended December 31, 2011 and 2010

Our cash flow from operating activities in 2011 decreased by 53.8%, from U.S.\$43.3 million in 2010 to U.S.\$20.0 million in 2011, primarily as a result of a U.S.\$17.5 million increase in operational expenses relating to third-party suppliers of materials and fish, a U.S.\$3.0 million increase in tax expenses and a U.S.\$4.1 million increase in expenses related to employees.

Cash Flows from Financing Activities

Nine-month period ended September 30, 2012 and 2011

Cash flow from financing activities increased from U.S.\$14.3 million in the nine-month period ended September 30, 2011 to U.S.\$29.7 million in the nine-month period ended September 30, 2012 largely as a result of the aggregate balance of U.S.\$60 million under our syndicated loan facility, which was partially offset by a dividend of U.S.\$28.1 million we paid in the nine-month period ended September 30, 2012 (an increase of 264% over the U.S.\$7.7 million dividend we paid in the corresponding period in 2011).

Years Ended December 31, 2011 and 2010

Cash flow from financing activities increased from U.S.\$14.9 million in 2010 to U.S.\$64.3 million in 2011 largely as a result of the net proceeds of U.S.\$90.7 million we received from the initial public offering of our common shares, partially offset by a dividend of U.S.\$7.7 million we paid in 2011 (compared to a dividend of U.S.\$8.5 million we paid in 2010).

Cash Flow from Investing Activities

Nine-month period ended September 30, 2012 and 2011

Cash flow used in investing activities decreased from U.S.\$86.4 million in the nine-month period ended September 30, 2011 to U.S.\$23.7 million in the corresponding period in 2012. This decrease was primarily the

result of our shift in investments from significant acquisitions of fishing companies and vessels in 2011 to improvements in our indirect and direct human consumption plants in 2012.

Years Ended December 31, 2011 and 2010

Our cash flow used in investing activities increased from U.S.\$38.4 million in 2010 to U.S.\$110.4 million in 2011. Our investments in 2011 were primarily directed to increase our anchovy fishing quota, including (1) U.S.\$36.4 million for the acquisition of assets, principally fishing vessels (an increase of U.S.\$27.4 million over the amounts invested to acquire fishing vessels in 2010) and (2) U.S.\$70.2 million for the acquisition of fishing companies (an increase of U.S.\$42.7 million over amounts invested to acquire fishing companies in 2010).

Borrowings from Banks and Other Financial Institutions

We incur short-term and long-term debt with local and international financial institutions to meet working capital requirements and to purchase assets.

In order to meet our short-term indebtedness requirements, we primarily enter into loans from local institutions with a maximum term of 180 days, guaranteed by our fishmeal and/or fish oil or by export letters of credit. Our short-term debt is typically at its highest levels at the end of the second and fourth quarters due to the stagnant production. Our short-term debt is incurred at the beginning of each fishing season and is repaid prior to the commencement of the following fishing season.

As of September 30, 2012, our lines of credit for working capital totaled an aggregate of U.S.\$123.3 million, which we believe is sufficient to meet our working capital requirements given that these facilities have been structured based on maximum utilization which occurs during the first and third quarters of the year when our capital requirements are highest. In 2011, we utilized approximately 50% of the funds available under the lines of credit. As of September 30, 2012, our total indebtedness was U.S.\$191.1 million, of which U.S.\$50.2 million, or 26.3%, corresponded to working capital and U.S.\$140.9 million, or 73.7%, corresponded to long-term debt, including the current portion of our long-term debt.

The following table sets forth our indebtedness structure as of the dates indicated.

	As of September 30,		As of December 31,			
	2012		2011		2010	
	<i>(in millions of U.S.\$, except percentages)</i>					
Current portion of long-term debt.....	1.2	0.6%	2.9	2.2%	19.4	31.9%
Long-term debt.....	139.7	73.1%	80.4	60.3%	41.2	67.8%
Total debt.....	140.9	73.7%	83.3	62.5%	60.6	99.7%
Working capital debt.....	50.2	26.3%	50.0	37.5	0.2	0.3%
Total.....	191.1	100.0%	133.3	100.0%	60.8	100.0%

Our current long-term debt was incurred to purchase assets, primarily vessels, and primarily comprises our international syndicated loan. This loan is guaranteed by our assets (plants and vessels) at 200% of the debt incurred. In addition, trade accounts receivable related to sales to international clients have also been given in guarantee in connection with sales to certain international clients.

The following table sets forth our outstanding financial obligations (other than leasing and leaseback obligations) by purpose as of September 30, 2012:

Bank	General Corporate Purposes	Working Capital	Total
		<i>(in millions of U.S.\$)</i>	
Long-term debt			
Syndicated loan	136.5	—	136.5
Total long-term debt	136.5	—	136.5
Short-term debt			
Banco Santander	—	13.0	13.0
Banco Interamericano de Finanzas	—	3.1	3.1
Scotiabank	—	12.0	12.0
Banco de Crédito del Perú	—	17.5	17.5
Interbank	—	2.1	2.1
HSBC	—	0.4	0.4
Citibank	—	0.4	0.4
Others	—	1.7	1.7
Total short-term debt	—	50.2	186.7

Financial Leases

We enter into financial leases with financial institutions to purchase assets such as vessels, vehicles, equipment and machinery. Financial leases have the benefit of an accelerated depreciation of the assets within the term of the agreement. We also enter into leaseback transactions to purchase different types of assets. Our financial leases are guaranteed by the assets which are the object of the financial leases.

As of September 30, 2012, the aggregate amount outstanding under our financial leases was U.S.\$4.4 million.

Pledges

In the ordinary course of our business, we pledge our interests in certain of our vessels in connection with our obligations under financial agreements. Our obligations under our financial leasing agreement with Banco Continental are secured by a pledge of our vessel “Ipanema” up to an aggregate amount of U.S.\$6.5 million. In addition, certain obligations of Corporación Exalmar S.A. with Interbank are secured by pledges on our vessels “Dorado” and “Mancora 6” up to an aggregate amount of U.S.\$3.0 million and U.S.\$5.5 million, respectively.

Contractual Obligations

The following table summarizes our contractual obligations by maturity as of September 30, 2012:

	Payments Due by Period as of September 30, 2012			
	Less than 1 year	1-3 years	3-5 years	Total
	<i>(in thousands of U.S.\$)</i>			
Bank and other loans	—	—	136.5	136.5
Leases	1.2	0.1	3.1	4.4
Total financial debt	1.2	0.1	139.6	140.9
Working capital debt	50.2	—	—	50.2
Total	51.4	0.1	139.6	191.1

Capital Expenditures

We have made significant investments in our plants dedicated to production for indirect human consumption to convert them to the SD production method. As a result of these investments, all of our plants now utilize this method. Likewise, we have also invested significantly in the construction of our frozen seafood plants in Paita and Tambo de Mora. With respect to our fleet, we have realized significant investments to equip vessels with

refrigeration capability for our direct human consumption operation. The following table sets forth our capital expenditures for the periods indicated.

	For the Nine-Month Period Ended September 30,	For the Year Ended December 31,	
	2012 (1)	2011 (1)	2010 (1)
	<i>(in thousands of U.S.\$)</i>		
Plants – Indirect Consumption (2)	7.4	12.1	6.8
Fleet – Indirect Consumption (3)	1.7	4.3	2.3
Plants – Direct Consumption (4)	6.2	7.0	4.6
Fleet – Direct Consumption (5)	3.9	3.7	0.0
Others (6)	0.8	0.7	0.5
Total	20.0	27.8	14.2

(1) Does not include acquisitions through mergers or through the consolidation of assets spun-off from Cormar.

(2) Refers to buildings and equipment used for our indirect human consumption business.

(3) Refers to fishing nets, vessels and new equipment used for our indirect human consumption business.

(4) Refers to buildings and equipment used for our direct human consumption business.

(5) Refers to fishing nets, vessels and new equipment used for our direct human consumption business.

(6) Refers to administrative office buildings and equipment.

Quantitative and Qualitative Disclosure about Market Risk

Price Risk

Legislative Decree N° 1084, which established the ITQ system and which has been in effect as of June 29, 2008, marked a significant change in the sales of fishmeal and fish oil by allowing companies to increase their future commitments (pre-sales). This is because as soon as the Ministry of Production determines the annual fishing quota, each company is able to determine its minimum fishmeal production. We are exposed to price fluctuations of our products, which are determined by the international market and world economic changes.

Exchange Rate Risk

Our sales are denominated in U.S. dollars and our debt is generally denominated in U.S. dollars. Our exchange rate risk exposure is primarily related to the value-added tax, (IGV in Peru) we have to pay, the acquisition of goods and services we need, trade accounts payable, other accounts payable, income tax and statutory employees' profit sharing denominated in *Nuevos Soles*.

Interest Rate Risk

The interest rate of our syndicated loan is indexed to LIBOR. In order to cover our exposure against significant variations in LIBOR, we entered into a U.S.\$80.0 million swap transaction that fixed LIBOR plus 1.175% for the five remaining years of the loan. As a result of this swap transaction, we have partially offset the interest rate risk of our syndicated loan.

BUSINESS

Overview

We are a leading Peruvian producer of fishmeal and fish oil, primarily for the livestock and aquaculture industries, and we also produce frozen seafood for direct human consumption. According to the FAO, Peru is the largest producer and exporter of fishmeal and fish oil. Since the beginning of our operations in 1997, we have grown through a combination of organic growth and acquisitions, consolidating our position as the fourth largest producer of fishmeal and fish oil in Peru in 2011 in terms of volume, according to the Ministry of Production.

Indirect Human Consumption (Fishmeal and Fish Oil)

We produce fishmeal and fish oil from anchovies caught with our fleet of vessels off the coast of Peru, as well as from anchovies purchased from independent vessel owners (also known as “vikings”) that do not have their own fishmeal processing plants. In 2011 and 2010, our sales totaled U.S.\$192.3 million and U.S.\$183.0 million, respectively. In 2011, our sales of fishmeal totaled U.S.\$154.5 million, while our sales of fish oil totaled U.S.\$24.5 million. For the nine-month period ended September 30, 2012, our sales from fishmeal and fish oil totaled U.S.\$187.1 million, of which U.S.\$131.3 million was from sales of fishmeal and U.S.\$41.7 million was from sales of fish oil.

In Peru, producers of fishmeal and fish oil may fish during two separate seasons. The first season occurs generally between the months of April to July, with the catch during this season sold during the same year. The second fishing season occurs generally between the months of November to January, with the catch during this season being sold almost entirely during the year commencing that January. The beginning and ending month of each season may vary depending upon sea or biomass conditions, which may cause our financial results to vary from period to period.

Our fishmeal is primarily used as a source of protein in feed for a variety of livestock and in aquaculture, particularly in Asia, where aquaculture has grown significantly. Our sales of fishmeal represented 70.1%, 80.3% and 88.0% of our total sales in the nine-month period ended September 30, 2012 and in 2011 and 2010, respectively. Our fishmeal production totaled approximately 79,660 metric tons, 144,192 metric tons and 83,438 metric tons, respectively, in the nine-month period ended September 30, 2012 and in 2011 and 2010.

We have recently completed the conversion of all of our fishmeal processing plants to the SD method, which, assuming the same quality of fish, results in higher quality fishmeal with higher levels of protein than fishmeal produced by the direct FD method.

Our fish oil is a byproduct of the fishmeal production process. Fish oil, which is used for aquaculture and for human consumption, accounted for 22.3%, 12.7% and 10.5% of our total sales in the nine-month period ended September 30, 2012 and in 2011 and 2010, respectively.

In 2008, the Peruvian government modified the regulatory framework governing the harvesting of anchovy, from an industry-wide quota system to the ITQ system, under which the government combines the establishment of a global catch quota with individual quotas, which are allocated based on each company's fleet capacity and historical catch. Following our acquisitions of vessels and businesses in 2010 and 2011, our anchovy fishing quotas increased to a current 6.45285% in the center-north of Peru and 4.33916% in the south of Peru, up from 5.2278% and 1.441538%, respectively, in 2009. Following the introduction of the ITQ system, we have significantly reduced the number of fishing vessels we operate in each fishing season, from 35 in 2008, with a total holding capacity of 11,116 m³, to 22 vessels in 2011, with a total holding capacity of 7,730 m³.

In addition to the production and sale of fishmeal and fish oil, our indirect human consumption business includes the sale of fish we catch in southern Peru to companies with processing plants along the south coast of Peru. Our sales of fish for indirect human consumption totaled U.S.\$5.86 million in the nine-month period ended September 30, 2012 and U.S.\$5.6 million in the year ended 2011.

Direct Human Consumption (Frozen and Fresh Seafood)

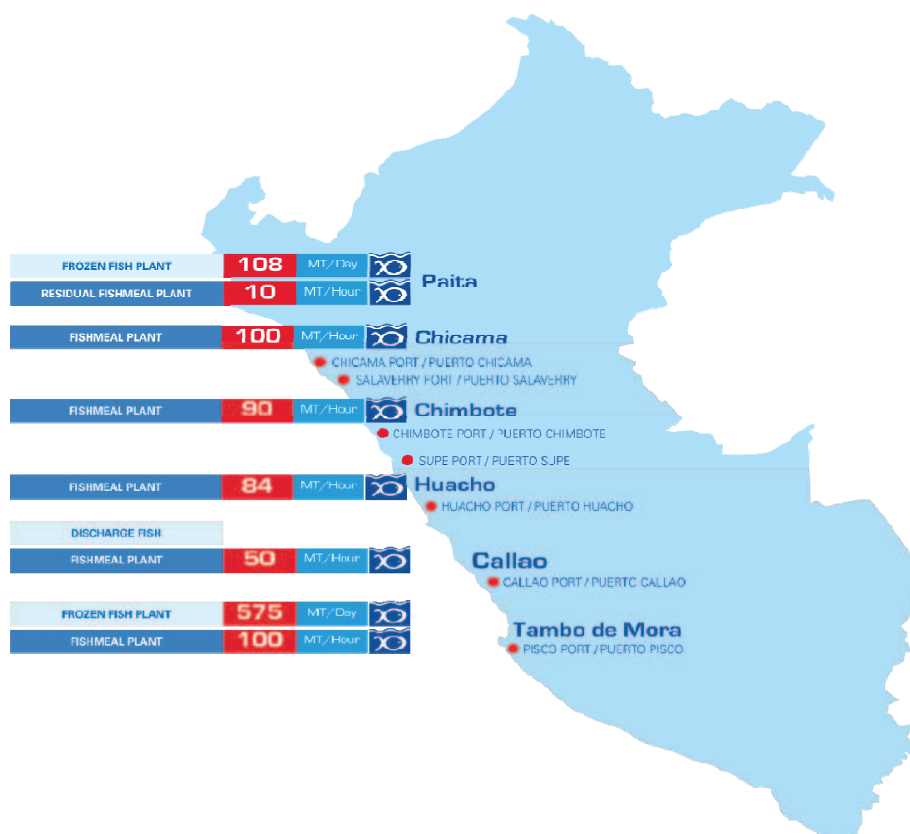
In 2011, capitalizing on synergies with our fishing operations, particularly our fleet management experience and our extensive relationship with artisan vessel owners, we commenced operations in the production and processing of frozen seafood for direct human consumption, focusing primarily on giant squid and mahi-mahi processed at our recently constructed Paita processing plant. Our Paita processing plant, in which we have invested U.S.\$7.5 million to date, has a processing capacity of 108 metric tons per day and a cold storage capacity of 2,500 metric tons. Moreover, we have invested U.S.\$7.7 million to equip six vessels with RSW and storage systems to develop our operations in this market segment. We also utilize these vessels to catch anchovies for fishmeal production in order to better preserve our catch.

In addition, we are currently building a second frozen seafood processing plant in Tambo de Mora, which we anticipate will process mackerel and jack mackerel caught by our specialized fleet. We anticipate that our Tambo de Mora processing plant, in which we intend to invest a total of U.S.\$20 million, will have a processing capacity of 575 metric tons per day and a cold storage capacity of 6,000 metric tons. We believe that our entry into the frozen seafood business will increase our profit margins and add to the diversity of our core business.

Depending on market conditions and the location of the catch, we also sell fresh fish, mostly mackerel and jack mackerel, at the docking area of our Callao plant. These sales are carried out in cash immediately following unloading. Our sales of fresh fish for direct human totaled U.S.\$1.1 million in the nine-month period ended September 30, 2012.

Our Plants

The map below illustrates the distribution of our processing plants in Peru, comprising five fishmeal and fish oil processing plants and our newly constructed frozen seafood processing plant in Paita. Our six processing plants, including a residual fishmeal plant, have a total processing capacity of approximately 434 metric tons per hour. Our Tambo de Mora food processing plant, also shown below, is currently under construction and will be operational by February 2013:



In the nine-month period ended September 30, 2012 and in 2011 and 2010, exports accounted for almost all of our sales volume, with China, our principal export market for fishmeal, accounting for approximately 52.2%, 64.8% and 48.1% of our consolidated sales volume, respectively. Our other important export markets include Germany, Japan and Turkey, which accounted for approximately 14.8%, 6.6% and 4.2% of our consolidated sales volume for fishmeal in the nine-month period ended September 30, 2012; 13.5%, 3.4% and 5.3%, respectively, in 2011; and 28.1%, 5.7% and 1.0%, respectively, in 2010.

We also produce and export fish oil. Our main export markets are Denmark, Belgium and Chile, which represented 52.7%, 17.1% and 19.2%, respectively, of our volume of sales of fish oil in the nine-month period ended September 30, 2012.

We currently export the frozen seafood we produce from our Paita processing plant primarily to Nigeria and the United States, with exports to these countries representing 63.8% and 28.3%, respectively, of our volume of sales of frozen seafood in the nine-month period ended September 30, 2012.

Financial and Operational Highlights

In the nine-month period ended September 30, 2012, we had net profit of U.S.\$20.0 million and Adjusted EBITDA of U.S.\$56.5 million, while in the 12-month period ended September 30, 2012, we had net profit of U.S.\$17.3 million and Adjusted EBITDA of U.S.\$60.8 million. In 2011 and 2010, our net profit and Adjusted EBITDA totaled U.S.\$24.7 million and U.S.\$71.3 million, and U.S.\$19.7 million and U.S.\$52.8 million, respectively. We believe that the efficiency of our operations are reflected in our Adjusted EBITDA margins, which were 30.2% and 29.3% in the nine-month and 12 month periods ended September 30, 2012, and 37.1% and 28.9% in 2011 and 2010, respectively.

The table below sets forth certain of our financial and operational highlights for the periods indicated:

	For the Nine-Month Period Ended September 30,		For the Twelve-Month Period Ended September 30,	For the Year Ended December 31,	
	2012	2011	2012(1)	2011	2010
<i>(in millions of U.S.\$, except for ratios and percentages)</i>					
Financial highlights					
Net sales	187.1	171.7	207.7	192.3	183.0
Adjusted EBITDA (2)	56.5	67.0	60.8	71.3	52.8
Adjusted EBITDA margin (3)	30.2%	39.0%	29.3%	37.1%	28.9%
Net profit	20.0	27.3	17.4	24.7	19.7
Total debt (4)	191.1	79.4	191.1	133.3	60.9
Net debt (5)	162.2	71.8	162.2	129.5	31.0
Total debt/Adjusted EBITDA (6)	3.38	1.19	3.14	1.87	1.15
Net debt/Adjusted EBITDA (7)	2.87	1.07	2.67	1.82	0.60
Operational highlights					
Fishmeal production (in metric tons)	79,660	95,470	128,461	144,192	83,438
Fish oil production (in metric tons)	20,331	19,688	31,173	30,529	18,056
Frozen/fresh seafood production (in metric tons)(8)	5,692	8,657	5,788	9,146	N/A (7)
Employees	1,107	1,045	n.a.	1,061	1,001

- (1) Amounts for each line item and operational data were calculated by adding the applicable line item/data amount for the nine-month period ended September 30, 2012 to the corresponding line item/data amount for the year ended December 31, 2011, and then subtracting the corresponding line item/data amount for the nine-month period ended September 30, 2011.
- (2) Adjusted EBITDA means operating income minus other income plus other expenses plus employee's net profit sharing, depreciation, compensation under Legislative Decree N° 1084. Adjusted EBITDA is not an IFRS measure, does not represent cash flow for the years indicated and should not be considered an alternative to net profit (loss), as an indicator of our performance or as an alternative to cash flow as a source of liquidity. Our definition of EBITDA may not be comparable with Adjusted EBITDA as defined by other companies. Our management considers Adjusted EBITDA, notwithstanding the limitations previously mentioned, and in conjunction with other accounting and financial information available, a reasonable indicator for comparisons between us and our principal competitors in the market. For reconciliation from our net profit to Adjusted EBITDA, see "Selected Financial and Other Information."
- (3) Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by net sales.
- (4) Total debt is the sum of total financial obligations.
- (5) Net debt is total debt minus cash and cash equivalents.
- (6) Total debt/Adjusted EBITDA ratio is the ratio of our total debt as of the end of the applicable period divided by our Adjusted EBITDA for that period.
- (7) Net debt/Adjusted EBITDA ratio is the ratio of our net debt as of the end of the applicable period divided by our Adjusted EBITDA for that period.
- (8) Our frozen seafood production commenced in 2011.

Our Strengths

We believe our principal business strengths include the following:

Leading competitive position with significant diversification potential

- We are the fourth largest producer of fishmeal and fish oil in Peru in terms of volume, increasing our share of national production via third-party catch from independent vessel owners. We have the sixth largest anchovy fishing quota in Peru under the ITQ system, totaling 6.45285% in the center-north coast and 4.33916% in the south coast of Peru. As a result of consolidation in the fishing industry, we have been able to maintain our leading position through acquisitions of fishing quota and through expansion into the direct human consumption business.
- We have a solid presence in the indirect human consumption business through our operation of six plants and 22 vessels. In the 12-month period ended September 30, 2012 and in the year ended 2011, our net sales deriving from this business totaled U.S.\$198.0 million and U.S.\$184.8 million, respectively. Our processing volume in the center-north area accounted for 10.76% of the total ITQ system fishing quota

during the first fishing season of 2012. Moreover, we export substantially all of our fishmeal to investment grade countries.

- Since our IPO in 2010, we have invested U.S.\$40.0 million towards the development and expansion of our direct human consumption business, including two new processing plants and six vessels outfitted with RSW. We catch mackerel and jack mackerel through our specially equipped vessels, and we purchase mahi mahi and giant squid from artisan vessel owners in northern Peru, allowing us to capitalize on and expand our strong relationships with these owners. We process and sell catch as either fresh or frozen seafood, depending on the location of the catch, the volume caught and the price of fresh fish at the time of the catch. In addition, we constantly monitor world market trends to diversify our business and offer products with increasing added value. Despite our recent entry into the direct human consumption business, we believe that we have attained significant results in this sector. In the nine-month period ended September 30, 2012, our net sales deriving from direct human consumption totaled U.S.\$8.2 million, while our mahi mahi, mackerel and giant squid sales totaled 0.1, 6.75 and 0.65 thousand metric tons, respectively, in the same period. In 2011, our net sales deriving from direct human consumption totaled U.S.\$6.4 million, while our mahi mahi, mackerel and giant squid sales totaled 9.15 thousand metric tons, respectively, in the same period.

Advanced manufacturing facilities

- Our six fishmeal and fish oil plants are strategically located along the Peruvian coastline, allowing us to receive catch efficiently. In addition, Our Tambo de Mora plant is expected to commence operations in February 2013, while our direct human consumption plant in Paita began production in May 2012. We also have an unloading dock at our Callao plant, where we process fresh fish for our direct human consumption business. Our plants currently have an aggregate processing capacity of 434 metric tons per hour. We intend to invest a total of U.S.\$20 million in our new Tambo de Mora plant, which we anticipate will have a processing capacity of 575 metric tons per day and cold storage capacity of 6,000 metric tons. We have also invested U.S.\$7.5 million in our Paita plant, which has a production capacity of 108 metric tons per day and cold storage capacity of 2,500 metric tons.
- We are currently in the process of implementing PAMA, which we believe may allow us to improve our recovery of both solids and oils in the production processes. We have obtained the GMP B2, BASC, OHSAS 18001 and ISO 14001 certifications for each of our plants. In addition, with the exception of our Paita plant, all of our plants are certified to export omega-3 oil to the European Union.

Location in Peru, the largest fishmeal exporting country in the world.

- We are located in Peru, which benefits from geographic and climatic conditions that are favorable for the fishing industry. The cold ocean current known as Humboldt makes the ocean offshore Peru rich in nutrients, especially those necessary for the development of anchovies, which is the species used in Peru to produce fishmeal and fish oil. As a result, Peruvian fishing companies have access to an abundant anchovy biomass off the Peruvian coast. Peru is the largest producer and exporter of fishmeal in the world and in 2011 it accounted for approximately 40.8% of world exports, followed by Chile and Denmark with 10.5% and 6.8%, respectively, according to the IFFO.

Experienced management, with strong corporate governance and direct involvement in the key aspects of our value chain.

- We have an experienced and independent management team with extensive knowledge of the fishing industry in Peru. In addition, our management team is supported by our founder and principal shareholder, Victor Matta Curotto, who has over 35 years of experience in the sector. Our management team is experienced in monitoring the industry and our operations, allowing them to respond to market developments with agility. Our management team members have an average of 12.4 years of experience in the fishing industry and are involved in all of the key aspects of our business value chain, including supply,

production and sales. In addition, we have received a corporate governance score of 83% from Pacific Credit Rating.

Strong financial performance and efficient cost structure

- Throughout our expansion, we have maintained strong financial performance. In the nine months and 12 months ended September 30, 2012 and in 2011 and 2010, our net sales totaled U.S.\$187.1 million, U.S.\$207.7 million, U.S.\$192.3 million and U.S.\$183.0 million, respectively, corresponding to an operating margin of 20.4%, 17.9%, 22.6% and 17.4%, respectively. Likewise, our Adjusted EBITDA in the these periods totaled U.S.\$56.5 million, U.S.\$60.8 million, U.S.\$71.3 million and U.S.\$52.8 million, respectively, corresponding to an Adjusted EBITDA margin of 30.2%, 29.3%, 37.1% and 28.9%, respectively. Our strong financial performance has enabled us to significantly invest in our operations, with our capital expenditures in the nine ended September 30, 2012 and in 2011 and 2010 totaling U.S.\$20.0 million, U.S.\$27.8 million and U.S.\$14.2 million, respectively.
- We have been one of the leading Peruvian fishing companies in terms of optimizing efficiencies and achieving an efficient cost structure. Since the introduction of the ITQ system, we have significantly reduced the number of our vessels in operation. We were one of the first companies to reduce its fleet as a strategic response to the adoption of the ITQ system, eventually reducing our fleet holding capacity by 50% and the number of vessels in operation by 60%. Through this effort we significantly reduced our fixed costs related to fleet and processing plants, even as we increased processing volumes through the purchase of catch and quota leases from independent operators. In 2011, our fixed costs comprised 8% of our total costs, while our variable costs and third-party costs comprised 35% and 57%, respectively, of our total costs, respectively. Moreover, as a result of our efforts to increase our cost efficiency, we reduced our total cost per metric ton of fishmeal from U.S.\$1,076 per metric ton in 2010 to U.S.\$926 per metric ton in 2011.
- Throughout our expansion, we have also maintained a strong credit profile. Our total debt and net debt was U.S.\$191.1 million and U.S.\$162.2 million, respectively, in the nine months ended September 30, 2012, which corresponded to a total leverage ratio and net leverage ratio of 3.38 and 2.87, respectively, as of September 30, 2012.

Proven ability to create value.

- While the ITQ system quotas limit the fishing catch, they do not limit the volume of production of fishmeal and fish oil. Since the ITQ system became effective in 2009, we have focused on production of increased volumes of a higher quality and more profitable fishmeal. We have done this in part through acquiring additional catch from independent vessel owners via purchases of catch and quota leases. We have also reduced the amount of time between catch and processing, which has reduced the conversion rate. Through these and other efforts, we have maximized production capacity with marginal cost increases.
- Moreover, our ability to purchase third-party catch allows us to increase or share of production beyond our assigned quota, make better use of our facilities and obtain a higher total Adjusted EBITDA. We were the first company in the Peruvian fishing industry to develop a loyalty program with independent vessel owners, which has enhanced our ability to make catch purchases and enter into quota leases with these owners. We strengthen our relationships with independent vessel owners through the provision of advisory services, off-season loans, logistics support and customized purchase agreements.

Growth through acquisition of fishing quota.

- We are experienced in the successful acquisition and integration of companies and assets, resulting in production and operating synergies. In 2010, we acquired several fishing companies and vessels which, collectively, increased our anchovy fishing quota by 0.49694% and 1.34429% in the center-north and south coast of Peru, respectively. Likewise, in 2011, our acquisition program increased our anchovy fishing quota by 0.72811% and 1.54949% in the center-north and south coast of Peru. Our current anchovy fishing quota under the ITQ system is 6.45285% in the center-north coast and 4.33916% in the south coast of Peru.

We catch anchovies in the center-north region to produce fishmeal and fish oil for indirect human consumption. We sell all of the fish we catch in the southern region to companies with processing plants along the southern coast of Peru for indirect human consumption.

- Our successful acquisitions have allowed us to strengthen our position in the Peruvian fishing industry and to geographically expand our operations. Considering our position in the fishing market, the economies of scale of our operations, our financial strength and successful experience in acquiring and incorporating companies and assets, we believe we will continue to solidify our position as one of the primary players in the Peruvian fishing industry. See “Business—History.”

Attractive global conditions for the fishmeal and fish oil industries as a result of growing international demand and limited global supplies of fish.

- *Growing Demand:* From 2001 to 2011, the FOB value of Peruvian fishmeal and fish oil has grown by 111.5% and 265.1%, respectively, due to increasing demand for fish and meat as a source of protein, supported by an increase in the population and improvement of the per capita income in developing countries. There are currently few protein-rich, efficiently produced substitutes for fishmeal, which is primarily used as feed for fish, chicken and hogs. This is particularly true in the case of feed for shrimp and fish raised in the aquaculture industry, which constitutes the majority of our sales. Substitutes such as soybean meal, ground nut meal and corn gluten are generally not considered adequate substitutes for fishmeal and fish oil products in aquaculture, as shrimp and fish depend on a fish-based diet. Furthermore, there has been an increase in demand for fish oil from the pharmaceutical industry, as fish oil nutritional supplements become increasingly popular.
- *Limited Supply:* Currently, only anchovies are used to produce fishmeal and fish oil in Peru. In addition, the supply of anchovies is limited because of environmental conditions and fishing regulatory restrictions, creating significant barriers to entry into the industry.

Business Strategy

Our main business strategies are summarized as follows:

- solidify our strong position in the Peruvian fishing industry while further increasing our efficiency and profitability;
- increase our current anchovy fishing quota through acquisitions;
- increase our production levels, including through our favorable relationships and with independent vessel owners, as supported by our strategic loyalty program; and
- build a significant position in the direct human consumption market of frozen seafood.

In order to achieve the foregoing, we plan to focus on the following initiatives:

Maintain and improve the position of our core business in the market.

We believe that the long-term demand and price outlook for fishmeal and fish oil is likely to continue to strengthen, driven by demand for fish-related protein sources for aquaculture, poultry and hog farming. As a result, we intend to maintain our focus on our core business, the production of fishmeal and fish oil. We believe that maintaining this focus will enable us to fully utilize our industry experience over the last 30 years. We also intend to improve upon our ranking as the fourth largest producer of fishmeal and fish oil by volume in Peru in 2011, according to the Ministry of Production.

Improve operating efficiencies and margins.

We will continue to seek to improve our margins in the extraction and processing of anchovy biomass by maximizing the productivity of our existing processing plants and fishing fleet. Since the implementation of the ITQ system in 2009, we have adopted a number of important measures to improve our production, such as enhancing our relationship with independent vessel owners in order to more efficiently utilize the processing capacity of our plants and optimizing our processing volumes in order to improve the quality of our fishmeal. These measures have included decreasing the number of vessels in operation by 60% and our holding capacity by 50%. At the same time, we continuously seek to improve the maintenance system of our vessels in order to implement preventive practices that reduce costs. In addition, we also believe that our entry into direct human consumption business may improve our margins given the higher margins that may be achieved in this market segment.

Focus on increasing the quality and value of our fishmeal and fish oil production.

We seek to maximize the value of our current anchovy fishing quota by increasing our production of high quality fishmeal and fish oil. We plan to make investments within the framework of PAMA, in order to comply with environmental requirements and to improve the conditions in the places in which we operate. In addition to improving profitability of the production processes, we expect that these investments will also improve the quality and increase the value of our fishmeal and fish oil.

Continue to develop a profitable customer base with long-term customer relationships.

Although fishmeal and fish oil are perceived as a commodity, we intend to continue to develop stable and long-term relationships with key customers to provide them with a value-added offer and a level of service that increases their demand for our products. Our strategy is supported by periodic customer visits by our sales representatives that enable us to promote brand awareness and gain a deeper level of understanding of the specific needs of our customers.

Continue our expansion into the direct human consumption market.

While we remain primarily focused on our core fishmeal and fish oil production business, we believe that the frozen seafood market for direct human consumption provides us with an important opportunity due to the higher profit margins available in this market segment. We have equipped six vessels with freezer and storage systems in order to develop our operations in this market. In 2011, we concluded the construction of our frozen seafood processing plant in Paita, which is located in the northern coast of Peru. Through our Paita plant, which has the capacity to produce 108 metric tons per day and the projected capacity to store up to 2,500 metric tons, we have access to a continuous supply of giant squid and mahi mahi through artisan vessel owners. Moreover, our frozen seafood processing plant in Tambo de Mora, which we anticipate will be operational in February 2013, is expected to have a processing capacity of 575 metric tons per day and a storage capacity of 6,000 metric tons. Our frozen seafood processing plants are strategically located to handle the specific types of fish available in nearby waters. The significant storage capacity of our Paita plant allows us to store large volumes of catch, and anticipate that our Tambo de Mora plant when completed will have the same capability when completed.

Ensure our supply sources through independent vessel owners and increases in our quota in the ITQ system.

Approximately 20% of the authorized catch under the ITQ system is allocated to independent vessel owners. We intend to continue to strengthen our relationships with independent vessel owners in order to increase our processing volume. We continuously seek ways to improve and strengthen our relationship with these vessel owners, such as our innovative loyalty program. We also seek to strengthen these relationships by providing independent vessel owners operational advisory services, onshore and offshore fishing logistics support and through the structuring of customized anchovy purchase agreements.

While our relationships with independent vessel owners are important, we also continue to seek to increase our anchovy fishing quotas under the ITQ system via acquisitions. Since 2006, we have been acquiring other fishing companies, increasing both our size, quota and market share. Our strategy is to continue our acquisitions in Peru

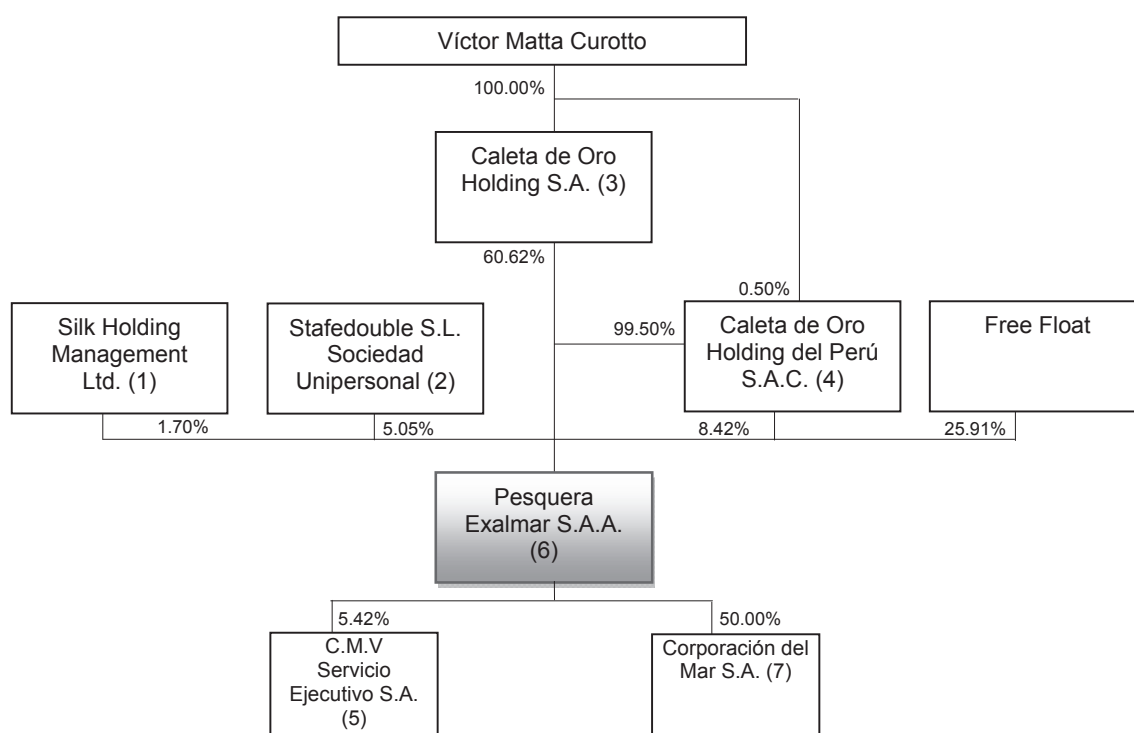
until we increase our anchovy fishing quota in the center-north coast by an additional 0.55% of the global quota over the short term and an additional 1.0% over the coming years. Increasing our anchovy fishing quota would allow us to depend less on purchases from independent vessel owners to utilize our full processing capabilities. The implementation of this strategic initiative is expected to strengthen our net margin given that the purchase of raw material from third parties results in a lower gross margin than the production of fishmeal from our own catch, due to the higher costs associated with acquiring the raw materials. In the nine-month period ended September 30, 2012 and 2011, 50.3% and 45.1%, respectively, of the fish we processed was supplied by third parties.

In addition, we intend to capitalize on our relationships and experience with artisan vessel owners to acquire various species of fish for direct human consumption, such as giant squid and mahi mahi, particularly those artisan vessel owners that operate in proximity to our Paita frozen seafood processing plant.

Our Corporate Structure

In November 2010, we completed the initial public equity offering of our Class A common shares in Peru, through which we raised S/. 341 million from the offer and sale of 71,889,667 Class A common shares at a price of S/. 4.75 per Class A common share. We believe that the public offering of our Class A common shares marked an important milestone in the development of our business, increasing our public profile, credibility and transparency.

The following is a chart of our current ownership and corporate structure:



(8) A company incorporated under the laws of the British Virgin Islands, held in its entirety by Víctor Matta Curotto.

(9) Beneficially held by CVCI.

(10) A company incorporated under the laws of Panama, held in its entirety by Víctor Matta Curotto.

(11) A company incorporated under the laws of Peru, held in its entirety by Víctor Matta Curotto.

(12) The remaining equity interests in this subsidiary are held by (a) Víctor Matta Curotto's spouse, María del Carmen Dall'Orso Gonzáles (53.36%) and (b) Rossana Ortiz, our chief executive officer (41.2%).

(13) Issuer of the notes in this offering.

(14) The remaining equity interest in this subsidiary is held by Austral Group S.A.A.

History

We were incorporated and began operating in 1997 as Pesquera Exalmar S.A. Our experience in the fishing industry began in 1976, when our principal shareholder, Víctor Matta Curotto, bought the fishing vessel Cuzco 4. In 1992, we began a vertical integration strategy and became one of the first private companies in Peru to begin industrial fishing operations, a line of business that was previously reserved for government entities. In 1992, we initiated construction of our first fishmeal and fish oil processing plant in Casma. The initial processing capacity of our Casma plant was 80 metric tons per hour, but we strategically decided to transfer that capacity to two different plants: our Chicama and Tambo de Mora, which at the time had a processing capacity of 60 metric tons per hour each, which we have increased to their current processing capacity of 100 metric tons per hour.

Our fishmeal plant at Tambo de Mora was built in 1995, and in 1997, following a privatization process by the Peruvian government, we acquired Pesca Perú Huacho S.A., whose main asset was our Huacho plant. The acquisition of our Huacho plant, which allowed us to increase our processing capacity to 224 metric tons per hour, was executed through the entity Pesquera María del Carmen S.A.

From 1998 to 2006, we continued to expand through acquisitions of plants and fishing companies, including our Chicama and Chimbote plants, several fishing vessels, Pesquera San Francisco S.A., Pesquera Cabo Peñas S.A. and certain entities held by Victor Matta Curotto. In 2006, we increased our processing capacity by 90 metric tons per hour, to a total of 374 metric tons per hour.

In April 2007, CVCI, the private equity investor, acquired 22.71% of our share capital for an aggregate of U.S.\$30.0 million. This initial capital contribution allowed us to acquire vessels with an additional 1,055 m³ of holding capacity, increasing our total holding capacity to 8,895 m³.

In 2008, we purchased 50% of the shares of Cormar, our most important acquisition to date. Initially, we leased certain assets from Cormar (including fishing vessels and their licenses) prior to segregating those assets from Cormar and merging them into us in April 2009. As a result of the Cormar acquisition, our holding capacity increased by 2,221 m³ to a total of 11,116 m³, and our fish processing capacity increased by 100 metric tons per hour to a total of 474 metric tons per hour. The funds for this acquisition were raised through a U.S.\$80.0 million international syndicated loan arranged by WestLB AG in 2008. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Borrowings from Banks and Other Financial Institutions.”

In 2008, the Peruvian government changed the fishing regulatory framework from an industry-wide quota system to the ITQ system, which is similar to the regime in effect in Chile and Norway. Under the ITQ system, each license holder was allocated an individual quota based on fleet capacity and catch volumes in the previous five years. See “Regulatory Environment—ITQ System.”

In 2009, we initiated investments to diversify our operations into direct human consumption by equipping three vessels with RSW, including holding capacity of 1,266 m³. In 2011, we concluded the construction of our frozen seafood processing plant in Paita in the north of Peru, which has a processing capacity of 108 metric tons per day and a storage capacity of 2,500 metric tons. Through this plant, we intend to process a variety of frozen seafood, primarily giant squid and mahi-mahi. In addition, we also equipped an additional three vessels with RSWs in 2011, increasing the aggregate frozen storage capacity of our fleet to 2,570 m³. Our frozen seafood facility in Tambo de Mora is currently under construction and is expected to commence operations in February 2013. Once completed, we expect that this plant will have a processing capacity of 575 metric tons per day and a storage capacity of 6,000 metric tons for the processing and storage of mackerel and jack mackerel. In 2009, as a result of the implementation of the ITQ system, we reduced our fixed costs by reducing the number of our vessels in operation.

In December 2009, we acquired Pesquera Virgen de la Peñas S.A.C., owner of Marco Antonio, a vessel that represented 0.04941% and 0.22847% of the anchovy fishing quotas in the center-north and south, respectively. Moreover, in June 2010, we acquired Pesquera San Martín de Porras S.A.C., Pesquera Mar Adentro S.A.C and Pesquera Ollanta S.A.C. In addition to these acquisitions, we acquired other companies and vessels in 2009 and 2010, thereby increasing our anchovy fishing quota by 0.49694% and 1.34429% in the center-north and south, respectively.

In November 2010, we successfully completed the initial public offering of our Class A common shares on the Lima Stock Exchange (*Bolsa de Valores*), or the BVL, resulting in total net proceeds of U.S.\$122.0 million of which 80% corresponded to the primary offering of Class A common shares by us and 20% corresponded to the secondary offering of Class A common shares by our selling shareholder, CVCI.

We utilized the net proceeds of this important offering to repay indebtedness we incurred to finance our acquisitions and to acquire additional companies and vessels, thereby increasing our anchovy fishing quota by 0.70502% and 1.54949% in the center-north and south, respectively. In 2011, we acquired Walda, Inversiones Poas, Pesquera del Sur, Inversiones Pesquera Valentina, Negocios y Servicios Generales Antonia, Pesquera Porto Novo, Pesquera Statefuri, Inversiones Pesqueras Vimarot, Pesquera Hades, Pesquera Cabasoni and Empresa Pesquera Caliche. Our total anchovy fishing quota in the center-north and south is currently 6.45285% and 4.33916%, respectively.

Products

The following chart sets forth our sales and sales volumes per product for the periods indicated.

	Nine-month Period Ended September 30,			Year Ended December 31,					
	2012			2011			2010		
	Sales ⁽¹⁾	%	Volume ⁽²⁾	Sales ⁽¹⁾	%	Volume ⁽²⁾	Sales ⁽¹⁾	%	Volume ⁽²⁾
Indirect Human Consumption	<i>(in thousands of U.S.\$, except percentages)</i>								
Fishmeal.....	131.30	70.1%	102.62	154.52	80.3%	113.86	161.24	88.0%	107.84
Fish oil.....	41.74	22.3%	27.29	24.45	12.7%	23.07	19.21	10.5%	23.12
Fish.....	5.86	3.1%	23.97	5.64	2.9%	23.00	2.17	1.2%	6.8
Sub-total.....	47.59	25.4%	51.26	30.10	15.6%	46.07	21.37	11.7%	29.92
Total.....	178.89	95.5%	153.88	184.88	95.9%	159.93	182.61	99.8%	137.76
Direct Human Consumption									
Frozen seafood.....	6.73	3.6%	4.35	0.99	0.5%	0.90	—	0.0%	—
Fresh fish.....	1.11	0.6%	3.19	5.35	2.8%	8.30	—	0.0%	—
Total.....	7.83	4.2%	7.55	6.35	3.3%	9.21	—	0.0%	—
Other income.....	0.40	0.2%	—	0.28	0.1%	—	0.38	0.2%	—
Subsidiaries.....	—	0.0%	—	1.04	0.5%	—	—	0.0%	—
Total.....	187.12	100.0%	161.43	192.28	100.0%	169.13	182.99	100.0%	137.76

(1) In thousands of U.S.\$.

(2) In thousands of metric tons.

(3) Includes only sales made by Exalmar.

Fishmeal and Fish Oil

Historically, we have derived almost all of our income from the sale of fishmeal and fish oil. Sales of fishmeal in the nine-month period ended September 30, 2012, and in 2011 and 2010, represented 70.1%, 80.3% and 88.0% of our consolidated sales, respectively, while sales of fish oil represented 22.3%, 12.7% and 10.5% of our consolidated sales in the same periods, respectively. We have recently completed the conversion of our plants from the FD method to the SD method.

Frozen Seafood

In 2011, capitalizing on synergies with our fishing operations, particularly our fleet management experience and our extensive relationship with artisan vessel owners, we commenced operations in the production and processing of frozen seafood for direct human consumption, focusing primarily on giant squid and mahi-mahi processed at our recently constructed Paita processing plant. Moreover, we have equipped six vessels with freezer and storage

systems to develop our operations in this market segment. In addition, we are currently building a second frozen seafood processing plant in Tambo de Mora, which we anticipate will process mackerel and jack mackerel caught by our specialized fleet and is expected to commence operations by January 2013. We believe that our entry into the frozen seafood business will increase our profit margins and add to the diversity of our core business.

Primary Assets

We currently own 60 fishing vessels (including six vessels equipped with RSWs and an aggregate of 2,570 m³ of storage capacity), 22 of which we utilize for both our direct and indirect human consumption operations, and the remainder of which are stored at the former site of our Casma plant. Our operational vessels have an aggregate holding capacity of 7,730 m³ and represent 6.45285% of the total anchovy fishing quota in the center-north of Peru and 4.33916% in the south of Peru. We also own six processing plants with a total capacity of 434 metric tons per hour, all of which utilize the SD processing method to process fishmeal.

Fishing

Indirect Human Consumption

We catch fish in the center-north region to produce fishmeal and fish oil for indirect human consumption, and we sell all of the fish we catch in the southern region to companies with processing plants along the southern coast of Peru.

Anchovies are currently the raw material authorized for the processing of fishmeal in Peru. Although other suitable species for producing fishmeal and fish oil include mackerel and jack mackerel, the Peruvian government has limited the harvesting of these other species for direct human consumption only. In the past, unusual circumstances, such as significant climatic changes resulting from *El Niño*, have prompted the Ministry of Production to temporarily allow the harvesting of certain other species for the production of fishmeal and fish oil.

On average, it takes one full day (around 20 hours) for a vessel to travel to the fishing zone, fish, return to port and unload its catch. The crew size of our vessels varies between 14 and 22 people.

In June 2008, the Peruvian government established the ITQ system and awarded individual quotas to each licensed vessel which are transferable among vessels controlled by the same company. With this new system, each vessel with a valid license must fish a minimum percentage of its assigned quota. On September 30, 2012, our aggregate anchovy fishing quota represented 6.45285% of the total allowable anchovy catch in the center-north coast of Peru and 4.33916% in the south coast of Peru.

The ITQ system was implemented during the first fishing season of 2009, which started in April of that year. Since the establishment of the ITQ system, the number of fishing days in both fishing seasons has increased to approximately 180 days, with the second season generally extending into the beginning of the following year, a phenomenon that did not occur prior to the establishment of the ITQ system. Consequently, the ITQ system has allowed us to significantly increase the number of days that we fish during any given season. For example, during the three years prior to the enactment of the ITQ system, we fished an average of 48 days each year, while since 2009 the average number of days we fish per year has increased to 160, allowing us to fish up to our individual quota, better plan our harvesting strategy and process our catch accordingly. Additionally, since the amount of fish produced is spread over a greater period of time, the raw material spends less time between catch and processing, which (1) allows for an increased conversion rate and (2) reduces the incidence of raw material spoilage. As a result of these developments and our strategy of purchasing fish from independent producers, our plants are more efficient, production volumes have increased, our fixed costs are diluted over a greater volume of fish produced and the quality of our fishmeal has improved.

The global anchovy fishing quotas established by the Ministry of Production have varied since 2009 as a result of climatic changes and marine conditions. For example, in 2009 the anchovy fishing quota totaled 5.5 million metric tons, while in 2010 the quota totaled 4.6 million metric tons, with the actual amount of fish caught in that year totaling 3.3 million metric tons. The reduced catch in 2010 was the result of the relatively modest effects of *El*

Niño followed by an occurrence of the effects of *La Niña*, resulting in colder water temperatures than typical and a catch in the second fishing season that was one third of the established quota in that season (2.1 million metric tons). In 2011, the Ministry of Production increased the anchovy fishing quota to 6.175 million metric tons, of which 3.675 million metric tons was allocated to the first fishing season and 2.5 million metric tons was allocated to the second fishing season.

As a result of *El Niño*, the Ministry of production established an anchovy fishing quota of 2.7 million metric tons for the first season of 2012, approximately one million metric ton less than the quota for the corresponding season in 2011. Including our purchases of fish from independent producers, our percentage catch of this quota is approximately 10.5%. For the second season of 2012, the Peruvian government established a global anchovy fishing quota of 0.8 million metric tons, which is 68% lower than the quota for the corresponding season of 2011. As a result of the reduction in the global anchovy fishing quota, we anticipate that the prices of our fishmeal and fish oil products will increase due to the diminished supply of anchovies, as witnessed in 2010 when anchovy supplies were similarly diminished.

Direct Human Consumption

The Ministry of Production also regulates fishing for direct human consumption, and has declared a special interest in promoting this segment of the fishing industry. It has also reserved fishing of certain species exclusively for this purpose, such as giant squid, mackerel and jack mackerel. In addition, although no specific regulation has been enacted, the industry practice is to reserve fishing of mahi-mahi for direct human consumption only.

The Ministry of Production assigns a global fishing quota for giant squid, mackerel and jack mackerel based on supply levels, preservation objectives and the recommended exploitation levels of these species pursuant to scientific reports prepared by IMARPE. Currently, only artisan vessels are permitted to fish mahi-mahi and giant squid, however, in the future other vessels may be granted an authorization to fish giant squid through a public auction conducted by the Ministry of Production. In all cases, fishing activities within the first five nautical miles of Peruvian waters are dedicated exclusively to direct human consumption and only artisan vessels are permitted in those waters.

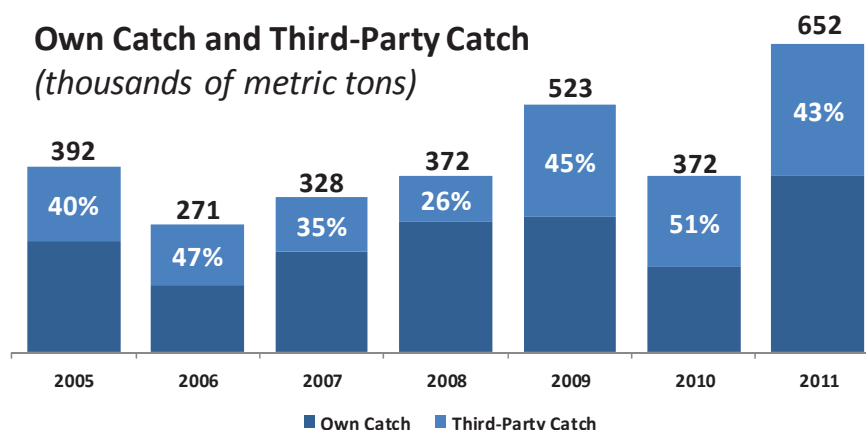
Fish Purchased from Independent and Artisan Vessel Owners

Indirect Human Consumption

We purchase and process anchovies from independent vessel owners as part of our indirect human consumption business, given that the processing capacity of our plants is greater than the amount of anchovies we are allowed to catch in any given season, taking into account the quotas for both the center-north and south coast of Peru. These third parties represent approximately 20% of the global anchovy fishing quota, and generally comprise small operators that do not own any fishmeal processing plants and therefore sell their catch to companies with processing plants. In the nine-month period ended September 30, 2012, and in 2011 and 2010, 42.1%, 45.1% and 50.3% of the fish processed in our plants came from anchovies purchased from third-party suppliers.

The following graph sets forth the portion of our catch purchased from third parties during the years indicated.

Own Catch and Third-Party Catch (thousands of metric tons)



Source: Pesquera Exalmar S.A.A.

The enactment of the ITQ system has allowed us to increase our purchases from third-party suppliers and to increase our production of fishmeal and fish oil. We use our experience with third-party suppliers to design a consistent strategy in order to develop a closer relationship with independent vessel owners. In addition, we enter into supply agreements with independent vessel owners for the fishing season. Through this strategy we have been able to significantly increase the percentage of the global anchovy fishing quota that we process, which in the first fishing season in 2012 and in 2011 and 2010, totaled 10.3%, 10.6% and 11.3%, respectively.

Since 2009, we have observed an increase in prices of fish from third-party suppliers, due to greater competition from buyers. The increase in competition was mainly due to the new ITQ system, which has allowed companies with processing plants to operate these plants for a longer period of time. As such, these companies are able to process a larger volume of fish than they did in the past. In 2008, the average price of fish purchased from third-party suppliers was approximately 12% of the price of fishmeal, compared to an average price that has fluctuated between 18% and 20% in following years.

The following table sets forth the volume of anchovies processed from third-party suppliers and from our own catch and the total processed fish for the periods indicated at our plants in the center north region.

	Nine-month Period Ended September 30,		Year Ended December 31,			
	2012		2011		2010	
	Volume	%	Volume	%	Volume	%
<i>(in metric tons, except percentages)</i>						
Anchovies caught by our fleet	210.24	—	345.79	—	177.90	—
Anchovies sold to third parties.....	(8.36)	—	(4.03)	—	(0.6)	—
Anchovies bought from third parties	146.79	42.1%	280.75	45.1%	179.42	50.3%
Total processed fish	348.67	—	622.51	—	356.71	—

We occasionally sell our own catch to third parties in order to avoid over-production at our own plants and to preserve the quality of our fishmeal.

Direct Human Consumption

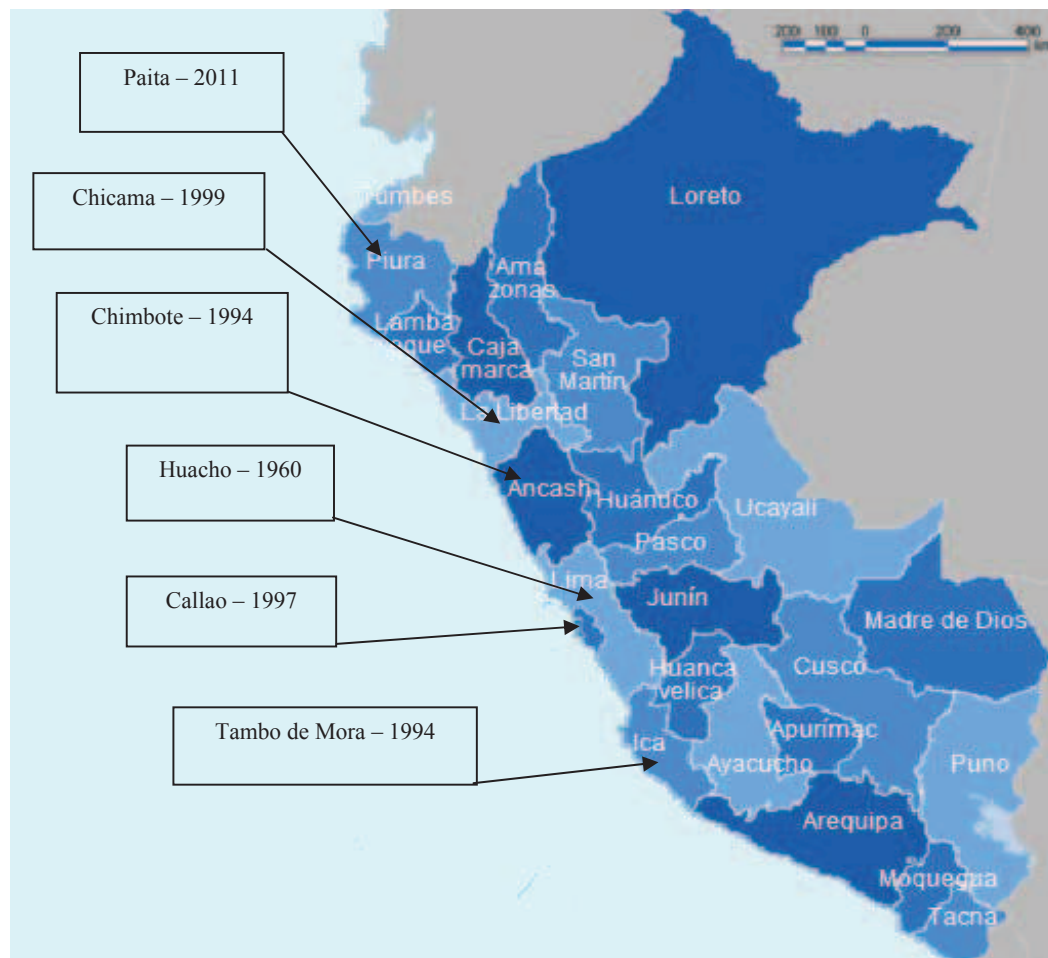
With respect to purchases of fish for direct human consumption, we are currently leveraging our experience in sourcing fish from artisan fishermen by establishing and integrating supply chains from such fishermen in the north of Peru. This process allows us to purchase fish for direct human consumption directly from these fishermen, thus avoiding intermediaries and generating greater value for ourselves and the fishermen. We offer artisan fishermen various types of training, including health and safety training. We also provide facilities for unloading at our own dock within our frozen seafood plant in Paita, in addition to fuel, water and ice. Since ice is particularly important

for maintaining the freshness of fish for direct human consumption, we have integrated ice-making equipment into our facilities.

Processing Plants

We have five processing plants distributed and one residual processing plant along the center-north coast of Peru, a region that accounted for 89.7%, 90.2% and 90.8% of the total fishing in Peru in the nine-month period ended September 30, 2012, and in 2011 and 2010, respectively. We have plants in Paita, Chicama, Chimbote, Huacho, Callao and Tambo de Mora. These plants are located in regions where fishing is permitted for two seasons per year, with each season comprising approximately six non-consecutive months of the year.

The map below sets forth the locations of our processing plants in Peru and the year each plant was constructed.



The following table sets forth the location, processing capacity and other operating information of the fishmeal processing plants we currently operate:

Plant	Location	SD Processing capacity (metric tons per hour)
Callao	Lima	50
Chicama	La Libertad	100
Chimbote.....	Ancash	90
Huacho	Lima	84

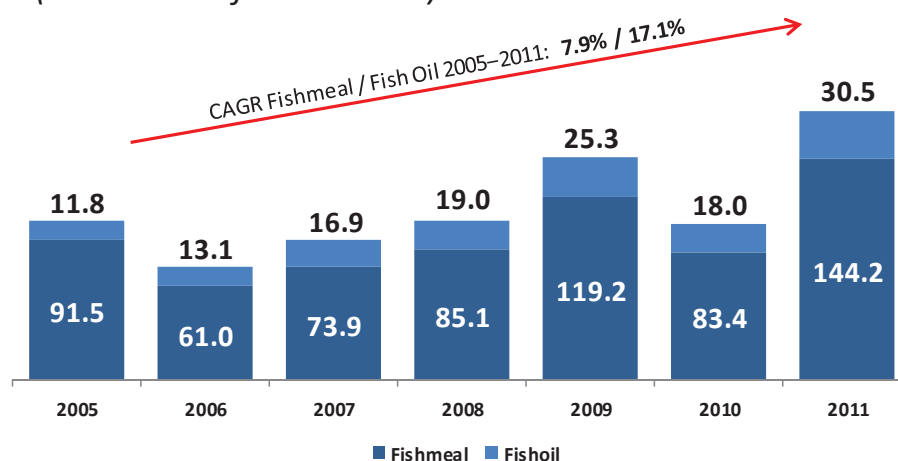
Paita.....	Piura	10
Tambo de Mora.....	Ica	100
Total.....		434

For the second fishing season in 2012, 100% of our catch is processed under the SD method. SD technology is more efficient, profitable and environmentally friendly than the FD method. In addition, prime fishmeal processed using the SD method, is a high quality product with high protein content and is in greater demand than the same fishmeal processed using the FD method.

Due to these improvements in technology and to our recent acquisitions, we have been able to increase our production of fishmeal and fish oil at a compound annual growth rate, or CAGR, of 7.9% and 17.1%, respectively, from 2005 to 2011, as set forth in the graph below.

Production

(thousands of metric tons)



Source: Pesquera Exalmar S.A.A.

Fishmeal Processing

We produce fishmeal using anchovies, which are caught by our own vessels or purchased from third-party suppliers, as raw material. The anchovies are delivered directly from the fishing vessels to our plants through environmentally friendly pumping systems installed in barges. This system ensures less deterioration of the raw material and, therefore, less residue. Following delivery, the anchovies are weighed by continuous systems, stored in concrete storage bins and quickly processed.

The anchovies are then cooked at temperatures of 92 to 95 degrees Celsius, which sterilizes the product and coagulates the proteins. The product is then mechanically pressed, separating the liquids and the solids. The liquid is processed to produce fish oil in a separate room equipped with decanters and centrifuges and sent into storage tanks. The liquid is then centrifuged to separate the oil from the rest of the liquid substance (stickwater). The solid, known as “press cake,” is combined with the other solids from the press cake. Stickwater is evaporated, concentrated and added to the press cake and separator cakes, making the whole cakes, which is conveyed into the dryers. The purpose of the drying process is to evaporate the liquid part of the cake achieving optimum moisture levels and producing fishmeal.

The FD and SD production processes for fishmeal are generally the same except for the type of drying and evaporation methods used. The FD process uses direct flame dryers, while the SD process uses an indirect drying system (steam and/or hot air). After drying, the fishmeal mixture is fed into a grinding mill and an antioxidant is

added to stabilize the mixture and prevent oxidation or self-combustion. Finally, the fishmeal is packed into 50 kilogram polypropylene bags. In the past, we have produced approximately one ton of fishmeal per 4.45 tons of anchovies. The finished product contains approximately 65% to 71% of protein making it a good feed source for aquaculture and livestock.

The following table sets forth production volumes of fishmeal in each of our processing plants for the periods indicated:

	For the Nine-Month Period Ended September 30,	For the Year Ended December 31,	
	2012	2011	2010
Processing Plant		<i>(in metric tons)</i>	
Callao.....	13,972	27,644	10,556
Chicama.....	20,357	14,602	22,576
Chimbote.....	20,242	26,736	26,869
Huacho.....	9,364	37,634	8,208
Paita.....	—	1,030	1,139
Tambo de Mora.....	15,724	36,547	14,090
Total.....	79,659	144,192	83,437

Fish Oil Processing

Fish oil is obtained during the process of making fishmeal. Cooking the fish at temperatures between 92 and 95 degrees Celsius separates the fat from the solids. The solid is converted to fishmeal and the liquid is processed in the fish oil room, which is equipped with decanters and centrifuges. The fat (transformed into a liquid oily substance) is sent to a decanter that separates the solids from the oil, which contains substantial amounts of water at this stage in the process. The liquid is then centrifuged to separate the oil from the rest of the liquid substance (stickwater). Finally, the fish oil is sent to a polisher in order to reduce and, if possible, eliminate small quantities of water and solids to produce a more stable product.

Fish oil made out of anchovies is valued for its omega-3 properties which are rich in EPA and DHA. Our fish oil is used largely as fish feed in the aquaculture industry. However, in recent years, the demand for fish oil has grown due to a recent interest in the health benefits of omega-3 fatty acids, EPA and DHA in the human diet. Certain studies suggest that EPA may regulate brain functions, triglycerides, blood pressure and inflammatory and allergic reactions, and that DHA aids certain phases of human development, from pregnancy to old age.

Fish oil is one of the richest available sources of highly unsaturated fatty acids, EPA and DHA, and Peruvian anchovy oil has a high concentration of these fatty acids compared to fish oil from many other marine species. Real-time analysis of anchovy fish oil reveals high concentrations of EPA and DHA. Through optimal production processes it is possible to obtain one ton of omega-3 from 3.5 tons of fish oil.

Fish oil yield ranges from approximately 2% to approximately 6% of the fish weight, depending on the size and fat contents of the anchovies, as well as the point in its life-cycle. As a result of the increasing market for omega-3 for human consumption, we have invested in technology to segment fish oil according to its EPA and DHA content in order to target the omega-3 market for high quality fish oil. Currently three of our six plants are certified to produce fish oil for direct human consumption. Our remaining plants are undergoing the certification process.

The following table sets forth the production volume of fish oil in each of our processing plants for the periods indicated:

Processing Plant	For the Nine-Month Period Ended September 30,	For the Year Ended December 31,	
	2012	2011	2010
		<i>(in metric tons)</i>	
Callao.....	3,110.68	5,556.46	1,915.54
Chicama.....	5,991.04	3,591.68	6,487.80
Chimbote	5,712.38	6,708.03	5,821.99
Huacho.....	2,598.00	7,539.00	1,381.50
Paita	—	185.50	220.16
Tambo de Mora	2,919.23	6,948.80	2,228.90
Total.....	20,331.33	30,529.47	18,055.89

Processing of Seafood for Direct Human Consumption

We obtain the raw materials used in our frozen seafood for direct human consumption using two different methods, depending on the species caught. In the case of mackerel and jack mackerel, vessels are specially equipped for several days of fishing, as these species are found at greater distances from the coast than anchovy populations. Once caught and refrigerated, the fish are either brought to our plant at Tambo de Mora to be processed as frozen seafood, or they are delivered to our Callao plant to be sold mostly as fresh fish. This decision depends on the location of the catch, the volume caught and the price of fresh fish at the time of the catch. At our Tambo de Mora plant, mackerel and jack mackerel are selected, packaged and frozen immediately before being stored in facilities built specifically for this purpose.

We also purchase giant squid and mahi mahi fish from artisan fishing vessels in the area of Paita, in northern Peru. These catches are unloaded at the dock at our Callao plant, where they undergo selection and cutting, allowing us to produce the specific cuts of fish meat that are demanded by our target markets. Afterwards, they are packed, frozen and stored at our facilities for export.

The following table sets forth the production volume of frozen and fresh seafood for the periods indicated:

	For the Nine-Month Period Ended September 30,	
	2012	2011
	<i>(in metric tons)</i>	
Callao		
Frozen Mackerel	2,182	792
Fresh Mackerel	3,194	7,833
Paita		
Frozen Mackerel	1,388	0
Frozen Giant Squid.....	1,878	32
Frozen Mahi Mahi	184	0
Total.....	8,826	8,657

Vessels

Since the introduction of the ITQ system, we have significantly reduced the number of our vessels in operation, eventually reducing our fleet holding capacity by 50% and the number of vessels in operation by 60%. Through this effort, we significantly reduced our fixed costs related to fleet and processing plants, even as we increased processing volumes through the purchase of catch and quota leases from independent operators.

We currently own a total of 60 vessels, 22 of which are operational. Our operational vessels have a total holding capacity of approximately 7,730 m³. Six of these vessels are equipped with RSWs, which support our direct human consumption business. Following the adoption of the ITQ system, we allocated our anchovy fishing quota among fewer vessels, increasing our productivity and substantially reducing our fleet and fishing costs, without affecting our production or anchovy catch levels.

Under the ITQ system, each vessel is awarded a fixed anchovy fishing quota, which is transferable among vessels controlled by the same company.

The following table sets forth the key characteristics of our vessels in operation and their respective anchovy fishing quota for the center-north and the south:

Vessel	Holding Capacity (m ³)	Anchovy Fishing Quota	
		Center-North	South
Ancash 2	373.73	0.16372%	0.0000%
Arequipa 5	372.00	0.14581%	0.1244%
Caribe	374.65	0.20748%	0.0143%
Carmencita	422.03	0.20969%	0.0713%
Claudia	362.00	0.22205%	0.0000%
Costa Brava	307.17	0.14654%	0.0580%
Costa De Oro	300.00	0.15378%	0.3860%
Creta	422.03	0.30038%	0.0140%
Cuzco 4	367.75	0.15313%	0.0000%
Don Alfredo	563.20	0.25570%	0.1468%
Don Victor	330.19	0.16177%	0.0000%
Dorado	366.38	0.17131%	0.0000%
Guanay	298.05	0.17018%	0.0372%
Ipanema	296.44	0.16626%	0.0470%
Junin 2	372.00	0.26587%	0.0000%
Merlin	371.93	0.14013%	0.0000%
Nuevo San Telmo	278.96	0.13118%	0.1035%
Rodas	422.03	0.21657%	0.0614%
Samanco 3	360.00	0.16152%	0.0000%
Maria Luz	109.99	0.06243%	0.0642%
Tiburón 20	100.90	0.05835%	0.1035%
Branco 3	185.00	0.07503%	0.2190%
Operative Vessels for the Fishing Season	7,356.43	3.73888%	1.45051%
Arequipa I	372.19	0.25768%	0.1153%
Arrecife	215.48	—	—
Ayacucho 2	374.35	0.17026%	0.0000%
Brisa(1)	125.17	—	—
Dora Del Pilar	124.16	0.06049%	0.0441%
Farallon(2)	195.97	—	—
Ensenada	212.39	0.11447%	0.0000%
Isla(3)	186.80	—	—
La Arena	245.00	0.11232%	0.0000%
Liguria	152.00	0.07094%	0.1876%
Mancora 6	278.00	0.11309%	0.0060%
Mariangela	347.17	0.16561%	0.0000%
Peninsula	197.66	0.10924%	0.0000%
Punta Mero	492.73	0.23503%	0.0000%
San Roque	375.13	0.15940%	0.0000%
San Telmo 2	279.94	0.11620%	0.0287%
Marcar 2	188.32	0.06428%	0.1303%
Marcar 3	200.22	0.08493%	0.1406%
Tigre 8	201.62	0.09798%	0.5929%
Miluska	162.00	0.07427%	0.1620%
Glenn I	72.43	0.03136%	0.0259%
Rene Junior	33.50	0.00922%	0.0000%
Carmelita 2	38.53	0.02306%	0.0000%
Marco Antonio	104.93	0.04941%	0.2285%
Branco 4	194.44	0.09187%	0.4129%
Lobos de Afuera 2	235.29	0.10693%	0.4478%
Urubamba 8	122.48	0.05943%	0.0990%
Rimac 6	197.27	0.08692%	0.1591%
Cristo Rey	37.88	0.01250%	0.0000%
Emanuel 3	103.46	0.06730%	0.0725%
Gisali I	52.37	0.02596%	0.0000%
Javier	33.00	0.01991%	0.0000%
Juana Rosa	35.00	0.01876%	0.0000%
Karin 5	33.00	0.01261%	0.0000%
Maria Mercedes	50.05	0.02641%	0.0358%
Senor de Luren 2	33.82	0.01264%	0.0000%

Vessel	Holding Capacity (m ³)	Anchovy Fishing Quota	
		Center-North	South
Milagrosa Concepcion II	93.55	0.03040%	0.0000%
San Antonio	36.25	0.02309%	0.0000%
Total Vessels Owned	13,066.56	6.45285%	4.33916%

- (1) Our vessel Brisa previously had a quota of 0.07312% from the center-north region that has been incorporated into the quota for our vessel Claudia.
- (2) Our vessel Farallon previously had a quota of 0.10200% from the center-north region that has been incorporated into the quota for our vessel Creta.
- (3) Our vessel Isla previously had a quota of 0.09852% from the center-north region that has been incorporated into the quota for our vessel Junin 2.
- (4) Our vessel Arrecife previously had a quota of 0.11158% from the center-north region that has been incorporated into the quota for our vessel Arequipa I.

Customers and Export Markets

We export substantially all of our production. In 2011 and 2010, China was our largest fishmeal export market. Moreover, in 2011 and 2010, our largest export markets for fish oil were Chile, Belgium and Denmark. Other major countries to which we export our fishmeal and fish oil products include Germany, Japan and Canada. We currently export the frozen seafood we produce from our Paita processing plant primarily to Nigeria and the United States. Once our products arrive at the port of destination, they may be distributed to other countries through multiple channels.

Importers generally take physical ownership of the stock at the time of sale and act as wholesalers or distributors. Traders, on the other hand, take title and immediately sell the product to an importer or feed mill. In 2009, 77% of our total sales were to traders, 13% directly to feed-mill plants and 10% to importers. In 2010, 77% of our total sales were to traders and 23% directly to feed-mill plants. In 2011, 66% of our total sales were to traders and 34% directly to feed-mill plants. We pay variable commissions to importers and traders, with these commissions totaling U.S.\$0.3 million, U.S.\$0.3 million and U.S.\$0.3 million in the nine-month period ended September 30, 2012 and in 2011 and 2010, respectively.

Our main distribution channels consist of traders, brokers, direct sales, agents and representatives. Brokers are the only external intermediaries who receive a sales commission from us. Agents do not work with any company on an exclusive basis and may represent various clients. Representatives, in contrast, are agents who work on an exclusive basis for a specific buyer. In 2009, approximately 6% of our sales were sold directly to our customers, 67% were sold through representatives, 22% were channeled through a broker and 5% were sold to agents. In 2010, approximately 15% of our sales were sold directly to our customers, 42% were sold through representatives and 43% were channeled through a broker. In 2011, approximately 12% of our sales were sold directly to our customers, 47% were sold through representatives and 41% were channeled through a broker.

In 2011, our single largest customer accounted for 13.7% of our total sales volume, our five largest customers accounted for 41.8% of our total sales volume and our 10 largest customers accounted for 59.0% of our total sales volume, considering total sales for both fishmeal and fish oil.

In the nine-month period ended September 30, 2012, our single largest customer accounted for 16% of our total sales volume, our five largest customers accounted for 48% of our total sales volume and our 10 largest customers accounted for 60% of our total sales volume, considering total sales for both fishmeal and fish oil.

The following chart sets forth our export sales volume of fishmeal, by country, for the periods indicated:

	For the Nine-Month Period Ended September 30,		For the Year Ended December 31,			
	2012		2011		2010	
	<i>(in metric tons, except percentages)</i>					
China.....	55,822	52.2%	73,708	64.8%	50,991	48.1%
Germany	15,850	14.8%	15,314	13.5%	29,798	28.1%
Japan	7,069	6.6%	3,821	3.4%	5,996	5.7%
Turkey	4,544	4.2%	6,062	5.3%	1,005	0.9%
Chile	4,478	4.2%	—	0.0%	3,195	3.0%
Taiwan	4,559	4.3%	886	0.8%	2,093	2.0%
Others	14,647	13.7%	14,021	12.3%	13,006	12.3%
Total.....	106,969	100.0%	113,811	100.0%	106,085	100.0%

The following chart sets forth our sales volume of fish oil, by country, for the periods indicated:

	For the Nine-Month Period Ended September 30,		For the Year Ended December 31,			
	2012		2011		2010	
	<i>(in metric tons, except percentages)</i>					
Denmark	10,953.76	52.7%	5,527.77	44.0%	1,712.60	14.4%
Chile	4,000.00	19.2%	2,973.58	23.7%	5,000.00	42.0%
Belgium	3,550.45	17.1%	3,000.00	23.9%	2,000.00	16.8%
Canada	1,037.04	5.0%	213.95	1.7%	2,000.00	16.8%
Norway	635.42	3.1%	—	0.0%	1,000.00	8.4%
Others	613.97	3.0%	840.90	6.7%	197.35	1.7%
Total.....	20,790.64	100.0%	12,556.20	100.0%	11,909.95	100.0%

The following chart sets forth our sales of frozen seafood by country for the nine-month period ended September 30, 2012:

	For the Nine-Month Period Ended September 30,	
	2012	
Nigeria.....	3,795.9	63.8%
U.S.A.....	1,683.5	28.3%
Taiwan.....	138.3	2.3%
Thailand.....	135.1	2.3%
China.....	82.5	1.4%
Others.....	111.9	1.9%
Total.....	5,947.2	100.0%

Sales

Indirect Human Consumption

We sell fishmeal, fish oil and fish caught in the south region as part of our indirect human consumption business. Our indirect human consumption sales department consists of our Chief Commercial Officer and our sales executives, who collectively service a client portfolio of over 80 customers. The indirect human consumption sales management team is in charge of contacting our clients, evaluating market conditions to establish our sales prices, effecting sales and actively engaging in developing a close and strong relationship with all of our clients. Sales assistants are in charge of coordinating the logistics of shipping and delivery of the product from its point of sale to its final destination.

We establish fishmeal prices with our customers using weekly pricing reports published, among others, by IFFO, Oilworld, China Feed Online and JCI China. Prices are established pursuant to International Commercial terms, a series of pre-defined commercial terms published by the International Chamber of Commerce, and depend on varying characteristics, such as the loading port, the quality of the fishmeal, and the volume of the shipment.

Once the product is ready for shipment, customers deliver shipping instructions in accordance with the payment terms agreed in the contract (through a letter of credit).

We typically commit a portion of our sales volume in advance through supply contracts with our key customers for a maximum of 30.0% of our anchovy fishing quota, which percentage we may increase or decrease depending upon market conditions. Our sales are made as forward sales (without physical inventory) one to three months prior to production or as spot sales (against physical inventory). Forward sales are fixed based on our own anchovy fishing quota in order to hedge against any future price volatility. We generally fix approximately 30.0% of our sales prior to the start of the fishing season, 40.0% during the season and 30.0% by the end of the season in order to obtain an average price for each fishing season.

In the nine-month period ended September 30, 2012, and in 2011 and 2010, all of our sales were in U.S. dollars. We do not extend credit to our customers and all payments are made upon execution of a purchase order, with the exception of certain customers in Chile that produce feed for salmon and from whom we accept payment plus interest within 90 days from the date of sale.

Direct Human Consumption

We sell mackerel, mahi mahi and giant squid for direct human consumption. We process and sell this catch as either fresh or frozen seafood, depending on the location of the catch, the volume caught and the price of fresh fish at the time of the catch.

Our direct human consumption business is led by our DHC Business Manager, three employees in charge of the documentation of shipments and accounts receivable and two employees responsible for negotiations with customers and daily monitoring of our clientele in search of sales opportunities. Monitoring our client relationships is important because the market is frequently changing, especially with regards to price and the presentation and packaging of our products. We are also continuously engaged in market research. For example, our sales team attends major international fairs in Boston, Brussels and China and follows the development of fisheries and markets around the world. We use this information in determining our sales strategies for each product we offer for direct human consumption.

Depending on market conditions, the sale of fresh fish, mostly mackerel and jack mackerel, takes place at the docking area of our Callao plant. These sales are carried out in cash immediately following unloading. In contrast, we export most of our frozen seafood for direct human consumption based on spot market prices. We export mackerel and jack mackerel whole, while giant squid and mahi mahi is exported in accordance with the regulations of each of our export markets. In most cases, our sales are paid on demand or by using import letters of credit, though 30% of the giant squid we sell is purchased through advance agreements.

Our sales strategy for our frozen seafood depends on the type of product. The main market for mackerel is West Africa, principally Nigeria and Ghana. Due to the high credit risks associated with these countries, we sell our mackerel through major European traders, who currently control the supply of seafood in Africa. We negotiate with the three largest traders and then sell to the purchaser who offers the most favorable terms and price.

Mahi mahi is consumed mainly in United States. We are currently negotiating with major U.S. distributors and retailers to offer mahi mahi under their respective brands, which would provide added value. We also cater to mid-sized distributors and the restaurant sector, principally in the State of Florida. In most cases, we work directly with distributors and retailers. We intend to enter into volume contracts with mid-sized distributors in 2013.

We sell most of our giant squid in China, Mexico, Venezuela and Thailand. We have contracted an agent in China that negotiates with small brokers and traders on our behalf. We sell our giant squid by the container given the smaller purchase volumes of this product.

Our sales team has specific expertise in dealing with frozen seafood and direct human consumption products, given that the process of marketing, pricing and executing sales of these products is distinct from that of fishmeal and fish oil.

Shipping and Handling

We transport our products from the packaging area to warehouses and then from the warehouses to the port. The warehouses are located either within the plant complex, as is the case of our Callao, Huacho, Paita and Tambo de Mora plants, or close to our plants or close to a main port of export, as is the case of our Chicama and Chimbote plants. Transportation within the plant and nearby locations is handled by small local companies. The majority of our products are shipped FOB Peru.

Neptunia, Contrans and Tramarsa are responsible for transporting our products from the warehouses to the port for loading in containers, while Agencia de Aduana Loret de Mola and Port Logistic are responsible for every other kind of transportation. Each of these companies is certified by Business Alliance for Secure Commerce, or BASC, and Good Manufacturing Practices 13 certification, or GMP B2. The cost of transportation includes insurance arranged by the service provider. In order to ensure the highest level of security for our products, we supervise every step of the process and provide additional security vehicles that accompany the product from the warehouses to the port.

Quality, Safety, Occupational Health and the Environment

Dedicated divisions within our operations are responsible for providing the necessary support to our operating plants in order to ensure that optimal functioning of our integrated management system, which comprises:

- quality assurance;
- health and occupational safety; and
- the environment.

We employ 64 professionals in these areas across five of our processing plants as well as our central office. Our dedicated divisions are the principal support for our operating plants, enabling them to obtain safe products, reduce work accidents and minimize the effect of our activities on the environment.

With regards to our plants, we are in the process of implementing PAMA, which we believe will result in better recovery of both solids and oils in our production processes. In addition, we intend to finish equipping our unloading platforms with new pumping systems, which we anticipate will reduce the discharge raw material and, consequently, result in better quality fishmeal and greater amounts of oil for direct human consumption.

Our export products are certified by independent national and international entities at the loading ports, according to the specifications and tonnage agreed in each of our contracts.

GMP B2

To meet increasingly stringent requirements of the European market, five of our plants have obtained GMP B2 certification, verifying the implementation of a quality control system applied by feed manufacturers to guarantee the safety of food products supplied to final consumers. This system is based on the principles of the Good Manufacturing Practice, or GMP, Standard Operating Procedures, or SOP, and Hazard Analysis and Critical Control Points, or HACCP. The GMP BS system is a preventive control system that seeks to ensure the safety of feed for animals and, indirectly, for humans who consume the animals. GMP B2 certification applies to the entire production process, from the unloading of raw material to the shipping of finished products. As part of the certification process, the entity issuing BMP BS certification conducts regular audits to check if our management system complies with the necessary standards of quality.

BASC

Currently, all of our plants have obtained BASC certification. This certification addresses and seeks to prevent the risks associated with narcotics, terrorism and smuggling of merchandise. BASC aims to anticipate the risks

associated with our product shipments, by monitoring operating processes, personnel, access, infrastructure, suppliers and customers. BASC is a business program established by the private sector with the support of U.S. customs as well as national and international public organizations.

OHSAS 18001

Since 2007, our plants have obtained Quality Management System certification based in accordance with Law No. 009-2005-TR. In addition, we intend to have all of our plants obtain the Occupational Health and Safety Assessment System 18001:2007, or OHSAS 18001:2007 certification. OHSAS 18001:2007 certification is an internationally accepted management system on occupational health and safety to improve the health and safety conditions of businesses.

Our plant in Callao has obtained the OHSAS 18001:2007 certification. We expect that our plant in Chicama will obtain certification by the end of 2012 and that our remaining plants will obtain certification by the end of 2013.

ISO 14001

In order to reduce the negative impact of our activities on the environment, we have assessed our environmental footprint and we intend to have all plants obtain the International Organization for Standardization 14001, or ISO 14001, which will be implemented concurrently with the OHSAS 18001.

Both OHSAS 18001 and ISO 14001 certifications are supported by a committee created for each plant, with the respective plant manager, area chiefs and workers meeting on a weekly basis to monitor developments and assess appropriate responses.

ISO 9001

We believe that the continual improvement of our processes will significantly impact our product quality and productivity, and increase client satisfaction. As such, we intend to implement and certify our ISO 9001 quality management system, comprising our OHSAS 18001 occupational health and safety system and our ISO 14001 environmental management system.

Standard Certification for Responsible Supplies

In order to give credibility to global fishing companies and to show their commitment with the responsible supply of raw materials and safe production of ingredients for aquaculture, agriculture and the manufacturing of products for the end consumer, IFFO developed a global certification standard and program for the responsible supply of fishmeal and fish oil. In order to give credibility to the process, an inspection and certification program has been developed by third parties to assure the integrity and transparency of its implementation by all members of the IFFO. The certification program has been designed to comply with all requirements from the Guide ISO/IEC 65:1996, general requirements for the entities implementing the product certification programs.

According to the program, the requirements for the certification of responsible practices are subject to review and continuous improvement to make sure that the needs of the members and interested parties of IFFO are met, thus providing safe fishmeal and fish oil supplied in a responsible manner to the international market.

All of our fishmeal and fish oil processing plants except for Paita have this IFFO certification.

Certification to Export Fish Oil for Human Consumption to the European Union

Each of our processing plants, except our Paita processing plant, is qualified to export omega-3 oil to the European Union. We expect that we will eventually qualify our Paita processing plant to export omega-3 oil to this market as well.

Licenses to export omega-3 (fish oil for human consumption) are granted by the Fishing Technology Institute (*Instituto Tecnológico Pesquero*), or ITP, the Peruvian health authority.

Insurance

We carry global insurance coverage on each of our operating fishing vessels and processing plants. We also carry business interruption insurance. We believe that we carry adequate insurance coverage for our business activities, consistent with the customary standards in our industry.

As a result of the ITQ system, we operated 22 of our 60 vessels during the first fishing season of 2012. Because we do not utilize all of our vessels, we were able to reduce our fleet insurance costs given that the premium for non-operating vessels is considerably lower than that for operating vessels. We intend to maintain at least two fully operational vessels on standby in the event that one of our active vessels fails to operate during any fishing season. See “Risk Factors—Risks Related to our Business and Industry—The fishing vessels and processing plants we operate or manage may suffer loss or damage which may not be covered by our insurance policies, and future coverage may be difficult or expensive to maintain.”

Employees

In respect of both our indirect and direct human consumption business, as of September 30, 2012, we had 1,107 employees, including administrative employees, processing plant workers, crew members and temporary employees.

Currently, 36 of our crew members are members of the San Pedro Union (*Sindicato San Pedro*). The mission of this union is to give financial support to its members during fishing bans. To date, we have not had any conflicts that have resulted in the suspension of our operations. We have not entered into any collective bargaining agreements.

The following table provides a breakdown of our employees (including seasonal employees) by main category of activity as of the end of each of the periods indicated:

	As of September 30,	As of December 31,	
	2012	2011	2010
Administrative employees.....	265	226	165
Crew members.....	421	433	392
Plant workers.....	421	402	444
Total	1,107	1,061	1,001

The following table sets forth a breakdown of our employees differentiating between temporary and permanent employees:

	As of September 30,	As of December 31,	
	2012	2011	2010
Administrative employees			
Temporary	167	137	79
Permanent	98	89	86
Ship Members			
Temporary	248	258	196
Permanent	173	175	196
Plant employees			
Temporary	348	325	353
Permanent	73	77	91
Total	1,107	1,061	1,001
Total			
Temporary	763	720	628
Permanents	344	341	373
Total	1,107	1,061	1,001

Legal Proceedings

We currently are party to several labor proceedings and a number of tax, environmental and administrative proceedings incidental to the normal conduct of our business. We believe that none of these proceedings is likely to have, individually or in the aggregate, a material impact on our business or results of operation.

INDUSTRY

Overview

The global trade of fishmeal and fish oil represents approximately 4.0 to 4.5 million metric tons per year, of which approximately 85% to 90% is fishmeal.

Peru is the leading global exporter of fishmeal, with an average export volume from 2007 to 2011 of 1.3 million metric tons per year. In 2011, it accounted for 40.8% and 32.7% of the worldwide exports of fishmeal and fish oil, respectively, according to IFFO. It is followed by Chile, Denmark and Iceland, with export volumes of 470 thousand, 266 thousand and 142 thousand metric tons per year, respectively.

The principal importer of fishmeal is China, which imports approximately 1.2 million metric tons per year, followed by Japan, which imports approximately 300 thousand metric tons per year, and Norway, with approximately 246 thousand metric tons per year.

The primary exporters of fish oil are Peru, Denmark, Iceland and Norway, which exported an average of 266 thousand, 134 thousand, 69 thousand and 63 thousand metric tons per year, respectively, from 2007 to 2011. Norway is the largest importer of fish oil, with 221 thousand metric tons per year, followed by Denmark, with 126 thousand metric tons per year during the same period.

All or a portion of the fishmeal and fish oil produced by certain countries is directed to domestic consumption, such as the salmon industry in Norway and Chile.

Peru is also the largest producer of fishmeal and fish oil in the world. In 2011, it accounted for approximately 30.3% and 32.7% of the worldwide production of fishmeal and fish oil, respectively, according to IFFO. Taking into consideration average annual production volumes from 2007 to 2011, Peru accounted for an average of 25.9% and 28.9% of the world's annual fishmeal and fish oil production.

Peru's fishing industry benefits from favorable geographic and climatic conditions, particularly its cold, shallow, plankton-rich waters. A current of cold water from the Antarctic known as the Humboldt Current flows up the coasts of Chile and Peru, causing deep, cold, nutrient-rich waters to rise up along the coast. These currents are rich in mineral salts from the seabed, including nitrates, phosphates and silicates. This upwelling creates favorable conditions for anchovies, the only species allowed by the Peruvian government for the production of fishmeal.

Peru's fishing industry is an important component of the country's economy, representing approximately 5.3% and 4.5% of the country's total exports in 2010 and 2011, respectively, according to the Central Reserve Bank. The sector's traditional importance has been sustained mainly by natural resources found in Peru's territorial waters, such as anchovies, mackerel and jack mackerel, which have contributed to the growth and development of the Peruvian fishing industry.

The Peruvian fishing industry is occasionally affected by *El Niño*, which is a climactic disturbance that occurs in the South Pacific every seven to twelve years. It affects the Peruvian sea and coastline, through changes in ocean and atmospheric temperatures, currents and marine life migrations. *El Niño* typically brings heavy rain along the equator and the coastline of Peru. While the intensity and strength of *El Niño* varies, it generally results in the reduction of fish and anchovy biomass. Due to *El Niño*, the nutrient-rich waters of the Humboldt Current are trapped and do not reach the surface. As a result, the plankton is greatly diminished, adversely affecting the rest of the food chain and resulting in a reduction of fish and anchovy biomass.

El Niño occurs approximately every two to seven years and usually lasts approximately six to ten months. However, once the *El Niño* effect has passed, the anchovy biomass often returns in greater amounts in the following fishing season. See "Risk Factors—Risks Related to our Business and Industry—Our operations may be affected by climatic events such as *El Niño* and *La Niña* and unexpected migrations of the anchovy biomass."

In Peru, fishmeal and fish oil are the main products processed from anchovies. Anchovies are the only raw material used in fishmeal and fish oil production in Peru, which involves a process of cooking, pressing, drying and milling the anchovies. In the global context, these products are obtained almost exclusively from small and bony species of oily fish, such as anchovies and mackerel, for which there is little demand for direct human consumption. Fishmeal is a primary source of easily-digestible proteins, beneficial fatty acids and essential vitamins and minerals. Fish oil is extracted during the fishmeal production process.

There are two primary methods of processing fishmeal – the SD and FD methods. The FD method applies direct heat to the raw material, which results in fishmeal with a lower protein content, while the SD process uses indirect heat, which results in a better product with a higher protein content, assuming the same type of raw material is used.

Fishmeal is mainly used as a protein source in the aquaculture industry and in hog and poultry farming. With high quantities of digestible protein content, fishmeal contains more energy than many other protein sources. It is also a rich source of omega-3 fatty acids, which contains DHA and EPA, considered to be valuable compounds for rapid animal growth.

History of the Peruvian Anchovy Fishing Industry

Improved fishing technology and an increased demand for livestock feed after the Second World War made fishmeal a valuable product in the 1950s. In the 1960s, due to its diverse and rich marine resources, Peru became one of the world's leading fishing nations in terms of volume. Fish and marine resources became a leading export sector in Peru, and anchovies accounted for substantially all of Peru's fishmeal production. However, by the mid-1960s, signs of over-fishing began to appear in the north and central coasts of Peru. From 1970 to 1973, the anchovy catch collapsed, causing the anchovy industry to struggle economically in the 1970s. A strong *El Niño* in 1984 marked a historical low in the anchovy biomass catch. Following this dramatic decrease, the Peruvian government and the fishing industry started to collaborate to recover the biomass in order to support a sustainable industry in terms of catch and processing of the resources.

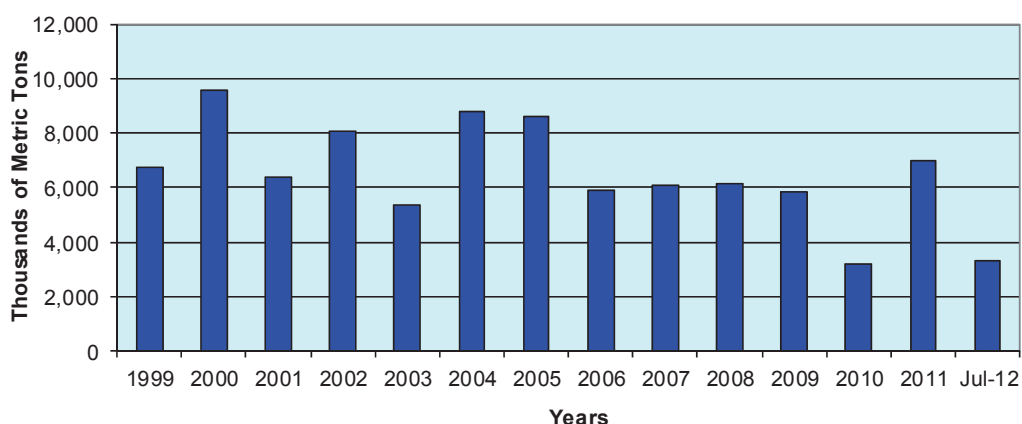
In order to encourage a sustainable industry, the government introduced strict global fishing quotas in the 1990s and restricted or banned new fishing licenses and permits for processing plants. In addition, seasonal bans were introduced to allow fish to spawn. However, in 1998, the strongest *El Niño* ever recorded in Peru resulted in a sharp decline in the anchovy biomass. This caused the annual catch to be reduced by approximately 79.6%, from an annual catch of seven million metric tons in 1993 to 1.2 million metric tons in 1998, according to IMARPE and PRODUCE. Despite another *El Niño* occurrence in 2002 to 2003, the biomass of anchovies remained healthy in the early 2000's, partially as a result of improved scientific monitoring, greater surveillance of the extraction process, and the application of information technologies to preserve the anchovy biomass.

In 2008, the Peruvian government modified the regulatory framework governing anchovy catch activities, moving from a regulation based on an industry-wide quota system to the ITQ system, where the government combines the establishment of a global catch quota with the allocation of individual quotas. The goals of the ITQ system are preserving the anchovy biomass, protecting the environment, promoting clean technologies and developing the sustainable use of marine resources. Under the ITQ system, each holder of a valid license for the operation of a fishing vessel is allocated an individual anchovy fishing quota, which in the case of steel vessels is based the following criteria: (i) 40% according to authorized holding capacity and (ii) 60% according to the historical catch registered during the period from 2004 to 2007. In the case of wooden vessels, the quotas are determined according to their historical catch. For more information on regulation of the Peruvian fishing industry under the ITQ system, see "Regulatory Environment—ITQ System."

Individual quotas are transferrable between the fishing vessels, with certain administrative limits based on control and inspection principles. Currently, our authorized anchovy fishing quota represents approximately 6.45285% of the total anchovy catch in the center-north region of Peru and 4.33916% of the total allowed anchovy catch in the south. These changes have succeeded in taking the pressure off the natural marine resources, allowing us to improve safety conditions for our crew members, and consequently causing fishing companies to achieve a more efficient use of resources.

The chart below sets forth the historical catch of anchovies for the periods indicated.

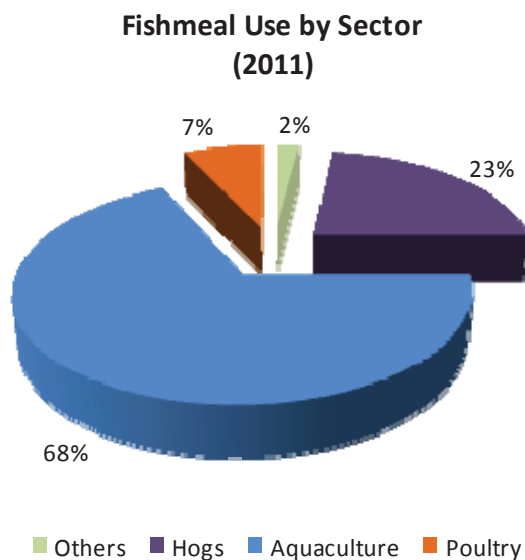
Unloading of Total Anchovy Catch for Indirect Human Consumption



Source: Ministry of Production

Supply and Demand of Fishmeal and Fish Oil

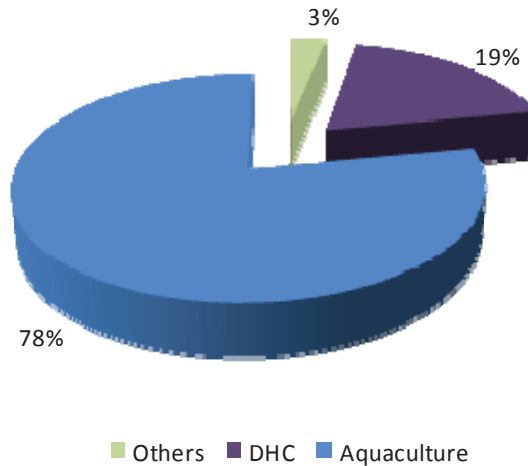
Fishmeal and fish oil are primarily used as protein and energy sources for fish and animal feed. According to IFFO, in 2011, the aquaculture industry was the primary consumer of fishmeal, representing 68% of the total worldwide demand of fishmeal, followed by the hog and poultry industries, accounting for 23% and 7%, respectively. The chart below shows the global use of fishmeal in 2011, according to IFFO.



Source: IFFO 2012

Likewise, according to Oil World, aquaculture represented 78% of the world's total fish oil consumption in 2011, followed by direct human consumption, which accounted for 19% of total global fish oil consumption. The following chart sets forth the global use of fish oil by sector in 2011:

**Fishoil Use by Sector
(2011)**



Source: Oil World 2012

According to IFFO, China is the largest worldwide producer of aquaculture, considering both fish and crustaceans, accounting for approximately 54.9% of worldwide production in 2010.

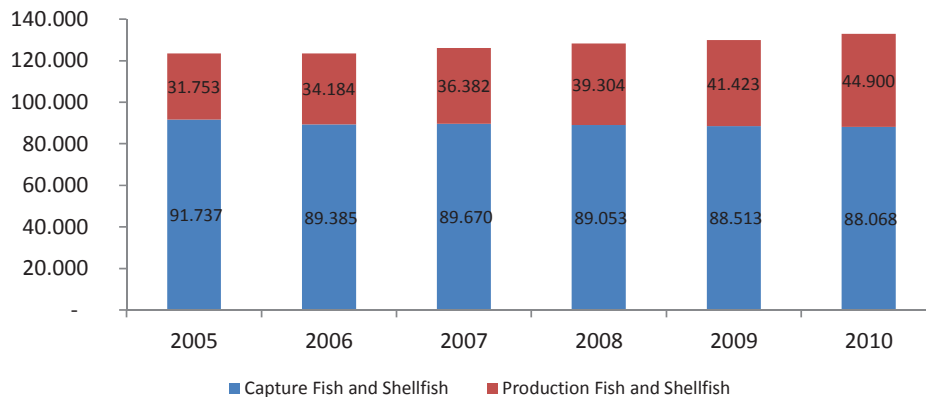
The rise in aquaculture demand has significantly outpaced what has been essentially a fixed supply of fishmeal. Wild-catch, on the other hand, has remained relatively constant since the 1980s due to quota restrictions set by governments and a decline in wild-catch inventory.

Fishmeal and fish oil are highly favored ingredients in aquafeeds for a number of reasons, including high protein content, essential amino acids, mineral and essential fatty acids. Fishmeal and fish oil also have high palatability and digestibility compared to other protein sources, which enhances fish growth and reduces feed waste. They also provide health benefits, such as improved immunity, survival rate and reduced incidences of deformities.

Aquaculture is highly dependent on fishmeal for fish feeds. Within this sector, the main fish meal consumers are crustaceans (shrimp) (30%), marine fish (21%) and salmonids (22%). We believe that the production of fishmeal and fish oil may not meet the growing demand of the aquaculture and livestock industries in the future, since the capture of forage fish used to produce fishmeal and fish oil is declining.

Until 2004, the demand for aquafeed ingredients gradually increased. While grain production and farm yields increased, they remained insufficient to meet demand. Meanwhile, the fishmeal and fish oil supply entering global markets from the main producing countries diminished, adding greater upward pressure on fishmeal and fish oil prices. The following graph sets forth the volumes of fish production through aquaculture and wild catch.

Wild Catch vs Aquaculture (Thousands of Metric Tons)



Source: IFFO Fishmeal and Fish Oil Statistical Yearbook 2010

In 2010, global aquaculture production (fish and crustaceans) reached 44.9 million metric tons, growing at a rate of 31.3% from 2006 to 2010 and accounting for 33.8% of the total fisheries' production. The significant contribution to total fisheries' production over the last few decades is due to growing demand in Asia, which accounted for approximately 87% of total world aquaculture production in 2009. Within Asia, aquaculture production is overwhelmingly concentrated in China.

Urbanization, lifestyle and dietary habits are the driving forces that influence consumer behavior and lead to an increase in demand for various types of fish and meat. However, the forces that influence fish consumption vary between developing and developed countries. In developing countries, increasing income and urbanization are the leading factors contributing to increased demand for fish and meat. In developed countries, increased demand is likely driven by greater consumer awareness of the health and nutritional benefits of seafood, increased standardization and availability of products and cheaper prices. The increasing demand in developed countries, where urbanization is high, has been mostly for high-value fish species.

We believe several factors have contributed to the growing demand for fishmeal and fish oil, and including the following:

- an increase in direct and indirect consumption of seafood driven by worldwide population growth;
- an increased interest in the unique advantages to human and animal health provided by a diet rich in omega 3 fatty acids;
- a greater demand for fish products as part of a healthy lifestyle;
- the growth of middle-class populations, particularly in emerging markets, which are consuming more protein due to greater available income;
- wild-fishing of many species approaching maximum sustainable levels, making aquaculture an attractive source for supply growth;
- fishing quotas implemented by many countries have limited the growth of fishmeal supply;
- limited substitution of fishmeal by soy-related proteins due to their lower protein content of soy and the need for a minimum percentage of fish-based protein in aquaculture; and

- an increase in product quality due to the traceability of the production and sales chain.

Pricing

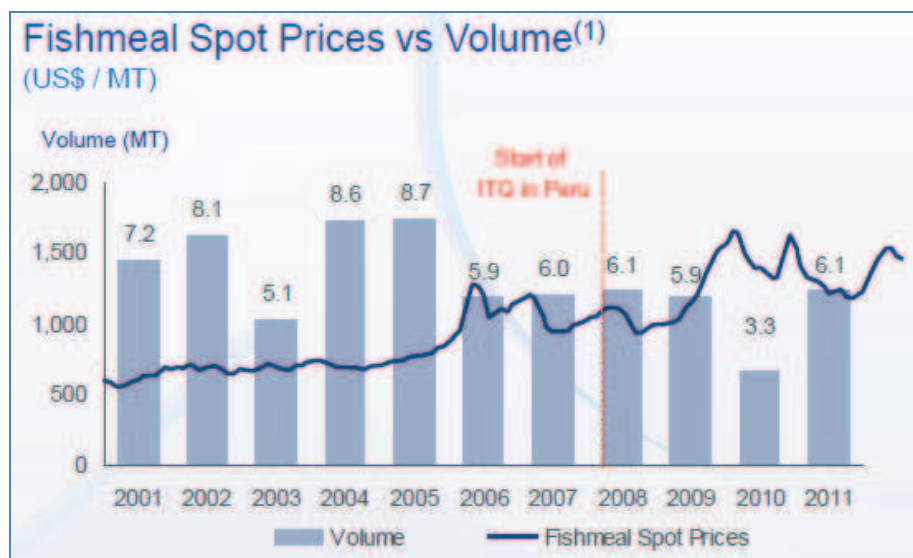
Fishmeal

Fishmeal prices are generally determined by the market. Prices are established using weekly pricing reports published by IFFO and other third-party sources, such as China Feed Online, JCI China and IFFO. The price of fishmeal depends to an extent on its quality, which is classified according to technical and commercial specifications and the type of drying process used to process fishmeal.

Restrictions on the catch of anchovies have limited fishmeal production, and, together with increased demand for fishmeal largely driven by the aquaculture industry in China, have led to a gradual increase in fishmeal prices over the past few years. During 2011, the average price of super prime fishmeal, a high-quality fishmeal product, was approximately U.S.\$162 per metric ton greater than that of standard fishmeal. The price of standard fishmeal, the lowest quality fishmeal on the market, increased from approximately U.S.\$385 per metric ton in January 2000 to approximately U.S.\$1,073 per metric ton in January 2012.

During 2007 and 2008, there was a sharp increase in food prices due to several factors, including the reduced production of cereal crops worldwide and continued increases in oil prices, which resulted in higher freight costs. The increased cost of energy, due primarily to soaring petroleum prices, *El Niño* effects, and an increasing demand for fishmeal, have resulted in a global increase in fishmeal prices. The price for fishmeal ranged between U.S.\$500 and \$700 per metric ton from 2000-2005 and between U.S.\$1,000 and U.S.\$1,800 per metric ton per metric ton from 2009 to 2011. In 2012 fishmeal prices continued this upward trend, averaging U.S.\$1,556 and reaching a high of U.S.\$2,025 per metric ton.

The chart below sets forth the spot prices of Peruvian standard fishmeal for the years indicated, as well as the volume of fishmeal sold in Peru under the applicable regulations for the years indicated.



Source: IFFO and the Central Reserve Bank 2012

In 2002, the aquaculture sector consumed 46% of total fishmeal produced while the hog and poultry sectors consumed 24% and 22%, respectively. In 2011, the aquaculture industry consumed 68% of worldwide fishmeal production, while the hog and poultry industries consumed 23% and 7%, respectively.

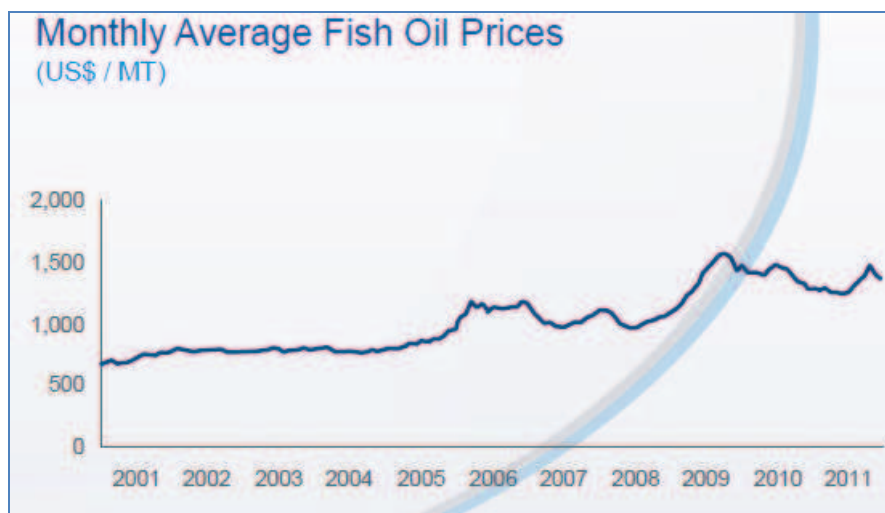
Fish Oil

The supply of fish oil is limited by the amount of fish available to produce fishmeal. Seasonality and the composition of species used to produce fishmeal influence the quantity or yield of oil than can be recovered. The supply of fish oil declined by 13% to 882.2 thousand metric tons in 2010 from 1,034.5 thousand metric tons in 2006. In 2011, however, fish oil production recovered to 1,082.8 thousand metric tons.

Due to the greater use of fish oil in aquaculture, especially in the farming of carnivorous species such as salmon and trout, demand for fish oil has increased steadily in the past ten years. Following a peak record price of approximately U.S.\$1,800 per ton between April and July of 2008, average prices decreased to approximately U.S.\$700 per ton in the beginning of 2009 and recovered to US\$1,500 per ton by the end of 2011.

Recent demand for omega-3 products, largely due to increased awareness of omega-3 benefits supported by certain clinical studies, has also caused fish oil prices to increase. Fish oil that meets a certain profile of EPA and DHA contents commands higher market prices. According to the Global Organization for EPA and DHA, the omega-3 market grew by more than 25% annually between 2004 and 2008 and is expected to continue to grow in the future.

The chart below sets forth the spot prices of fish oil for the years indicated.

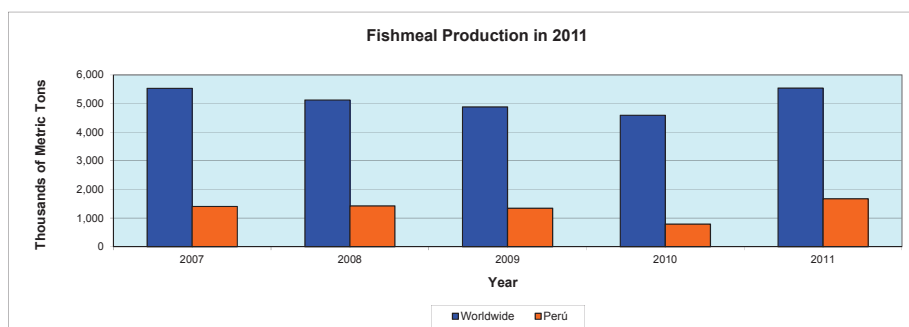


Source: IFFO 2012

Fishmeal and Fish Oil Production and Export Markets

According to IFFO, the worldwide production of fishmeal amounts to approximately 4.5 to 5 million metric tons. Peru has been the largest worldwide fishmeal producer, with an average production of approximately 1.4 million metric tons per year from 2007 to 2011, accounting for approximately 25.9% of the total annual worldwide production during this period. Unlike countries such as Chile and Norway, which use their own production of fishmeal and fish oil for domestic aquaculture, Peru's production of fishmeal and fish oil is mostly exported.

The chart below shows the fishmeal production for Peru relative to the rest of the world for the years indicated, according to IFFO.

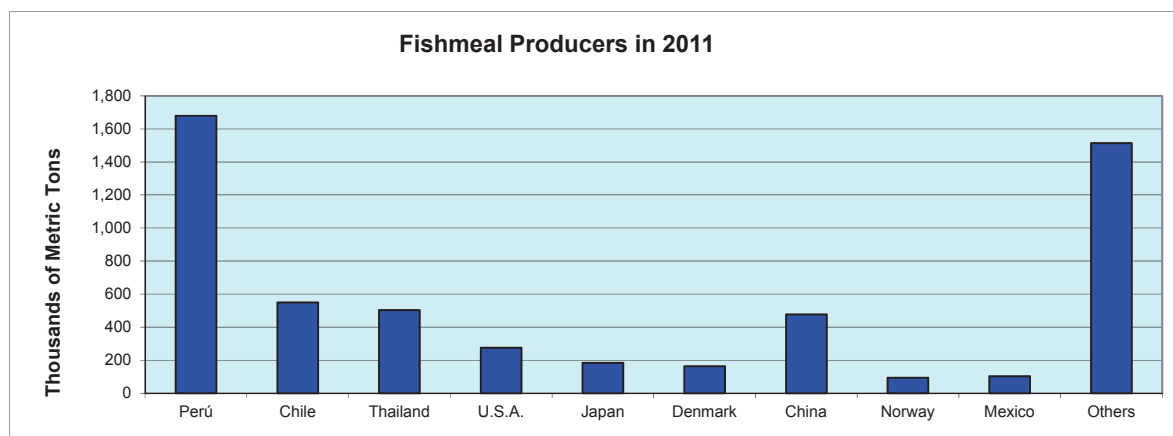


Source: IFFO 2012

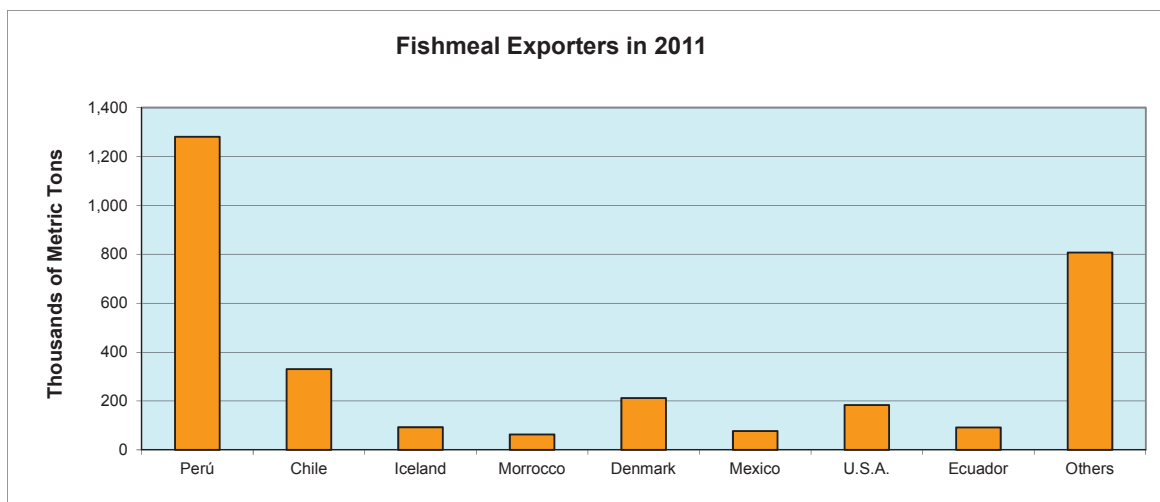
In 2011, more than 60% of the worldwide production of fishmeal originated from five countries, with Peru and Chile being the largest producers, followed by Thailand, China and the United States.

According to IFFO, the main producers of fishmeal in 2011 were Peru, with 1.7 million metric tons, and Chile, with 0.5 million metric tons. Likewise, the leading export countries in 2010 were Peru and Chile, with approximately 1.3 million metric tons and 0.3 million metric tons, respectively, according to IFFO.

The charts below show the main fishmeal producers and exporters in 2011.



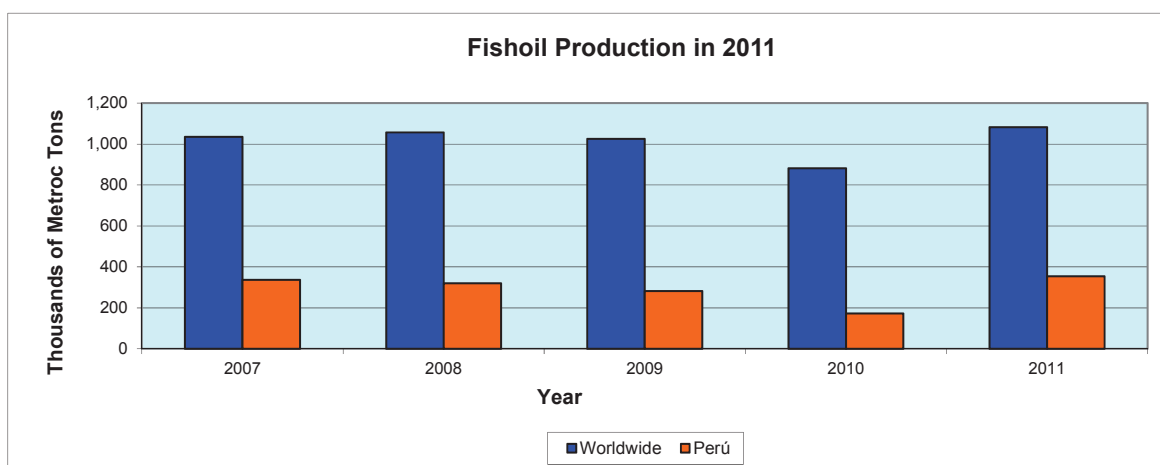
Source: IFFO 2012



Source: IFFO 2012

According to IFFO, Peru is the largest worldwide producer of fish oil, with an average production of approximately 293.5 thousand metric tons per year, representing 28.9% of global production from 2007 to 2011.

The chart below shows the Peruvian and worldwide production of fish oil for the years indicated, according to IFFO.

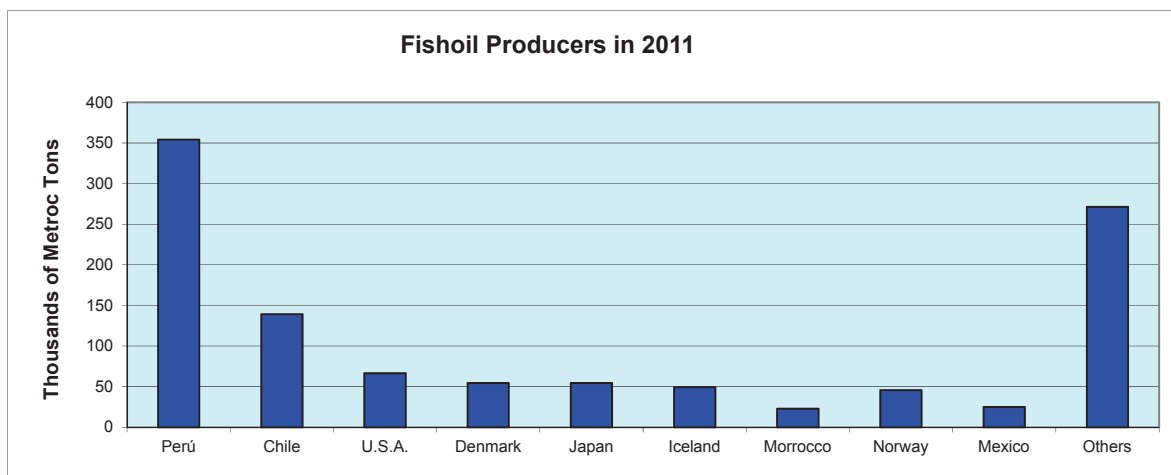


Source: IFFO 2012

In 2011, more than 60% of the worldwide production of fish oil originated from five countries, with Peru and Chile being the largest producers, followed by the United States, Denmark and Japan.

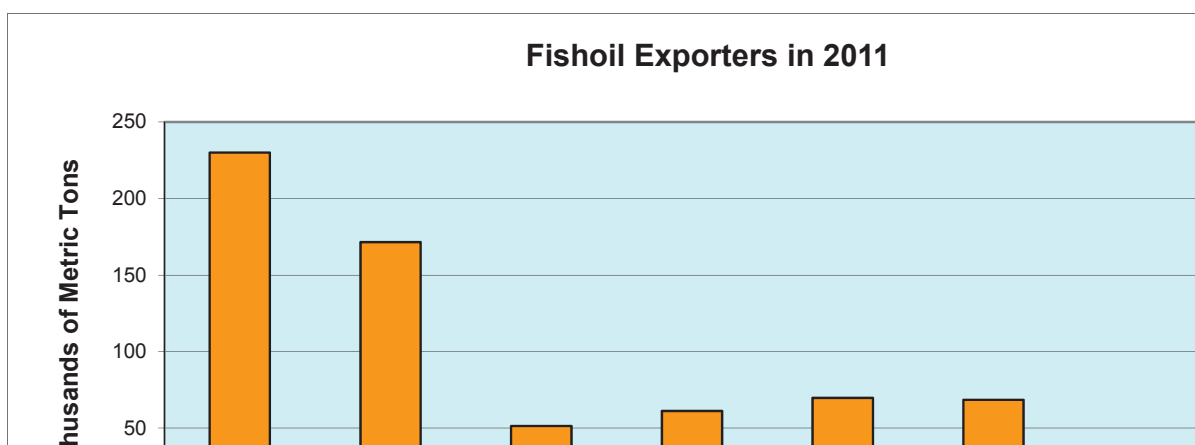
The leading producer of fish oil in 2011 was Peru, with 354.2 thousand metric tons per year, followed by Chile, with 139.1 thousand metric tons. Peru and Chile together accounted for 45.6% of the world fish oil production.

The chart below shows the principal producers of fish oil in 2011.



Source: IFFO 2012

The principal fish oil exporters in 2011 were Peru, which exported 229.9 thousand metric tons per year, Denmark, which exported 171.5 thousand metric tons per year, and Norway, which exported approximately 69.8 thousand metric tons each per year. The chart below shows the principal exporters of fish oil in 2010.



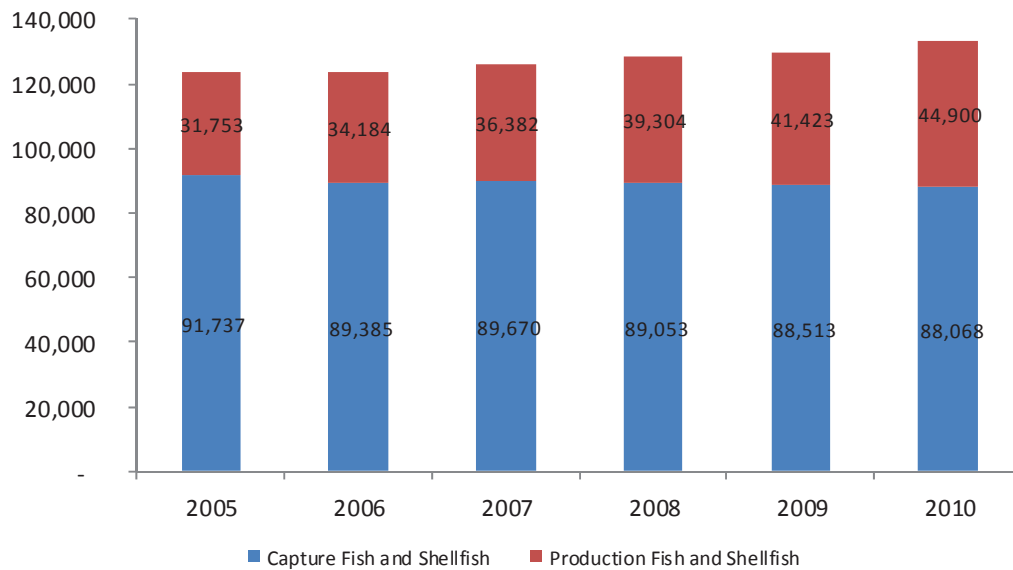
Source: IFFO 2012

Direct Human Consumption

The Peruvian ocean is rich in nutrients and benefits from the Humboldt Current, resulting in a wide array of species available for fishing. Fishing for direct human consumption has grown over the past few years as companies seek to diversify their revenue. By 2011, 15% of the fish caught in Peru were destined for direct human consumption, as compared to 8% in 2005. It is estimated that direct human consumption generates approximately 20,000 direct jobs and approximately 57,000 indirect jobs.

The following graph sets forth Peruvian wild catch destined for direct human consumption from 2003 to 2011.

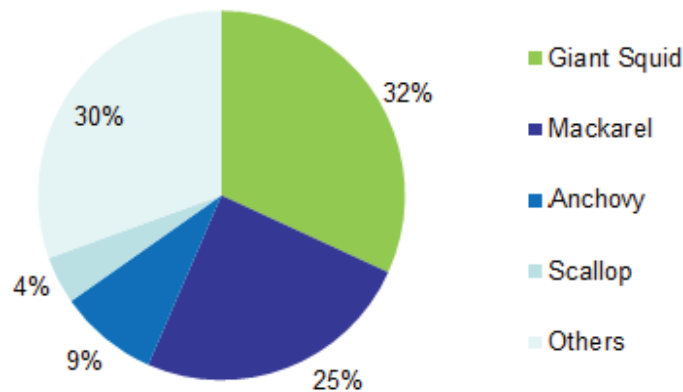
Wild Catch Destined for Direct Human Consumption



Source: IFFO 2012

In Peru, the principal fish species destined for direct human consumption are “pota” (or giant squid) and mackerel, which together represented 57% of Peru’s wild catch in 2011, as set forth in the graph below.

Wild Catch Destined For DHC Per Species in 2011

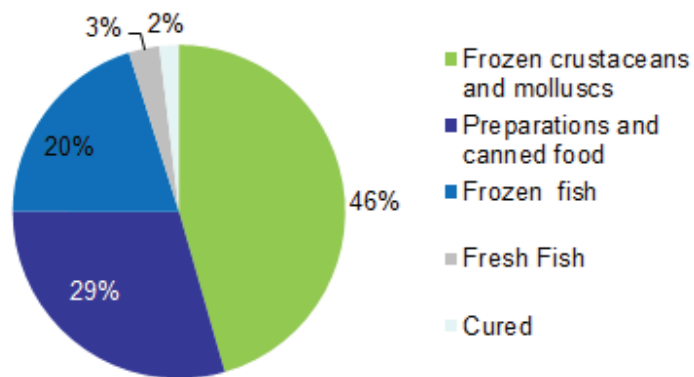


Source: PRODUCE 2012

Exports for direct human consumption have grown at a CAGR of 18% from 2001 to 2011. This increase is largely due to an increase in prices and the larger volumes of fish caught. For example, giant squid sold for record prices in 2011. While exports largely consist of frozen and canned seafood, fresh fish is mostly destined for internal consumption.

As set forth in the graph below, frozen crustaceans and molluscs accounted for 46% of Peruvian direct human consumption exports in 2011:

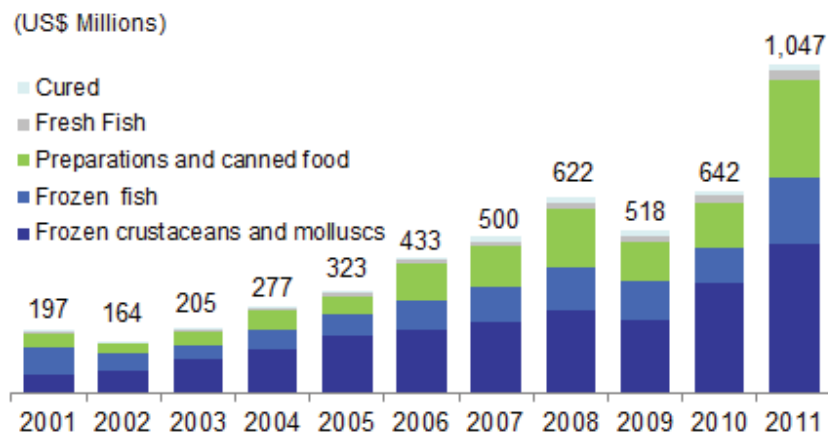
2011 DHC Exports by Product Type



Source: Central Reserve Bank 2012

Peruvian exports sales for direct human consumption have increased steadily since 2009, when export sales totaled U.S.\$518 million, to 2011, when export sales totaled U.S.\$1,047, an increase of 102.1%, as set forth in the following graph:

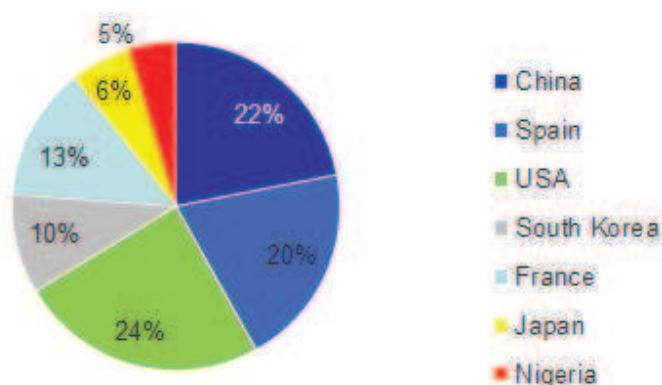
Exports for DHC



Source: Central Reserve Bank 2012

In 2011, the primary direct human consumption export markets for Peruvian products were the United States (at 24%), China (at 22%) and Spain (at 20%), as set forth in the graph below:

2011 Exports by Country



Source: PRODUCE 2012

Major Peruvian Fishing Companies

As a result of the change in the regulatory regime from the industry-wide quota system to the ITQ system in 2008, companies no longer compete against each other to harvest anchovies within the authorized limits, which resulted in an inefficient use of economic and human resources under the former system. Under the ITQ system, each licensed vessel has its own anchovy fishing quota and does not compete with other vessels for available anchovies, resulting in a more rational and efficient utilization of resources.

In addition, under current laws and regulations, the Peruvian government may not issue new fishing licenses for anchovies. The only way to obtain a larger anchovy fishing quota in Peru is by acquiring other licensed vessels holding a fishing quota or otherwise establishing a venture with an existing quota holder.

The table below shows the current anchovy fishing quota distribution for the center-north coastline and the percentage of the anchovy fishing quota processed during the first fishing season of 2012:

Company	Center-North Quota	Processing ⁽¹⁾
Tecnológica de Alimentos S.A.....	14.10%	23.29%
Corporación Pesquera Inca S.A.C.....	10.76%	15.44%
Pesquera Diamante S.A.....	8.50%	11.49%
Pesquera Exalmar S.A.....	6.45%	10.76%
Austral Group S.A.A.....	6.86%	9.72%
Pesquera Hayduk S.A.....	6.51%	9.54%
CFG Investment S.A.C.....	6.21%	7.25%
Compañía Pesquera del Pacífico Centro S.A.....	2.38%	2.56%
Others.....	38.27%	9.95%
Total.....	100.0%	100.0%

(1) Source: Ministry of Production

REGULATORY ENVIRONMENT

Overview

Fishing Industry Regulations

The General Fishing Law, approved by Legislative Decree-Law No. 25977, and the Law Establishing Limits on Maritime Holding Capacities, approved by Legislative Decree-Law 1084, or the ITQ Law, together with their respective regulations, are the primary laws and regulations governing fishing activities in Peru. The Ministry of Production sets guidelines and policies regarding fishing and the processing of marine species in accordance with these laws. The Ministry of Production is also responsible for regulating and supervising all fishery activities, including, but not limited to, granting licenses, authorizations, concessions and permits for catching and processing fish.

Anchovy biomass can be found along the Peruvian coast, with two primary fishing areas established by the fishery regulatory framework: the first area is located in the center-north part of Peruvian coastline, which extends from the northernmost part of the country to parallel 16°00'00", southern latitude. The second area is located in the southern Peruvian coastline, which extends from parallel 16°00'00" to the southern border of Peru. The Ministry of Production establishes the dates marking the beginning and end of each fishing season as well as the fishing quota for each season. In 2011 and 2010, the total annual allowable anchovy catch of anchovies was 6.9 and 5.3 million metric tons, respectively. In the first fishing season of 2012, the total permissible catch of anchovies in the center-north was 2.7 million metric tons, while in second season of 2012, the total permissible catch of anchovies in this region was 0.8 million metric tons.

In 2008, the Peruvian government modified the regulations governing the catch of anchovies with the enactment of Legislative Decree-Law 1084 effective as of the first fishing season of 2009, from a regulation based on an industry-wide quota system to a mixed system. Pursuant to this law and its regulations, a global catch quota is combined with individual transferable quotas allocated to each fishing vessel, a system similar to the systems used in other fishing countries, such as Chile and Norway. The ITQ system grants fishing license holders harvesting rights up to the individual quota allocated.

Pursuant to the former "Olympic race" system, fishing companies were competed themselves to maximize anchovy fishing before reaching the total allowed fishing amount. Accordingly, we and other fishing companies were required to invest considerably in both fleets and processing plants in order to harvest and process anchovies in a short period, resulting in short, costly and inefficient production cycles. Under the former industry-wide quota system, we were required to operate our vessels and plants without interruption over the relatively brief fishing season.

The negative characteristics of the industry-wide quota system can be summarized as:

- inadequate control over the fishing of anchovies (including white anchovies);
- absence of an efficient legal framework for fishing activities;
- absence of incentives for the development of better labor conditions in the fishing industry;
- excess of installed capacity in order to process catches during the short fishing seasons;
- low quality fishmeal and fish oil and low levels of production of special fishmeal given that fish reached the processing stage when it was generally not fresh;
- negative environmental impacts; and

- lack of industry competitiveness due to the absence of adequate mechanisms to encourage the necessary investments for adequate and constant technological innovation of the participating players in the industry.

As a result, the Peruvian government determined to reorganize the fishing industry to reduce or eliminate the negative consequences caused by harvesting and processing activities. In order to improve the legal framework for fishing anchovies and white anchovies, Legislative Decree No. 1,084 established catch limits for the fishing license holders in addition to the existing rules of the current legal framework.

At the end of 2011, the sum of the anchovy fishing quotas granted to each of our vessels for the center-north region was 6.45385%. We may use any number of vessels we deem appropriate for our operations. During the first fishing season of 2011, we utilized 22 vessels to harvest our anchovy fishing quota. Fishing companies may also purchase fishing vessels from third parties, thereby acquiring that vessel's corresponding quota. Following acquisitions we have made since 2011, our anchovy fishing quota for the center-north has increased to 6.45285%.

We believe that the ITQ system has benefited the entire industry and has allowed us to reduce the number of vessels required to harvest our anchovy fishing quota, consequently reducing our operating costs and maximizing production efficiency. Under the new system, the quality of the fishmeal increases because it is now possible to process the same volume of anchovies during an extended period of time, obtaining a fresher end-product. This new regulatory framework has also resulted in:

- less pressure on anchovy and white anchovy resources (including associated species), allowing the preservation of these resources, ensuring that harvesting and processing activities are carried out in accordance with the current environmental policies, and partially reducing the excess fleet with the reduction of the fishing efforts;
- strengthening of the control over marine resources exercised by local authorities, allowing the enforcement of compliance with environmental objectives as a result of more organized fishing activities;
- better environmental management by public and private parties, allowing compliance with the maximum allowable limits established for the fishing industry; and
- improvements in technology and production processes in the fishing industry and the creation of a better value-added business in line with an ongoing adaptation of the industry to the growing international market requirements.

Additionally, the ITQ system has allowed us to plan not only fishing activities but also production activities. Following its enactment, we identified an opportunity to significantly increase the percentage of fish we acquire from independent vessel owners, a strategy that has allowed us to increase our production volumes of fishmeal in 2011 by 69.4% compared to 2008 (prior to the enactment of the ITQ system). In addition, under the ITQ system, the fishing season in the center-north region of Peru increased from approximately 47 days in the 2008 season to approximately 190 days in the 2011 season. This change has allowed us to decrease the daily volumes of processed fish and to concentrate on the production of a better quality fishmeal with increased value.

Differences between Wooden Vessels and Steel Vessels

There are two types of fishing vessels: steel vessels and wooden vessels. In addition to being regulated by the aforementioned laws, wooden vessels must comply with the requirements of Law No. 26920.

The main difference between wooden fishing vessels and steel fishing vessels is their maximum holding capacity. Wooden fishing vessels may have a maximum holding capacity of 110 m³ under applicable laws and regulations, while steel fishing vessels generally have a holding capacity ranging between 100 m³ and 800 m³, with no maximum holding capacity established by law or regulation.

Under the current ITQ system, steel fishing vessels are not permitted to merge or join (either temporarily or permanently) their fishing quotas with those of wooden fishing vessels and vice-versa in order to protect the fishing activities of wooden vessels. Upon expiration of such term, extractive activities with wooden fishing vessels shall be carried out in accordance with the general legal framework established by Legislative Decree No. 1,084.

Industry-Wide Quota System

For decades, the Peruvian fishing industry operated under an industry-wide quota system, which governed the fishing of anchovies. Under this system, the Ministry of Production would set the maximum quantity of fish that could be caught during a given fishing season, as well as the duration of the fishing season. However, it did not limit the amount of fish that each vessel could catch (the only limitation being each vessel's authorized capacity). As a result, the old system promoted a race to fish as much as possible in the least amount of time in order to maximize the share of allowable anchovy catch prior to exhausting the global limit.

ITQ System

Anchovy catch is currently regulated by an individual transferable quota, globally known as the ITQ system, which was established by the ITQ Law on July 28, 2008. This new regulatory system became effective and was put into place during the first fishing season in the center-north of Peru in 2009. Under the ITQ system, Peruvian authorities combine the industry-wide catch system with the allocation of individual anchovy fishing quotas to each vessel holding a valid fishing license.

The Peruvian fishing territory is divided into the center-north and south regions, which are located on each side of parallel 16°00'00''. Under the ITQ law, in the center-north, individual quotas were awarded to each vessel according to the following criteria: 60% based on historical catch statistics of each vessel (taking into account the best performing year during the period from 2004 to 2007) and 40% based on the licensed capacity of each vessel.

The south represents approximately 11% of the national catch of anchovies. Individual quotas for the southern area were awarded based solely on the catch statistics of each licensed vessel (taking into account the best performing year during the period from 2004 to 2007).

For each fishing season, the Ministry of Production determines the total catch allowed for the season, based on a technical report provided by IMARPE. IMARPE surveys the area to test for the health and size of the biomass twice a year. The maximum volume that each vessel is allowed to catch (*Límite Máximo por Embarcación*) is calculated by multiplying the total catch allowance set by the Ministry of Production by the individual quota (*Porcentaje Máximo de Captura por Embarcación*) awarded to the vessel at the time the law was enacted. Individual anchovy fishing quotas are transferable and divisible among vessels owned by the same company. Fishing companies may transfer quotas to other vessels within their fleet, allowing them to concentrate fishing quotas in certain vessels, thus optimizing costs and efficiency. Vessels whose operations are terminated by a vessel owner under the ITQ system may be used for other fishing activities, such as the harvesting of other marine species for human consumption, or for non-extractive activities, such as research, recreation or other purposes. These vessels may also return to fishing anchovies if the owner holds an existing right granted by the Ministry of Production to increase its fleet. The quotas awarded under the ITQ system are not transferable to other vessels, and no vessel other than those awarded quotas at the time the law was enacted is allowed to catch anchovies. As such, a company may only enter the anchovy fishing business or increase its awarded quota through the acquisition of licensed companies or vessels holding an anchovy fishing quota.

In addition, under the ITQ system, if a vessel catches less than 80% of its awarded quota during four consecutive fishing seasons, the vessel's fishing quota will be reduced by the average of its unfulfilled during those seasons. On the other hand, if a quota holder exceeds its fishing quota during a given season, its quota in the following season will be reduced by three times the amount that the catch exceeded the quota limit, in addition to the applicable fine.

Direct Human Consumption

Pursuant to Supreme Decree No. 005-2012-PRODUCE, published on August 25, 2012 and Ministerial Resolution No. 433-2012-PRODUCE, the Peruvian government modified the former Fisheries Management and Anchovy Resource Regulation (approved by Supreme Decree No. 010-2010-PRODUCE) with regards to direct human consumption. These regulations established reserve areas for direct human consumption and set forth the following vessel categories based upon the storage capacity of the fishing vessel:

- Artisan vessels are those with holding capacities of up to 10 m³ and operating primarily using manual labor.
- Small-scale vessels are those with holding capacities of between 10 m³ and 32.5 m³, and with a maximum length of 15m.

Supreme Decree No. 005-2012-PRODUCE also defines exclusive reserve areas for artisan and small-scale vessels in which industrial vessels (vessels with holding capacities greater than 32.5 m³) are prohibited from fishing. These reserves are established as follows:

- Areas between zero and five nautical miles from shore are reserved for artisan fishing vessels engaged in fishing for direct human consumption.
- Areas between five and ten nautical miles from shore are reserved for small-scale vessels, with preference given to vessels engaged in fishing for direct human consumption.

According to Supreme Decree No. 011-2007-PRODUCE and Supreme Decree No. 014-2011-PRODUCE, fishing of giant squid, mackerel and jack mackerel is reserved exclusively for direct human consumption. The Ministry of Production assigns a global fishing quota for mackerel and jack mackerel based on supply levels, preservation objectives and recommended exploitation levels of these species pursuant to scientific reports prepared by IMARPE. Artisanal vessels with a fishing permit are the only vessels allowed to fish mahi-mahi and giant squid. Fishing of giant squid by other vessels requires an additional authorization from the Ministry of Production, which may only be awarded through a public auction conducted by the Ministry of Production. In all cases, vessels fishing for direct human consumption will need to comply with certain health and hygiene requirements to preserve an optimum product quality.

Government Agencies and Enforcement

In order to strengthen the Fish Catch Surveillance, Control and Unloading Program (*Programa de Vigilancia y Control de la Pesca y el Desembarque en el Ámbito Marino*), and in addition to hiring inspectors under the supervision of the Ministry of Production's General Supervisory and Control Agency (*Dirección General de Supervisión y Fiscalización*) the Peruvian government contracted Société Generale de Surveillance, or SGS, and Certificaciones del Perú S.A., or CERPER, to monitor, supervise and enforce the Peruvian fishing regulations. SGS and CERPER have established offices along the Peruvian coast, recruiting and training inspectors, implementing procedures to control fishing and unloading, and collecting daily statistics for the Ministry of Production. Peruvian fishing companies have agreed to pay for this service and contributions vary according to the volume of fish caught by each company in each fishing season. SGS and CERPER inspectors monitor fishing and unloading procedures at processing plants. SGS and CERPER also inspect commercial fishing permits, species caught, catch quantities, the percentage of juvenile fish caught and, to a limited extent, by-catch levels of fishing vessels authorized by the Ministry of Production. On the quays, inspectors control and report the tonnage being unloaded and verify the accuracy of the weighing instruments being used.

IMARPE was created in 1964 by the Peruvian government to ensure the sustainability of Peruvian fishing resources. IMARPE is a public specialized entity and its role is not to supervise, inspect or control the catch activities, but rather to study and monitor the environment and marine biodiversity. IMARPE evaluates fishing resource conditions and based upon its research reports recommends to the Ministry of Production the total

allowable biomass for each season, as well as the commencement date and length of each fishing season. Additionally, IMARPE recommends the establishment of fishing bans when deemed necessary.

Sanctions

Pursuant to the General Fishing Law, as amended, and the Regulation for Fishery and Aquaculture Inspection and Sanctions (*Reglamento de Inspecciones y Sanciones Pesqueras y Acuícolas*), approved by Supreme Decree No. 16-2007-PRODUCE along with other relevant regulations, the Ministry of Production is authorized to bring administrative proceedings against violations to the current fishing laws and regulations. Sanctions resulting from such proceedings may vary depending on the degree of the violation and whether the violator has a history of noncompliance, and could range anywhere from the imposition of a fine to the revocation of fishing authorizations, operating licenses and permits on a temporary basis or until their expiration.

Preservation of fishing resources

Recently, the Ministry of Production enacted Supreme Decree No. 008-2012-PRODUCE in order to strengthen measures taken by the Ministry of Production to preserve fishing resources. Pursuant to this new regulation, fishing bans or suspensions of fishing activities will be approved under a fast track proceeding, and, during each fishing season, the Ministry of Production will be allowed, among others powers, to limit the amount of fishing days or limit the number of vessels that are permitted to fish. In addition, the Ministry of Production, in coordination with IMPARPE, will develop a system for on-board inspections of fishing vessels.

Supreme Decree No. 008-2012-PRODUCE also strengthened existing regulations relating to young fish species. In accordance with this regulation, owners of fishing vessels that catch above the maximum quantity of young species permitted in any given season must communicate this violation to the relevant authority and suspend any fishing activities. Owners that do not comply with this this mandate are subject to the cancellation of their fishing permit. In addition, new regulations on young species provide that industrial fishing vessels must gradually install image recording devices to detect the disposal of these species.

Environmental Regulations

Fishing companies are required to comply with several environmental regulations. In particular, fishing companies that produce fishmeal must comply with new allowed effluent and emission limits set by the Ministry of the Environment following the recommendation of the Ministry of Production.

In accordance with the General Fishing Law and its regulation, approved by Supreme Decree No. 012-2001-PE, fishing companies must commission an Environmental Impact Assessment, or EIA, approved by the Ministry of Production, or a PAMA for activities that were ongoing when this regulation was approved. The EIA or PAMA must explain the procedures that we will use in order to attain the goals established by the new regulations. Commitments undertaken in connection with a PAMA must be completed within five years of the date of approval of the PAMA.

In addition, fishing companies must comply with periodic monitoring programs contained in the applicable PAMA or EIA, and which are carried out pursuant to monitoring protocols approved by Ministerial Resolution No. 194-2010-PRODUCE.

Pursuant to Supreme Decree No. 016-2007-PRODUCE, companies that fail to comply with the environmental commitments contained in an EIA or PAMA are subject to a penalty of up to five tax units, or UITs, and suspension of our fishing license (and therefore a suspension of activities at the plant in question) until the environmental commitments have been satisfied. On March 16, 2012, the Organization of Supervision and Environmental Assessment, or OEFA, became the competent authority overseeing environmental sanctions applicable to fishing companies.

Regulations governing maximum permissible emissions limits for the fishmeal and fish oil industries, approved by Supreme Decree No. 011-2009-MINAM, provide that fishing companies must submit an Environmental

Management Plan, or PMA, to adjust their commitments and personnel to new environmental parameters. A company that fails to obtain approval its PMA may no longer operate.

In addition to complying with the formal permit and document requirements, we have made investments and incurred expenses to adhere to the effluent and emission limits required by law. We must now develop new chemical injection feed systems for water treatment. We intend to develop these systems prior to the expiration of the applicable regulatory deadlines.

MANAGEMENT

Directors

Our Board of Directors is currently comprised of five directors (and will be increased to seven directors effective as from our general shareholders' meeting in 2013) all duly elected by the General Shareholders' Meeting for a one-year term. The Board of Directors is required to convene an extraordinary general meeting upon request by the Chairman of the Board, any other Board Member or the Chief Executive Officer. The Board of Directors is responsible, among other things, for determining our general strategy and commercial policies, the appointment and removal of our executive officers and chief executive officer, the overall supervision and administration of our business activities, the review and audit of our consolidated financial statements, and the approval of our budget and any material real estate acquisition or disposition that we may undertake.

The principal offices for our directors are located at Av. Paz Soldán 170-171, Lima 27, Peru. The following table sets forth the current members of our Board of Directors and their respective positions.

Name	Position	Year of Birth	Year of Election
Víctor Matta Curotto	Chairman	1943	1990
Cristián Celis Morgan (1).....	Member	1969	2007
Renato Vázquez Costa	Member	1938	2007
Cecilia Blume Cillóniz.....	Member	1958	2010
Rodrigo Sarquis Said.....	Member	1963	2011

(1) Cristián Celis Morgan is an executive officer of CVCI.

Biographical Information

The following sets forth selected biographical information for each of the members of our Board of Directors:

Victor Matta Curotto. Mr. Matta is our chairman and a businessman with over 35 years of experience in the fishing industry, agro-industry and services industry. He is the founding partner of Pesquera María del Carmen, Pesquera Alfa y Exalmar (companies that merged to make Pesquera Exalmar S.A.), Complejo Agroindustrial Beta and Empacadora Beta (companies that merged with and into Complejo Agroindustrial Beta S.A.), Agrocítricos S.A., Alpine Perú S.A. and Compañía Hotelera El Sausal. He is also chairman of Complejo Agroindustrial Beta S.A. and Corporación Exalmar S.A.

Cristián Celis Morgan. Mr. Celis has been a member of our Board of Directors since 2007. He has a degree in engineering from Pontificia Universidad Católica de Chile (1991) and a master's in finance from the London Business School (1996). Mr. Celis has held several positions at Citi and is currently an executive officer of CVCI, which is part of the Citi Capital Advisors division at Citigroup and indirectly controls Stafedouble S.L. He has been a board member of several companies, among them: Salmenes Tecmar S.A. (salmon farming); Compañía Minera Las Luces (copper mining); Sociedad Punta de Lobos S.A. (salt production and extraction); Grupo GTD (telecommunications and fiber optic networks); Hidroeléctricas del Sur S.A. (power generation); and Dream S.A. (gaming and entertainment). Previously, he worked in Citi's investment banking area.

Renato Vázquez Costa. Mr. Vázquez has been a member of our Board of Directors since 2007. He has a law degree from Universidad Nacional de San Agustín and specializes in negotiation of corporate agreements, having participated in important mergers, acquisitions and international transactions. He is currently an advisor and board member of several companies, as well as a partner at Estudio Echecopar Abogados. Mr. Vázquez has over 25 years of experience in insurance, working for both insurance companies and insured corporations. He also has experience in arbitration and trade litigation, as well as in international transactions.

Cecilia Blume Cillóniz. Ms. Blume has been a member of our Board of Directors since 2010. She has a law degree from Pontificia Universidad Católica del Perú and has studied Political Science at the Universidad de Salamanca and Regulation of Public Services at the Harvard John F. Kennedy School of Government. She has worked for the government of Peru at the Ministry of Mining and Energy, the Regulating Body for Energy Investment, or OSINERG, and the Peruvian Ministry of Economy and Finance, where she was a legal advisor,

director of the Legal Office and Chief of Staff. Ms. Blume has also been chief of staff of the advisors to the Ministerial Council and board member of several government companies, member of the Comisión de Acceso al Mercado de INDECOPI; board member of CONITE; and member of Consejo Empresarial de PROINVERSIÓN. She is also a shareholder of CB Consult S.A.C., a legal and financial consulting, and of Ambiental Peruana an environmental management company. Ms. Blume is a board member of Fiduciaria del Perú; Renting Perú S.A.C.; Leasing Perú SA; Amrop Hever Peru S.A.C.; and Make A Wish Perú. She received the Prime Minister Fellowship from New Zealand in 2006 and the Bernardo O'Higgins medal from Chile.

Rodrigo Sarquis Said. Mr. Said was elected to our Board of Directors in 2012. He has a degree in engineering from Universidad Adolfo Ibáñez in Chile (1985). He is currently the President of Blumar Seafood and has served as Vice President of Pesquera ITATA S.A., a company specializing in salmon fishing and cultivation that merged with Golfo to create Blumar Seafood in 2011. Mr. Sarquis also serves as a director for Sinergia Inmobiliaria S.A., Agroindustrial Siracusa S.A. and the Association of Industrial Fishing Companies (*Asociación de Industriales Pesqueros*) in Region VIII. He is currently active in the olive oil industry in the Bío Bío Region of Chile. In the past, Mr. Sarquis has served as a director of the National Fishing Society of Chile (*Sociedad Nacional de Pesca de Chile*), as an industry advisor to the National Fishing Council of Chile (*Consejo Nacional de Pesca*), advisor and board member of several companies. Mr. Sarquis is one of 30 executives that form the Business Advisory Council at the Universidad del Desarrollo in Chile.

Executive Officers

Exalmar's Chief Executive Officers are appointed by the Board of Directors. The principal offices for our executive officers are located at Av. Paz Soldán 170-171, Lima 27, Peru. The following are the current executive officers of Exalmar.

Name	Position	Year of Birth	Year of Election
Rossana Ortiz Rodríguez.....	Chief Executive Officer	1962	1995
Raúl Briceño Valdivia.....	Chief Financial Officer	1961	2000
Arturo Muñoz Lizarraga	Production Officer	1962	2006
Jose Angulo Delgado	Fleet Officer	1964	2012
Judith Vivar Ramirez	Commercial Officer	1971	2009
Mario Minaya Gonzáles.....	Controller	1963	2006
Jose del Castillo.....	Direct Human Consumption Officer	1978	2012

Biographical Information

The following sets forth selected biographical information for each of our executive officers:

Rossana Ortiz Rodríguez. Ms. Ortiz has been our Executive Officer since 1996 and, on January 1, 2006, became our Chief Executive Officer. She graduated as a public accountant from Universidad de Lima (1983) has a specialized degree from Programa de Alta Dirección de la Universidad de Piura (1992), and has attended several courses, including strategic planning, accounting, and systems and taxes, in Sweden, Japan and the United States. In addition, she has attended Arthur Andersen's training program both in Peru and abroad and several other training institutes in Peru. Before working for Exalmar, she was Financial and Business Manager of Fima S.A. and a Senior Auditor at Arthur Andersen & Co.

Raúl Briceño Valdivia. Mr. Briceño has been our Administrative and Financial Officer since October 2000. He has a degree in economics from Universidad de Lima and a Masters in Business Administration from ESAN. He has attended courses at the Programa de Desarrollo Directivo-Universidad de Piura (1991), and has a degree in Quality Management – AOTS, from Osaka, Japan (2003). Previously, he worked in the financial department of Minsur S.A. (1988-1999) and was Deputy Business Officer at Interbank (1983-1988).

Arturo Muñoz Lizarraga. Mr. Muñoz has been our Production Officer since May 2005. He has a degree in mechanical engineering from Universidad Nacional del Callao, is currently seeking a master's in Maintenance Management at Universidad Nacional del Callao and has a specialization in Energy Conservation from the Latin American Energy Conservation Seminar in Michigan (1997). Previously, he acted as Operating Officer of

Alexandra S.A.C. (2001-2005); Technical Fishing Officer of Fima S.A. (1995-2000); and Plant Engineer – Production Manager of Conservera Rody S.A. (1990-1995).

Jose Angulo Delgado. Mr. Delgado has been our Fleet officer since November 2012. He graduated with honors and a degree in maritime sciences from Escuela de Marina Mercante (1987). Before joining our management team, he served as a Fleet Superintendent at TRAMARSA (2001-2012), Chief of Engineering at Ravenscroft Shio Management (1994-2001) and Second and Third Engineer at Empresa Naviera Santa (1988-1994). Mr. Angulo specializes in the design and implementation of quality control and port security systems, such as the ISO 900, the ISPS Code and the ISA Code.

Judith Vivar Ramirez. Ms. Vivar has been our Commercial Officer since 2009. She has a degree in business administration and a master's in International Business from Universidad Peruana de Ciencias Aplicadas. She has broad experience in fishing companies in Peru and her career has been focused primarily in marketing, quality and commercialization of fishmeal and fish oil, as well as in the management and implementation of logistic operators in the distribution chain. In addition, she has worked in imports and exports of soy and fertilizers for well-known Peruvian companies. She has been working for our company since June 2009.

Mario Minaya Gonzáles. Mr. Minaya has been our Controller and Systems Officer since August 2005. He is a public accountant with a degree from Universidad Federico Villarreal (1988) and has a specialization in business administration from Universidad de Piura (1995) and in finance from Universidad Católica (1989). Before joining Exalmar he acted as Controller of Grupo Topy Top (2002 to June 2005); Regional Controller (Ecuador, Colombia and Peru) of Daewoo Electronics Co. (1998-2001); Administrative and Financial Officer of Transandina de Alimentos S.A. (1994 – 1997); and Administrative and Accounting Officer of Naviera Amazónica Peruana S.A. (1988 – 1993).

Jose del Castillo. Mr. del Castillo was appointed our Direct Human Consumption Operations Officer since 2012. He graduated in 2002 with a degree in Economics from Universidad de Lima and completed studies in Finance and Management Risk at ESAN (*Escuela de Administración de Negocios para Graduados*) in 2004. Mr. del Castillo has over 6 years of experience in the fishing industry, having worked for major fishing companies in Peru, particularly in the areas sales and project development for direct human consumption.

Management Compensation

The following table sets forth the compensation of the members of the board of directors and executive officers and its percentage of our gross sales, as of December 31, 2011.

	Total	Percentage of total gross profit of Exalmar
	(in thousands of U.S.\$)	
Compensation of Executive Officers.....	518	0.27%
Compensation of Board of Directors.....	499	0.26%
Total gross sales of Exalmar.....	192,284	—

PRINCIPAL SHAREHOLDERS

Principal Shareholders

Our share capital consists of 296,996,557 common shares, fully subscribed and paid-in, at a par value of S./1.00 per share. Our common shares are registered in the Monthly Stock Market Report (*Reporte Mensual del Mercado de Valores*) and listed on the BVL.

The following table sets forth certain information concerning our shareholders as of September 30, 2012.

Shareholder	Number	Share Capital (%)
Caleta de Oro Holding, S.A. (1).....	180,048,423	60.62%
Caleta de Oro Holding del Perú S.A.C.(2) ..	25,000,000	8.42%
Stafedouble S.L. Sociedad Personal(3)	15,000,001	5.05%
Silk Holding Management Ltd. (4)	5,058,466	1.70%
Free Float	71,889,667	24.2%
Total.....	296,996,557	100.00%

(1) A company incorporated under the laws of Panama, held in its entirety by Victor Matta Curotto.

(2) A company incorporated under the laws of Peru, held in its entirety by Victor Matta Curotto.

(3) Beneficially held by CVCI.

(4) A company incorporated under the laws of the British Virgin Islands, held in its entirety by Victor Matta Curotto.

RELATED PARTY TRANSACTIONS

As a general policy, we do not enter into transactions with related parties, including our board members and officers, on terms that are more advantageous than those we would offer other third parties. Our related party transactions have been entered into in the ordinary course on terms and conditions that are comparable with transactions that we would enter with non-related parties.

As of September 30, 2012, our total non-commercial accounts receivable with related parties was U.S.\$4.2 million from Corporación Exalmar S.A., Compañía Hotelera El Sausal S.A., Complejo Agroindustrial Beta S.A., Comercializadora Global S.A., Inmobiliaria Seville S.A. and C.M.V. Servicios Ejecutivos S.A., each of which is controlled by Víctor Matta.

As of September 30, 2012, our total non-commercial accounts payable with related parties was U.S.\$0.01 million to C.M.V. Servicios Ejecutivos S.A. and other related parties. As of September 30, 2012, our total accounts receivable from shareholders and directors was U.S.\$7.8 million.

On July 17, 2012, our board of directors approved a loan by us to Víctor Matta Curotto in the aggregate principal amount of U.S.\$7.5 million, bearing interest at 8.0% for a term of two years. As of the date of this offering memorandum, the outstanding balance of this loan is U.S.\$2.5 million. Shares indirectly held by Mr. Matta Curotto in Complejo Agroindustrial Beta S.A. were used to guarantee the loan. Mr. Matta Curotto abstained from the vote that approved the loan.

For additional information relating to our related party transactions, see note 8 to our unaudited interim financial statements as of September 30, 2012 and for the nine-month period ended September 30, 2012 and 2011.

DESCRIPTION OF THE NOTES

For purposes of this "Description of the Notes," the term "Issuer" refers only to Pesquera Exalmar S.A.A. and any successor obligor to the Notes, but excluding its Subsidiaries. Certain terms used in this description are defined below under "—Definitions."

The Notes are to be issued under an indenture (the "Indenture"), to be dated as of the Original Issue Date, between the Issuer and The Bank of New York Mellon, as trustee (the "Trustee"). The Indenture is not required to be nor will it be qualified under the Trust Indenture Act.

The following is a summary of certain provisions of the Indenture and the Notes. This summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Indenture and the Notes. It does not restate those agreements in their entirety. Whenever particular defined terms of the Indenture not otherwise defined herein are referred to, such defined terms are incorporated herein by reference. Copies of the Indenture will be available on or after the Original Issue Date at the corporate trust office of the Trustee currently located at 101 Barclay Street, 4th Floor East, New York, New York 10286, Attn: Global Americas.

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and for trading on the Euro MTF market. As long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF market, and as long as the rules of the Exchange require, the Issuer will also maintain a paying agent and a transfer agent in Luxembourg.

Brief Description of the Notes

The Notes are:

- senior in right of payment to any obligations of the Issuer expressly subordinated in right of payment to the Notes;
- *pari passu* in right of payment with all unsecured, unsubordinated Indebtedness of the Issuer (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law);
- effectively subordinated to existing and future secured obligations of the Issuer to the extent of the value of the assets serving as security therefor; and
- effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

The Notes will be issued in an aggregate principal amount of U.S.\$200,000,000.

The Notes will mature on January 31, 2020 (the "Maturity Date"), unless earlier redeemed pursuant to the terms of the Indenture. Unless the Notes have been previously repaid, redeemed or retired, on the Maturity Date, the Issuer will redeem the Notes at par. The Indenture allows additional Notes to be issued from time to time (the "Additional Notes"), subject to certain limitations described under "—Further Issues." Unless the context requires otherwise, references to the "Notes" for all purposes of the Indenture and this "Description of the Notes" include any Additional Notes that are actually issued.

The Notes will bear interest at 7.375% per annum from the Original Issue Date or from the most recent interest payment date to which interest has been paid or duly provided for, payable semiannually in arrears on January 31 and July 31 of each year (each, an "Interest Payment Date"), commencing on July 31, 2013.

Interest will be paid to Holders of record at the close of business on January 16 or July 16 immediately preceding an Interest Payment Date (each, a "Record Date"), notwithstanding any transfer, exchange or cancellation thereof after a Record Date and prior to the immediately following Interest Payment Date. If the date of the payment of principal of, premium, if any, or interest on the Notes (including any payment to be made on any date fixed for redemption or purchase of any Note) is not a Business Day, then payment of principal, premium, if any, or

interest need not be made on such date but may be made on the next succeeding Business Day. Any payment made on such Business Day will have the same force and effect as if made on the date on which such payment is due, and no interest on the Notes will accrue for the period after such date payment was due. Interest on the Notes will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

The Notes will be issued only in fully registered form, without coupons, in denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. No service charge will be made for any registration of transfer or exchange of Notes, but the Trustee may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

All payments on the Notes will be made in U.S. dollars or in such other coin or currency of the United States as at the time of payment is legal tender for the payment of public and private debts.

The Subsidiary Guarantees

Although on the Original Issue Date all the Issuer's Subsidiaries will be Restricted Subsidiaries, none of the Issuer's Subsidiaries will provide a Subsidiary Guarantee on the Original Issue Date (the "Initial Non-Guarantor Subsidiaries" and, together with any future Restricted Subsidiary that do not execute a Subsidiary Guarantee, the "Non-Guarantor Subsidiaries"). In the event that any Non-Guarantor Subsidiary subsequently provides a Subsidiary Guarantee, such Subsidiary shall be excluded from the definition of Non-Guarantor Subsidiary and be added to the definition of Subsidiary Guarantor. Each Restricted Subsidiary that guarantees the Notes after the Original Issue Date is referred to as a "Future Subsidiary Guarantor" and upon execution of the applicable supplemental indenture to the Indenture will become a "Subsidiary Guarantor." Although the Indenture contains limitations on the amount of additional Indebtedness that the Issuer and its Restricted Subsidiaries may incur, the amount of such additional Indebtedness could be substantial. If the Issuer designates any Subsidiary Guarantor as an Unrestricted Subsidiary, the guarantee of such Subsidiary will be released as described under "—Release of Subsidiary Guarantees." In the event of a bankruptcy, liquidation or reorganization of any Non-Guarantor Subsidiary, such Non-Guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to the Issuer.

The Subsidiary Guarantee of each Future Subsidiary Guarantor will be:

- senior in right of payment to any obligations of such Future Subsidiary Guarantor expressly subordinated in right of payment to the Notes;
- *pari passu* in right of payment with all other unsecured, unsubordinated Indebtedness of such Future Subsidiary Guarantor (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law); and
- effectively subordinated to existing and future secured obligations of such Future Subsidiary Guarantor to the extent of the value of the assets serving as security therefor.

A Restricted Subsidiary is required to become a Subsidiary Guarantor if it guarantees certain Indebtedness of the Issuer as described below in "—Certain Covenants—Limitation on Issuances of Guarantees by Restricted Subsidiaries." Any Future Subsidiary Guarantor will, jointly and severally, guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes and the Indenture. All payments under the Subsidiary Guarantees are required to be made in U.S. dollars.

Under a supplemental indenture to the Indenture, each Future Subsidiary Guarantee will be limited to an amount not to exceed the maximum amount that can be guaranteed by the applicable Subsidiary Guarantor without rendering the Subsidiary Guarantee, as it relates to such Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally. If a Subsidiary Guarantee were to be rendered voidable, it could be subordinated by a court to all other indebtedness (including guarantees and other contingent liabilities) of the applicable Subsidiary Guarantor, and, depending on the

amount of such indebtedness, a Subsidiary Guarantor's liability on its Subsidiary Guarantee could be reduced to zero.

Release of the Subsidiary Guarantees

A Subsidiary Guarantee given by a Subsidiary Guarantor may be released in certain circumstances, including:

- upon repayment in full of the Notes;
- discharge or defeasance as described under "—Satisfaction and Discharge" and "—Defeasance";
- the liquidation or dissolution of such Subsidiary Guarantor; *provided* that no Event of Default occurs as a result thereof or has occurred and is continuing;
- upon the designation by the Issuer of a Subsidiary Guarantor as an Unrestricted Subsidiary in compliance with terms of the Indenture;
- a sale or disposition (including by way of consolidation or merger) of all or a portion of the Capital Stock of such Subsidiary Guarantor following which such Subsidiary Guarantor is no longer a Subsidiary of the Issuer;
- a sale or disposition (including by way of consolidation or merger) of all or substantially all of the assets of such Subsidiary Guarantor to a Person that is not the Issuer or a Restricted Subsidiary; or
- upon the release of the guarantee of Indebtedness that required such Subsidiary to become a Subsidiary Guarantor.

As of the Original Issue Date, all of the Issuer's Subsidiaries will be "Restricted Subsidiaries." Under the circumstances described below under the caption "—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries," the Issuer will be permitted to designate certain of its Subsidiaries as "Unrestricted Subsidiaries." If so designated, the Issuer's Unrestricted Subsidiaries will not be subject to the restrictive covenants in the Indenture.

Further Issues

The Issuer may, from time to time, without notice to or the consent of the Holders, issue Additional Notes having the same terms as the Notes (including the benefit of any Subsidiary Guarantees then in effect) in all respects (or in all respects except that the following may differ: issue date, issue price, the first payment of interest on them and, to the extent necessary, certain temporary securities law transfer restrictions) so that such Additional Notes may be consolidated and form a single class with the previously outstanding Notes and vote together as one class on all matters with respect to the Notes; *provided* that the issuance of any such Additional Notes will then be permitted under the covenant described under the caption "—Limitation on Indebtedness and Disqualified Stock" covenant described below. Such Additional Notes may be issued in one or more series and with the same or different CUSIP number; provided, however, that unless such Additional Notes are issued under a separate CUSIP, either such Additional Notes are part of the same "issue" for U.S. federal income tax purposes or are issued pursuant to a "qualified reopening" for U.S. federal income tax purposes.

Optional Redemption

At any time and from time to time prior to January 31, 2017, the Issuer may at its option redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time and from time to time prior to January 31, 2016, the Issuer may at its option redeem up to 35% of the aggregate principal amount of the Notes with the Net Cash Proceeds from one or more Equity Offerings at a

redemption price of 107.375% of the principal amount of the Notes, *plus* accrued and unpaid interest, if any, to (but not including) the redemption date; *provided* that at least 65% of the aggregate principal amount of the Notes originally issued on the Original Issue Date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related Equity Offering.

At any time and from time to time on or after January 31, 2017, the Issuer may redeem the Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below, *plus* accrued and unpaid interest, if any, to (but excluding) the redemption date if redeemed during the twelve-month period beginning on January 31 of the years indicated below.

<u>Year</u>	<u>Percentage</u>
2017.....	103.688%
2018.....	101.844%
2019 and thereafter.....	100.000%

The Issuer will give not less than 30 days' nor more than 60 days' notice of any redemption. The Trustee will select Notes for redemption *pro rata*, by lot or by such other method as the Trustee in its sole discretion shall deem to be fair and appropriate, all in accordance with the procedures of DTC. A Note of U.S.\$200,000 in principal amount or less shall not be redeemed in part. If any Note is to be redeemed in part only, the remaining portion of such Note shall not be less than U.S.\$200,000 in principal amount. A new Note in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note. On and after the redemption date, interest will cease to accrue on Notes or portions thereof called for redemption.

In addition, the Issuer must pay accrued and unpaid interest and Additional Amounts, if any, on the Notes redeemed.

The Issuer and its future Subsidiaries may acquire Notes by means other than a redemption, whether by tender offer, open market purchases, negotiated transactions or otherwise, in accordance with applicable securities laws.

Repurchase of Notes Upon a Change of Control

Not later than 30 days following a Change of Control, the Issuer will make an Offer to Purchase all outstanding Notes (a "Change of Control Offer") at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if (i) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture that are applicable to a Change of Control Offer to be made by the Issuer and such third party purchases all Notes validly tendered and not withdrawn under the Change of Control Offer or (ii) notice of redemption for all outstanding Notes has been given pursuant to the Indenture and the Notes have been discharged or defeased as described under "—Satisfaction and Discharge" and "—Defeasance." Notwithstanding anything to the contrary contained herein, the Issuer may make a Change of Control Offer in advance of a Change of Control and conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the offer to purchase is made.

Debt of the Issuer or its Subsidiaries may also (i) prohibit the Issuer from purchasing Notes in the event of a Change of Control, (ii) provide that a Change of Control is a default or (iii) require the repurchase of such debt upon a Change of Control. Moreover, the exercise by Holders of their right to require the Issuer to purchase the Notes could cause a default under other Indebtedness, even if the Change of Control itself does not, due to the financial effect of the purchase on the Issuer. The ability of the Issuer to pay cash to Holders following the occurrence of a Change of Control may be limited by the Issuer's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See "Risk Factors — Risks Related to the Notes — We may not have the ability to raise funds necessary to finance any change of control offer required by the Indenture."

Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Issuer purchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

Additional Amounts

All payments of principal of, premium (if any) and interest on the Notes and all payments under any future Guarantees will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within Peru or any jurisdiction in which the Issuer or any applicable Guarantor is organized or resident for tax purposes (or any political subdivision or taxing authority thereof or therein) (each, as applicable, a "Relevant Jurisdiction"), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, the Issuer or the applicable Subsidiary Guarantor, as the case may be, will make such deduction or withholding, make payment of the amount so withheld to the appropriate governmental authority and will pay such additional amounts ("Additional Amounts") as will result in receipt by the Holders of such amounts as would have been received by the Holders had no such withholding or deduction been required, except that no Additional Amounts will be payable:

(a) for or on account of:

(i) any withholding or deduction that is imposed on payments of interest (as opposed to any withholding or deduction that is imposed on the proceeds of a redemption of a Note) at a rate that exceeds 4.99% in the aggregate to a Holder of Notes that does not qualify for the Peruvian income tax withholding rate of 4.99% (the "4.99% Rate") on payments of interest on the Notes, unless failure to qualify for the 4.99% Rate is due to a change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of Peru affecting taxation and such change or amendment occurs after the Holder or beneficial owner acquires the Notes (however, for the avoidance of doubt, the Issuer will, subject to the conditions below, be obligated to pay Additional Amounts in such case with respect to the amounts that are deducted or withheld in respect of the first 4.99% of the interest payment);

(ii) any tax, duty, assessment or other governmental charge that would not have been imposed but for:

(A) the existence of any present or former connection between the Holder or beneficial owner of such Note or Note Guarantee, as the case may be, and the Relevant Jurisdiction, including, without limitation, such Holder or beneficial owner being or having been a citizen or resident of such Relevant Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein, other than merely holding such Note or the receipt of payments thereunder or under the Guarantee;

(B) the presentation of such Note (where presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, or interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any day within such 30-day period;

(C) the failure of the Holder or beneficial owner to comply with a timely request of the Issuer or any Guarantor addressed to the Holder or beneficial owner, as the case may be, to provide information concerning such Holder's or beneficial owner's nationality, residence, identity or connection with any Relevant Jurisdiction, if and to the extent that due and timely compliance with such request under applicable law, regulation or administrative practice would have reduced or eliminated any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder; or

(D) the presentation of such Note (where presentation is required) for payment in the Relevant Jurisdiction, unless such Note could not have been presented for payment elsewhere;

(iii) any estate, inheritance, gift, sale, transfer, excise or personal property or similar tax, assessment or other governmental charges;

(iv) any tax, assessment or other governmental charge that is payable otherwise than by withholding or deduction from payments of principal, premium (if any) or interest on the Notes;

(v) any tax, assessment or other governmental charge required to be withheld by any paying agent from any payment of principal, premium (if any) or interest on the Note, if such tax, assessment or other governmental charge results from the presentation of such Note for payment (where presentation is required) and the payment can be made without such withholding or deduction by the presentation of such Note for payment to at least one other paying agent;

(vi) any withholding or deduction that is imposed or levied on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directives; or

(vii) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (i), (ii), (iii); (iv), (v) and (vi).

In addition, we will pay and indemnify the Holders against any Peruvian value-added tax that is imposed on a payment of interest on the Notes, except to the extent that such Peruvian value-added tax is payable as described in items (i) through (vii) above.

(b) with respect to any payment of the principal of, or premium, if any, or interest on, such Note or any payment under any Guarantee to a Holder, if the Holder is a fiduciary, partnership or person other than the sole beneficial owner of such payment to the extent that such payment would be required to be included in the income under the laws of a Relevant Jurisdiction, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, or a member of that partnership or another beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner, or beneficial owner been the Holder thereof.

Whenever there is mentioned in any context the payment of principal of, and any premium or interest on, any Note or under any Guarantee, such mention will be deemed to include payment of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Issuer intends to withhold Peruvian taxes from interest payments on the Notes at a rate 4.99% and to pay Additional Amounts, subject to the conditions above, with respect thereto for so long as the Notes are held through DTC or its nominee. See "Taxation—Certain Peruvian Income Tax Considerations."

Redemption for Taxation Reasons

The Notes may be redeemed, at the option of the Issuer, as a whole but not in part, upon giving not less than 30 days' nor more than 60 days' notice to the Holders (which notice will be irrevocable), at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to the date fixed by the Issuer for redemption (the "Tax Redemption Date") if, as a result of:

(1) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Jurisdiction affecting taxation; or

(2) any change in, or amendment to, the official application or interpretation of such laws, regulations or rulings (including without limitation a holding, judgment or order by a court of competent jurisdiction or other governmental authority),

which change or amendment in (1) or (2) above becomes effective (i) with respect to the Issuer or any applicable Guarantor, on or after the Original Issue Date and (ii) with respect to any successor of the Issuer or any applicable Guarantor, wherein any successor assumes the obligations of the Notes and the Indenture following a merger, consolidation or transfer, lease or conveyance of substantially all of the predecessor's assets (each a "Surviving Person"), on or after the day such Surviving Person becomes a Surviving Person, with respect to any payment due or to become due under the Notes, the Indenture or the Notes Guarantees, and the Issuer or any applicable Guarantor, as the case may be, is, or on the next Interest Payment Date would be, required to pay Additional Amounts with respect to taxes of Peru at a rate in excess of (x) 4.99% in the aggregate with respect to interest paid on the Notes or (y) 30% in the aggregate with respect to any payments other than interest or principal on the Notes that a Holder would realize were such Notes redeemed on such Interest Payment Date, and such requirement cannot be avoided by the Issuer or any applicable Guarantor, as the case may be, taking reasonable measures available to it; provided that for the avoidance of doubt changing the jurisdiction of the Issuer or any applicable Guarantor is not a reasonable measure for the purposes of this section; and provided further that no such notice of redemption will be given earlier than 30 days prior to the earliest date on which the Issuer or any applicable Guarantor, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due; or

(3) any termination of an exemption from value-added tax, Additional Amounts are payable in respect of value-added taxes or if payment of principal of or premium, if any, or interest on the Notes is subject to value-added taxes and, in each case, the Issuer is not entitled to a tax credit with respect to such value-added taxes paid due to an action or event not attributable to the Issuer.

Prior to the mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer or any applicable Guarantor, as the case may be, will deliver to the Trustee:

(1) an Officer's Certificate stating that such change or amendment referred to in the prior paragraph has occurred, and describing the facts related thereto and stating that such requirement cannot be avoided by the Issuer, taking reasonable measures available to it; and

(2) an Opinion of Counsel or an opinion of a tax consultant each of recognized standing with respect to tax matters of Peru, stating that the requirement to pay such Additional Amounts results from such change or amendment referred to in the prior paragraph.

Such certificate and opinion shall constitute sufficient evidence of the satisfaction of the conditions precedent described above, in which event it will be conclusive and binding on the Holders. The notice, once delivered to the Holders, will be irrevocable.

Mandatory Redemption or Sinking Fund

There will be no mandatory redemption or sinking fund payments for the Notes.

Certain Covenants

Pursuant to the Indenture, the Issuer and its Restricted Subsidiaries will agree to certain restrictive covenants.

During any period of time that (i) the Notes have Investment Grade Ratings from two Rating Agencies and (ii) no payment default or Event of Default has occurred and is continuing (the occurrence of the events described in the foregoing clauses (i) and (ii) being collectively referred to as a "Covenant Suspension Event"), the Issuer and its Restricted Subsidiaries will not be subject to the following provisions (collectively, the "Suspended Covenants") of the Indenture:

- "—Limitation on Indebtedness and Disqualified Stock";

- "—Limitation on Restricted Payments";
- "—Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries";
- "—Limitation on Issuances of Guarantees by Restricted Subsidiaries";
- "—Limitation on Transactions with Affiliates";
- "—Limitation on Asset Sales";
- "—Limitation on Business Activities;" and
- clause (3) of the first paragraph of "—Consolidation, Merger and Sale of Assets."

In the event that the Issuer and its Restricted Subsidiaries are not subject to the Suspended Covenants for any period of time as a result of the foregoing, and on any subsequent date (the "Reversion Date") one of the Rating Agencies withdraws its Investment Grade rating or downgrades its rating assigned to the Notes below an Investment Grade rating and as a result the Notes have an Investment Grade rating from fewer than two Rating Agencies, then the Issuer and its Restricted Subsidiaries will thereafter again be subject to the Suspended Covenants. The period of time between the Suspension Date and the Reversion Date is referred to as the "Suspension Period." Notwithstanding that the Suspended Covenants may be reinstated, no Default or Event of Default will be deemed to have occurred as a result of a failure to comply with the Suspended Covenants during the Suspension Period (or upon termination of the Suspension Period or after that time based solely on events that occurred during the Suspension Period). During the Suspension Period, the Issuer will not be entitled to make any designation of Unrestricted Subsidiaries.

On the Reversion Date, all Indebtedness incurred during the Suspension Period will be classified to have been incurred pursuant to clause (a) of "—Limitation on Indebtedness and Disqualified Stock" below or one of the clauses set forth in clause (b) of "—Limitation on Indebtedness and Disqualified Stock" below (to the extent such Indebtedness would be permitted to be incurred thereunder as of the Reversion Date and after giving effect to Indebtedness incurred prior to the Suspension Period and outstanding on the Reversion Date). To the extent such Indebtedness would not be so permitted to be incurred pursuant to clause (a) or (b) of "—Limitation on Indebtedness and Disqualified Stock," such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under sub-clause (2) of clause (b) of "—Limitation on Indebtedness and Disqualified Stock." Calculations made after the Reversion Date of the amount available to be made as Restricted Payments under "—Limitation on Restricted Payments" will be made as though the covenant described under "—Limitation on Restricted Payments" had been in effect since the Issue Date and throughout the Suspension Period. Accordingly, Restricted Payments made during the Suspension Period will reduce the amount available to be made as Restricted Payments under the first paragraph of "—Limitation on Restricted Payments."

The Issuer shall give the Trustee written notice of any Covenant Suspension Event and in any event not later than five (5) Business Days after such Covenant Suspension Event has occurred. In the absence of such notice, the Trustee shall assume the Suspended Covenants apply and are in full force and effect. The Issuer shall give the Trustee written notice of any occurrence of a Reversion Date not later than five (5) Business Days after such Reversion Date. After any such notice of the occurrence of a Reversion Date, the Trustee shall assume the Suspended Covenants apply and are in full force and effect.

Limitation on Indebtedness and Disqualified Stock

(a) The Issuer will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness) or Disqualified Stock; *provided* that the Issuer and any Subsidiary Guarantor may Incur Indebtedness (including Acquired Indebtedness) if, immediately after giving effect on a *pro forma* basis to the Incurrence of such Indebtedness and application of the proceeds therefrom, the Consolidated Leverage Ratio of the Issuer is not greater than 3.5 to 1.0.

(b) Notwithstanding the foregoing, the Issuer and its Restricted Subsidiaries may Incur each and all of the following ("Permitted Indebtedness"):

- (1) Indebtedness under the Notes (excluding any Additional Notes) and the Note Guarantees;
- (2) Indebtedness outstanding on the Original Issue Date;
- (3) Indebtedness owed to the Issuer or any Restricted Subsidiary; *provided* that (i) any subsequent issuance or transfer of Capital Stock or any other event that results in any such Indebtedness being held by a Person other than the Issuer or a Restricted Subsidiary and any sale or other transfer of any such Indebtedness to a Person that is neither the Issuer nor a Restricted Subsidiary will be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (3) and (ii) if the Issuer or any Subsidiary Guarantor is the obligor on such Indebtedness and the obligee is not the Issuer or a Subsidiary Guarantor, such Indebtedness must expressly be subordinated in right of payment to the Notes and Note Guarantees;
- (4) Indebtedness ("Permitted Refinancing Indebtedness") issued in exchange for, or the net proceeds of which are used to refinance or refund, then outstanding Indebtedness Incurred under the immediately preceding paragraph (a) or clauses (1), (2), (9) or (14) of this paragraph (b) and any refinancings thereof in an amount not to exceed the amount so refinanced or refunded (plus premiums, accrued interest, fees and expenses); *provided* that (i) in case the Indebtedness to be refinanced is subordinated in right of payment to the Notes or Note Guarantees, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made subordinate in right of payment to the Notes or such Note Guarantees at least to the extent that the Indebtedness to be refinanced is subordinated to the Notes or such Note Guarantees and (ii) such new Indebtedness, determined as of the date of Incurrence of such new Indebtedness, does not have a Stated Maturity prior to the earlier of (A) the Stated Maturity of the Indebtedness to be refinanced or refunded and (B) the Maturity Date of the Notes, and the Average Life of such new Indebtedness is at least equal to the remaining Average Life of the Indebtedness to be refinanced or refunded or does not have any repayment obligations prior to the Maturity Date of the Notes;
- (5) Hedging Obligations entered into for non-speculative purposes;
- (6) Indebtedness in respect of any obligations under workers' compensation claims, severance payment obligations, payment obligations in connection with health or other types of social security benefits, unemployment or other insurance or self-insurance obligations, reclamation, statutory obligations, regulatory or other legal obligations, bankers' acceptances, promissory notes, performance, surety or similar bonds, appeal or similar bonds, letters of credit or completion or performance guarantees and factoring and other financing of payables or receivables, or similar obligations in the ordinary course of business;
- (7) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided* that such Indebtedness is extinguished within five (5) Business Days of its Incurrence;
- (8) Indebtedness arising under agreements providing for indemnification, adjustment of purchase price or similar obligations, in each case Incurred or assumed in connection with the acquisition or disposition of a business, assets or Capital Stock of a Restricted Subsidiary; *provided* that, in the case of a disposition, the maximum aggregate liability in respect of such Indebtedness will at no time exceed the gross proceeds actually received by the Issuer or such Restricted Subsidiary in connection with such disposition;
- (9) Acquired Indebtedness; *provided* that immediately after giving effect on a *pro forma* basis to the Incurrence of such Indebtedness and the receipt and application of the proceeds therefrom, the Consolidated Leverage Ratio would be not greater than the Consolidated Leverage Ratio determined immediately before such Incurrence and the consummation of the related acquisition;
- (10) Permitted Subsidiary Indebtedness;

(11) Guarantees of any Indebtedness permitted to be Incurred under this "Limitation on Indebtedness and Disqualified Stock" covenant;

(12) Indebtedness to the extent that the net proceeds thereof are deposited to defease or to satisfy and discharge the Notes in accordance with the Indenture simultaneously with the incurrence of such Indebtedness;

(13) Indebtedness consisting of (i) the financing of insurance premiums or (ii) take or pay obligations contained in supply agreements in the ordinary course of business;

(14) purchase money Indebtedness (including Capital Stock) and Capitalized Lease Obligations in an aggregate principal amount not to exceed at one time outstanding the greater of (i) U.S.\$20.0 million and (ii) 4% of the Consolidated Assets of the Issuer; and

(15) Other Indebtedness (including, but not limited to, secured Indebtedness consisting of receivables financing in connection with the Issuer's working capital needs) Incurred by the Issuer or its Restricted Subsidiaries in an aggregate principal amount not to exceed the greater of (a) U.S.\$70.0 million and (b) 14.5% of the Consolidated Assets of the Issuer.

For purposes of determining compliance with this "Limitation on Indebtedness and Disqualified Stock" covenant, in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described above, including under the proviso in the first paragraph of this covenant, the Issuer will be permitted to classify such item of Indebtedness on the date of its incurrence and may, in its sole discretion, divide and classify an item of Indebtedness in one or more of the types of Indebtedness and may later re-divide or reclassify all or a portion of such item of Indebtedness in any manner that complies with this covenant at such time. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that may be Incurred pursuant to this covenant shall not be deemed to be exceeded as a result solely of fluctuations in exchange rates or currency values after the date of Incurrence of such Indebtedness. It is further understood that for purposes of determining any particular amount of Indebtedness under paragraphs (a) and (b) above, guarantees of (or obligations with respect to letters of credit supporting) Indebtedness otherwise included in the determination of such amount shall not also be included. Accrual of interest, accrual of dividends, payment of interest in the form of additional Indebtedness, payment of dividends in the form of shares of Preferred Stock, accretion or amortization of original issue discount will not be deemed to be an Incurrence of Indebtedness for purposes of the "—Limitation on Indebtedness and Disqualified Stock" covenant.

Limitation on Restricted Payments

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly (the payments or any other actions described in clauses (1) through (4) below being collectively referred to as "Restricted Payments"):

(1) declare or pay any dividend or make any distribution on or with respect to the Issuer's or any of its Restricted Subsidiaries' Capital Stock held by Persons other than the Issuer or any of its Restricted Subsidiaries (other than (i) dividends or distributions payable in shares of the Issuer's or any of its Restricted Subsidiaries' Capital Stock (other than Disqualified Stock) or in options, warrants or other rights to acquire shares of such Capital Stock or (ii) dividends or distributions declared, paid or made by a Restricted Subsidiary payable, on a *pro rata* basis or on a basis more favorable to the Issuer, to all holders of any class of Capital Stock of such Restricted Subsidiary);

(2) purchase, redeem, retire or otherwise acquire for value any shares of Capital Stock of the Issuer (including options, warrants or other rights to acquire such shares of Capital Stock) held by any Persons other than the Issuer or any of its Restricted Subsidiaries;

(3) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other acquisition or retirement for value, of Indebtedness that is expressly subordinated in right of payment to the Notes or any Note Guarantees (excluding (i) any intercompany Indebtedness between or among the Issuer and any of its Restricted Subsidiaries and (ii) the purchase, repurchase, redemption, defeasance or other acquisition of such Indebtedness made in anticipation of satisfying a sinking fund obligation, a principal

installment or a final maturity, in each case, due within one year of the date of such purchase, repurchase, redemption, defeasance or other acquisition); or

- (4) make any Investment, other than a Permitted Investment;

if, at the time of, and after giving effect to, the proposed Restricted Payment:

(A) a Default has occurred and is continuing or would occur as a result of such Restricted Payment;

(B) the Issuer could not Incur at least U.S.\$1.00 of Indebtedness under the proviso in the first paragraph of the covenant under the caption "—Limitation on Indebtedness and Disqualified Stock;" or

(C) such Restricted Payment, together with the aggregate amount of all Restricted Payments declared or made by the Issuer and its Restricted Subsidiaries after the Original Issue Date (excluding Restricted Payments permitted by clauses (2), (3), (4), (6), (7) and (8) of the succeeding paragraph) will exceed the sum of:

(1) 50% of the aggregate amount of the Consolidated Net Income of the Issuer (or, if the Consolidated Net Income is a loss, minus 100% of the amount of such loss) accrued on a cumulative basis during the period (taken as one accounting period) beginning on the first day of the full fiscal quarter immediately preceding the Original Issue Date and ending on the last day of the Issuer's most recently ended fiscal quarter for which consolidated financial statements of the Issuer are available; *plus*

(2) 100% of the aggregate Net Cash Proceeds, and the Fair Market Value of any property (other than cash), received by the Issuer or any Restricted Subsidiary after the Original Issue Date as a capital contribution to its common equity by, or from the issuance and sale of its Capital Stock (other than Disqualified Stock) to, a Person who is not a Subsidiary of the Issuer, including any such Net Cash Proceeds received upon (x) the conversion of any Indebtedness (other than Subordinated Indebtedness) of the Issuer into Capital Stock (other than Disqualified Stock) of the Issuer or any Restricted Subsidiary, or (y) the exercise by a Person who is not a Subsidiary of the Issuer of any options, warrants or other rights to acquire Capital Stock of the Issuer (other than Disqualified Stock), in each case after deducting the amount of any such Net Cash Proceeds used to redeem, repurchase, defease or otherwise acquire or retire for value any Subordinated Indebtedness or Capital Stock of the Issuer or any Restricted Subsidiary; *plus*

(3) an amount equal to the net reduction in Investments (other than reductions in Permitted Investments) in any Person resulting from (a) repurchases or redemptions of such Investments by such Person, proceeds realized upon the sale or other disposition and such Investments, releases of Guarantees, payments of interest on Indebtedness, dividends or repayments of loans or advances by such Person, in each case to the Issuer or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income), or (b) from redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries or the designation of any entity as a Restricted Subsidiary, not to exceed, in each case, the amount of Investments made by the Issuer or a Restricted Subsidiary after the Original Issue Date in any such Person; *plus*

(4) the amount by which Indebtedness is reduced on the consolidated balance sheet of the Issuer upon the conversion or exchange subsequent to the Original Issue Date of any Indebtedness of the Issuer or any Restricted Subsidiary for Capital Stock (other than Disqualified Stock); *plus*

(5) 100% of any dividends received by the Issuer or any of its Restricted Subsidiaries from an Unrestricted Subsidiary; *provided, however* that no amount will be included under this clause (5) to the extent it is already included in Consolidated Net Income.

The foregoing provision will not be violated by reason of:

(1) the payment of any dividend or redemption of any Capital Stock within 60 days after the related date of declaration or call for redemption if, at said date of declaration or call for redemption, such payment or redemption would comply with the preceding paragraph;

(2) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Issuer or any of the Restricted Subsidiary with the Net Cash Proceeds of, or in exchange for, a substantially concurrent Incurrence of Permitted Refinancing Indebtedness;

(3) any Restricted Payment made in exchange for, or out of the Net Cash Proceeds of, a substantially concurrent capital contribution or sale (other than a capital contribution by or sale to the Issuer or to a Subsidiary of the Issuer) of, shares of Capital Stock (other than Disqualified Stock) of the Issuer or any of the Restricted Subsidiaries (or options, warrants or other rights to acquire such Capital Stock); *provided* that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (C)(2) of the preceding paragraph;

(4) the payment of annual dividends by the Issuer in respect of any fiscal year of the Issuer ending on or after December 31, 2012, in an aggregate amount for any such fiscal year of up to (x) 50% of Consolidated Net Income for such fiscal year plus (y) U.S.\$10.0 million; provided, however that the amounts used in clause (y) shall not exceed U.S.\$30.0 million since the Original Issue Date;

(5) any purchase or redemption of Subordinated Indebtedness at a purchase price of up to 101% of the principal amount thereof (together with accrued and unpaid interest) in the event of the occurrence of a change of control event under such Indebtedness simultaneous with the purchase of Notes made under a Change of Control Offer;

(6) purchases deemed to occur as a result of exercises of stock options, warrants or other convertible securities or other payments under employee benefit plans of the Issuer or any Restricted Subsidiary;

(7) any Restricted Payments made with the Capital Stock of an Unrestricted Subsidiary (or from the proceeds of a sale thereof); and

(8) other Restricted Payments in an aggregate amount not to exceed U.S.\$10.0 million since the Original Issue Date;

provided that, in the case of clauses (4), (5) and (8) of this paragraph, no Event of Default shall have occurred and be continuing or would occur as a consequence of the actions or payments set forth therein.

The amount of any Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the assets or securities proposed to be transferred or issued by the Issuer or the Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

(a) The Issuer will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on any Capital Stock of such Restricted Subsidiary owned by the Issuer or any other Restricted Subsidiary;

(2) pay any Indebtedness owed to the Issuer or any other Restricted Subsidiary;

(3) make loans or advances to the Issuer or any other Restricted Subsidiary; or

(4) sell, lease or transfer any of its property or assets to the Issuer or any other Restricted Subsidiary.

(b) The provisions of paragraph (a) do not apply to any encumbrances or restrictions:

(1) existing on the Original Issue Date, in the Notes or the Indenture, and any extensions, refinancings, supplements, amendments, renewals or replacements of any of the foregoing; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are not materially less favorable to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, supplemented, amended, renewed or replaced;

(2) existing under or by reason of applicable law, rule, regulation, license, concession, approval, decree or order applicable to the relevant Restricted Subsidiary;

(3) resulting from restrictions on cash or other deposits or other customary requirements imposed by customers or suppliers under contracts entered into in the ordinary course of business;

(4) existing with respect to any Person or the property or assets of such Person, or relating to or existing under any Indebtedness or other obligations acquired or incurred by the Issuer or any Restricted Subsidiary, at the time of such acquisition and not incurred in contemplation thereof, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Person or the property or assets of such Person so acquired, and any extensions, refinancings, supplements, amendments, renewals or replacements thereof; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are not materially less favorable to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, supplemented, amended, renewed or replaced;

(5) that (x) otherwise would be prohibited by the provision described in clause (a)(4) of this covenant if they arise or are agreed to in the ordinary course of business, (y) that (i) restrict in a customary manner the subletting, assignment or other transfer of any property or asset that is subject to a lease or license, (ii) exist by virtue of any Indebtedness, Lien, agreement to transfer, option or similar right with respect to any property or assets of the Issuer or any Restricted Subsidiary not otherwise prohibited by the Indenture or (iii) do not relate to any Indebtedness, or (z) do not, individually or in the aggregate, detract from the value of property or assets of the Issuer or any Restricted Subsidiary in any manner material to the Issuer or its Restricted Subsidiaries taken as a whole;

(6) imposed by any agreement governing Indebtedness of any Restricted Subsidiary that is permitted to be Incurred by the covenant described under "—Limitation on Indebtedness and Disqualified Stock"; *provided* that the encumbrance or restriction, taken as a whole, is not materially more restrictive than comparable financings and will not materially affect the Issuer's ability to pay interest or principal, when due, on the Notes;

(7) with respect to a Restricted Subsidiary and imposed pursuant to a customary provision in a joint venture or other similar agreement with respect to such Restricted Subsidiary that was entered into in the ordinary course of business; or

(8) imposed pursuant to an agreement that has been entered into for a sale or disposition that is permitted by the "—Limitation on Asset Sales" covenant.

Limitation on Issuances of Guarantees by Restricted Subsidiaries

The Issuer will not permit any Restricted Subsidiary which is not a Subsidiary Guarantor, directly or indirectly, to Guarantee any Indebtedness ("Guaranteed Indebtedness") of the Issuer or any other Restricted Subsidiary unless (1) such Restricted Subsidiary, simultaneously executes and delivers a supplemental indenture to the Indenture providing for a Subsidiary Guarantee of payment of the Notes by such Restricted Subsidiary or (2) such Guarantee and such Guaranteed Indebtedness are permitted by clauses (b)(2), (3) or (10) of the "—Limitation on Indebtedness and Disqualified Stock" covenant. Under the supplemental indenture, each Subsidiary Guarantee will be limited to an amount that (i) would not render such Subsidiary Guarantor's obligations subject to avoidance under applicable law, including applicable fraudulent conveyance laws, or (ii) would not result in a breach or violation by such Subsidiary Guarantor of any then-existing agreement to which it is party.

If the Guaranteed Indebtedness (A) ranks *pari passu* in right of payment with the Notes or any Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness shall rank *pari passu* in right of payment with, or subordinated to, the Subsidiary Guarantee or (B) is subordinated in right of payment to the Notes or any Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness shall be subordinated in right of payment to the Subsidiary Guarantee at least to the extent that the Guaranteed Indebtedness is subordinated to the Notes or the Subsidiary Guarantee.

Any Subsidiary Guarantee executed and delivered pursuant to the first paragraph of this covenant may provide that it shall automatically terminate upon termination of any and all obligations of the Subsidiary Guarantor under the Guarantee of the relevant Guaranteed Indebtedness.

Limitation on Transactions with Affiliates

The Issuer will not, and will not permit any Restricted Subsidiary to, enter into, renew or extend any transaction or arrangement (including, without limitation, the purchase, sale, lease or exchange of property or assets, or the rendering of any service) with any Affiliate of the Issuer (each, an "Affiliate Transaction"), unless:

- (a) the Affiliate Transaction is on terms that are not materially less favorable to the Issuer or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Issuer or the relevant Restricted Subsidiary with a Person that is not an Affiliate of the Issuer or such Restricted Subsidiary; and
- (b) the Issuer delivers to the Trustee:
 - (1) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of U.S.\$5.0 million, an Officer's Certificate stating that such Affiliate Transaction complies with this covenant and such Affiliate Transaction has been approved by a majority of the members of the Board of Directors; and
 - (2) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of U.S.\$15.0 million, an opinion as to the fairness to the Issuer of such Affiliate Transaction from a financial point of view issued by an internationally recognized accounting, consulting, appraisal or investment banking firm.

The foregoing paragraphs do not limit, and will not apply to:

- (a) the payment of reasonable fees, compensation, benefits or indemnity to officers, employees and directors of the Issuer or any of its Restricted Subsidiaries;
- (b) transactions between the Issuer and any Restricted Subsidiary or between or among Restricted Subsidiaries;
- (c) any issuance or sale of Capital Stock of the Issuer to any Permitted Holder or any director, officer, employee or consultant (other than Disqualified Stock);
- (d) any Permitted Investments and Restricted Payment permitted by the covenant "—Limitation on Restricted Payments;
- (e) transactions with customers, clients, suppliers, distributors, generators, transporters or purchasers or sellers of goods or services, in each case in the ordinary course of business;
- (f) payments (including loans and advances) to officers, directors and employees of the Issuer or any Subsidiary (i) in the ordinary course of business or (ii) otherwise not exceeding the greater of (i) U.S.\$4.0 million and (ii) 1% of the Consolidated Assets of the Issuer in the aggregate in any fiscal year;

(g) any agreement in effect as of the Original Issue Date or any amendment, supplement, restatement, replacement, renewal, extension, refinancing thereof or thereto (provided, that the renewed or replaced agreement, when taken as a whole, is not materially more disadvantageous to the holders of the Notes than the original agreement in effect on the Original Issue Date) or any transaction contemplated thereby; and

(h) any issuance of securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment agreements and other compensation arrangements, options to purchase Capital Stock, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits plans and/or indemnity provided on behalf of officers, directors and employees of the Issuer or any of its subsidiaries approved by the Board of Directors in an aggregate amount not to exceed U.S.\$3.0 million during any fiscal year, calculated at the time of such award or grant and without giving effect to subsequent changes in value.

Limitation on Liens

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, incur, assume or permit to exist any Lien on any of its assets or properties, whether owned at the Original Issue Date or thereafter acquired securing any Indebtedness, except Permitted Liens, unless the Notes are equally and ratably secured by (or, if the obligation so secured is subordinated in right of payment to the Notes or the Subsidiary Guarantees, prior to) such Lien for so long as such Indebtedness is so secured.

Limitation on Asset Sales

The Issuer will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale, unless:

(a) the consideration received by the Issuer or such Restricted Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of;

(b) at least 75% of the consideration received consists of cash or Temporary Cash Investments. For purposes of this provision, each of the following will be deemed to be cash:

(1) any liabilities, as shown on the Issuer's most recent consolidated balance sheet, of the Issuer or any Restricted Subsidiary that are assumed by the transferee of any such assets pursuant to a customary assumption, assignment, novation or similar agreement that releases the Issuer or such Restricted Subsidiary from further liability;

(2) any securities, notes or other obligations received by the Issuer or any Restricted Subsidiary from such transferee that are to be converted by the Issuer or such Restricted Subsidiary into cash within 365 days of closing; and

(3) the Fair Market Value of (i) any assets or rights (including without limitation a present or future interest in raw materials) received by the Issuer or any Restricted Subsidiary to be used by it in a Permitted Business, (ii) Capital Stock in a Person that is a Restricted Subsidiary or in a Person engaged in a Related Business that shall become a Restricted Subsidiary immediately upon the acquisition of such Person by the Issuer or any Restricted Subsidiary or (iii) a combination of (i) and (ii).

Within 365 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Issuer (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Cash Proceeds to:

(a) permanently repay Senior Indebtedness of the Issuer or a Restricted Subsidiary (and, if such Senior Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto) in each case owing to a Person other than the Issuer or a Restricted Subsidiary; and/or

(b) acquire properties or other assets that replace the properties and assets that were the subject of such Asset Sale or other properties or assets that will be used or useful in a Permitted Business ("Replacement

Assets"); provided that a binding commitment to apply Net Cash Proceeds to purchase Replacement Assets shall be treated as a permitted application of the Net Cash Proceeds from the date of such commitment so long as the Issuer or such Restricted Subsidiary enters into such commitment with the good faith expectation that such Net Cash Proceeds will be applied to satisfy such commitment within 270 days of the end of such 365-day period (an "Acceptable Commitment") and, in the event any Acceptable Commitment is later cancelled or terminated for any reason before the Net Cash Proceeds are applied in connection therewith, then the Issuer or such Restricted Subsidiary shall be permitted to apply the Net Cash Proceeds in any manner set forth in this clause (b) or in clause (a) above before the expiration of such 270-day period and, in the event the Issuer or such Restricted Subsidiary fails to do so, then such Net Cash Proceeds shall constitute Excess Proceeds (as defined below).

Any Net Cash Proceeds from Asset Sales that are not applied or invested (or irrevocably committed to be invested) as provided in clauses (1) and (2) in the paragraph above will constitute "Excess Proceeds." Excess Proceeds of less than U.S.\$15.0 million will be carried forward and accumulated. When accumulated Excess Proceeds exceed U.S.\$15.0 million, within 30 days thereof, the Issuer must make an Offer to Purchase Notes having a principal amount equal to:

- (a) accumulated Excess Proceeds, multiplied by;
- (b) a fraction (x) the numerator of which is equal to the outstanding principal amount of the Notes and (y) the denominator of which is equal to the outstanding principal amount of the Notes and *all pari passu* Indebtedness similarly required to be repaid, redeemed or tendered for in connection with the Asset Sale, rounded down to the nearest U.S.\$1,000.

The offer price in any Offer to Purchase will be equal to 100% of the principal amount plus accrued and unpaid interest to the date of purchase, and will be payable in cash.

If any Excess Proceeds remain after consummation of an Offer to Purchase, the Issuer may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes (and any other *pari passu* Indebtedness) tendered in such Offer to Purchase exceeds the amount of Excess Proceeds, the Trustee will select the Notes (and such other *pari passu* Indebtedness) to be purchased on a pro rata basis, by lot or by such other method as the Trustee in its sole discretion shall deem to be fair and appropriate, all in accordance with the procedures of DTC. Upon completion of each Offer to Purchase, the amount of Excess Proceeds will be reset at zero.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e)-1 of the Exchange Act and any other applicable securities laws or regulations in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any applicable securities laws or regulations conflict with provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this covenant by virtue thereof.

Limitation on Business Activities

The Issuer and its Restricted Subsidiaries, taken as a whole, will continue to be primarily engaged in Permitted Businesses; *provided* that the Issuer or any Restricted Subsidiary may own Capital Stock of an Unrestricted Subsidiary or joint venture or other entity that is engaged in a business other than Permitted Businesses as long as any Investment therein was not prohibited when made by the covenant under the caption "—Limitation on Restricted Payments."

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors may designate any Restricted Subsidiary to be an Unrestricted Subsidiary; provided that (i) such designation would not cause a Default and (ii) one of the following: (a) the Subsidiary to be so designated has total assets of U.S.\$1,000 or less or (b) if such Subsidiary has total assets greater than U.S.\$1,000, the Issuer

would be permitted under the covenant described under "—Limitation on Restricted Payments" to make a Restricted Payment and/or Permitted Investment in the amount equal to the aggregate Fair Market Value of all Investments by the Issuer or any Restricted Subsidiary in such Subsidiary.

The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that (i) such designation will not cause or result in a Default; (ii) any Indebtedness of such Unrestricted Subsidiary outstanding at the time of such designation which will be deemed to have been Incurred by such newly-designated Restricted Subsidiary as a result of such designation would be permitted to be Incurred by the covenant described under the caption "—Limitation on Indebtedness and Disqualified Stock;" (iii) any Lien on the property of such Unrestricted Subsidiary at the time of such designation which will be deemed to have been incurred by such newly-designated Restricted Subsidiary as a result of such designation would be permitted to be incurred by the covenant described under the caption "—Limitation on Liens;" and (iv) such Unrestricted Subsidiary is not a Subsidiary of another Unrestricted Subsidiary (that is not concurrently being designated as a Restricted Subsidiary).

Provision of Financial Statements and Reports

(a) So long as any of the Notes remain outstanding, the Issuer will provide to the Trustee in English:

(1) within ten (10) Business Days of the earlier of (i) the date on which such audited consolidated financial statements are required to be delivered to the SMV and (ii) the date on which such audited consolidated financial statements are delivered to the SMV and, in case the Issuer is no longer obliged to deliver such audited consolidated financial statements to the SMV, within 120 calendar days after the end of the fiscal year of the Issuer, copies of its audited consolidated financial statements in respect of such financial year (including a statement of income, balance sheet and cash flow statement);

(2) within ten (10) Business Days of the earlier of (i) the date on which such quarterly financial statements are required to be delivered to the SMV and (ii) the date on which such quarterly financial statements are delivered to the SMV and, in case the Issuer is no longer obliged to deliver such quarterly financial statements to the SMV, within 60 days of the end of each of the first three fiscal quarters of each fiscal year of the Issuer, copies of its unaudited consolidated financial statements (including a statement of income, balance sheet and cash flow statement); and

(3) in addition, so long as any of the Notes remain outstanding, the Issuer will provide to the Trustee concurrently with the delivery of consolidated financial statements pursuant to (1) above, an Officer's Certificate, stating that no Event of Default has occurred and is continuing, or, if an Event of Default has occurred and is continuing, specifying each such Event of Default and the nature and status thereof. The Issuer will also be obligated to notify the Trustee in writing of any Event of Default that has occurred and is continuing in respect of the performance of any material covenants or agreements under the Indenture within 10 Business Days of the occurrence of such Event of Default specifying the nature and status thereof.

Further, the Issuer and each Subsidiary Guarantor have agreed that, for as long as any Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, during any period in which the Issuer or such Subsidiary Guarantor is neither subject to Section 13 or 15(d) of the Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, the Issuer or such Subsidiary Guarantor, as the case may be, shall supply to (i) any Holder or beneficial owner of a Note or (ii) a prospective purchaser of a Note or a beneficial interest therein designated by such Holder or beneficial owner, the information specified in, and meeting the requirements of Rule 144A(d)(4) under the U.S. Securities Act upon the request of any Holder or beneficial owner of a Note.

Notwithstanding the foregoing, if the Issuer makes available the reports described above of this covenant on the Issuer's website, it will be deemed to have satisfied the reporting requirement set forth in such applicable clause.

Events of Default

The following events will be defined as "Events of Default" in the Indenture:

(a) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;

(b) default in the payment of interest (or Additional Amounts, if any) on any Note when the same becomes due and payable, and such default continues for a period of 30 days;

(c) default in the performance or breach of the provisions of the covenant described under "—Consolidation, Merger and Sale of Assets;"

(d) default in the performance or breach of any other material covenant or agreement in the Indenture (other than a default specified in clause (a), (b) or (c) above) and such default or breach continues for a period of 60 consecutive days after written notice is received by the Issuer from the Trustee at the written request of the Holders or from the Holders of 25% or more in aggregate principal amount of the Notes;

(e) there occurs with respect to any Indebtedness of the Issuer or any Restricted Subsidiary having an outstanding principal amount of U.S.\$15.0 million or more in the aggregate for all such Indebtedness of all such Persons, whether such Indebtedness now exists or will hereafter be created, an event of default that has resulted in the acceleration of such Indebtedness prior to its Stated Maturity;

(f) one or more final, non-appealable judgments or orders for the payment of money are rendered against the Issuer or any Restricted Subsidiary and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final, non-appealable judgment or order that causes the aggregate amount for all such final, non-appealable judgments or orders outstanding and not paid or discharged against all such Persons to exceed U.S.\$15.0 million (to the extent not covered by insurance or self-insurance) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;

(g) an involuntary case or other proceeding is commenced against the Issuer with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, bankruptcy, trustee, sequestrator or similar official of the Issuer or for all or substantially all of the property and assets of the Issuer and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Issuer under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;

(h) the Issuer (A) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (B) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or for all or substantially all of the property and assets of the Issuer or (C) effects any general assignment for the benefit of creditors; or

(i) a Subsidiary Guarantor denies in writing its obligations under its Subsidiary Guarantee or, except as permitted by the Indenture, such Subsidiary Guarantee is determined to be unenforceable or invalid.

If an Event of Default (other than an Event of Default specified in clause (g) or (h) above) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding by written notice to the Issuer (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written request of such Holders will, declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable, subject always to the Trustee having been indemnified and/or provided security to its satisfaction. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest will be immediately due and payable. If an Event of Default specified in clause (g) or (h) above occurs with respect to the Issuer, the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding will automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

The Holders of at least a majority in principal amount of the outstanding Notes by written notice to the Issuer and to the Trustee may waive all past defaults and rescind and annul a declaration of acceleration and its consequences if:

(x) all existing Events of Default, other than the nonpayment of the principal of, premium, if any, and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived; and

(y) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or the Indenture, that may involve the Trustee in personal liability, or that the Trustee determines in good faith may be unduly prejudicial to the rights of Holders not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction received from Holders. A Holder may not institute any proceeding, judicial or otherwise, with respect to the Indenture or the Notes, or for the appointment of a receiver or trustee, or pursue any remedy with respect to the Indenture or the Notes, unless:

- (1) the Holder has previously given the Trustee written notice of a continuing Event of Default;
- (2) the Holders of at least 25% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy;
- (3) such Holder or Holders offer the Trustee security and/or indemnity satisfactory to the Trustee against any loss, costs, liability or expense to be incurred in compliance with such request;
- (4) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of security and/or indemnity; and
- (5) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a direction that, in the opinion of the Trustee, is inconsistent with such request.

However, such limitations do not apply to the right of any Holder to receive payment of the principal of, premium, if any, or interest, and Additional Amounts, if any, on, such Note or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, which right will not be impaired or affected without the consent of the Holder.

Consolidation, Merger and Sale of Assets

(a) The Issuer will not consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions), unless:

(1) the Issuer will be the continuing Person, or the Person (if not the Issuer) formed by such consolidation or merger or that acquired or leased such property and assets (the "Surviving Person") shall be a corporation organized and validly existing under the laws of Peru, the United States of America, any state thereof or the District of Columbia or any other country that is a member country of the European Union and will expressly

assume or guarantee, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of Issuer under the Indenture;

(2) immediately after giving effect to such transaction, no Event of Default will have occurred and be continuing;

(3) immediately after giving effect to such transaction on a *pro forma* basis, the Issuer or the Surviving Person, as the case may be, (i) will be permitted to Incur at least US\$1.00 of additional Indebtedness pursuant to the Consolidated Leverage Ratio test set forth in the first paragraph of the covenant described above under the caption "—Certain Covenants—Limitation on Indebtedness and Disqualified Stock" or (ii) shall have a Consolidated Leverage Ratio equal to or less than the Consolidated Leverage Ratio of the Issuer immediately prior to such transaction; and

(4) the Issuer delivers to the Trustee (x) an Officer's Certificate and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision.

(b) Notwithstanding the restriction described in clauses (2) and (3) of the first paragraph of this covenant, any Restricted Subsidiary may consolidate with, merge into or transfer all or part of its properties and assets to the Issuer, the Issuer may merge into a Restricted Subsidiary for the purpose of reincorporating the Issuer in another jurisdiction, and any Restricted Subsidiary may consolidated with, merge into or transfer all or part of its properties and assets to another Restricted Subsidiary.

No Payments for Consents

The Issuer will not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture, the Notes or any Guarantee unless such consideration is offered to be paid or is paid to all Holders that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to such consent, waiver or amendment; provided, that such restriction shall not apply to an exchange offer with respect to the Notes made pursuant to any exemption from registration under the Securities Act where the exchange offer is not made to Holders who do not qualify for such exemption.

Redeemed or Repurchased Notes

A Note does not cease to be outstanding because the Issuer or any Affiliate of the Issuer holds the Note, *provided* that in determining whether the Holders of the requisite amount of outstanding Notes have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture, Notes owned by the Issuer or any Affiliate of the Issuer shall be disregarded and deemed not to be outstanding, except that, for the purpose of determining whether the Trustee shall be protected in relying on any such request, demand, authorization, direction, notice, consent or waiver, only Notes which a responsible officer of the Trustee actually knows are so owned shall be so disregarded. Notes so owned that have been pledged in good faith may be regarded as outstanding if the pledgee establishes that the pledgee's right to act with respect to such Notes and that the pledgee is not the Issuer or an Affiliate of the Issuer.

The Issuer or any Affiliate of the Issuer may, at any time, purchase any Note in the open market or otherwise at any price.

The resale by the Issuer of any Notes repurchased by the Issuer or its Affiliates shall be part of the same "issue" for U.S. federal income tax purposes unless such Notes are sold under a separate CUSIP; *provided* that the resale by the Issuer of any Notes will not be subject to the "—Limitation on Indebtedness and Disqualified Stock" covenant described above.

Defeasance

The Issuer may, at its option and at any time, elect to have the obligations of the Issuer discharged with respect to the Notes ("Legal Defeasance"). Such Legal Defeasance means that the Issuer shall be deemed to have paid and discharged the entire Indebtedness represented by the Notes, except for:

- (1) the rights of the Holders to receive payments in respect of the principal of, premium, if any, interest and Additional Amounts, if any, on the Notes when such payments are due;
- (2) the Issuer's obligations with respect to the Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payments;
- (3) the rights, powers, trust, duties and immunities of the Trustee, as set forth in the Indenture, and the Issuer's obligations in connection therewith; and
- (4) the Legal Defeasance provisions of the Indenture.

In addition, the Issuer may, at its option and at any time, elect to have the obligations of the Issuer released with respect to certain covenants that are described in the Indenture ("Covenant Defeasance") and thereafter the failure by the Issuer or any Restricted Subsidiary to comply with such obligations shall not constitute an Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, certain events (not including non-payment, bankruptcy, receivership and insolvency events) described under "—Events of Default" will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(a) the Issuer must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders cash in U.S. dollars, U.S. Government Obligations, or a combination thereof, in such amounts and at such times as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants or investment bank, to pay the principal of, premium, if any, interest and Additional Amounts, if any, on the Notes on the stated date for payment thereof or on the applicable Redemption Date, as the case may be;

(b) in the case of Legal Defeasance, the Issuer shall have delivered to the Trustee an opinion of counsel reasonably acceptable to the Trustee, confirming that:

- (1) the Issuer has received from, or there has been published by, the Internal Revenue Service a ruling; or
- (2) since the date of the Indenture, there has been a change in the applicable U.S. federal income tax law;

in either case to the effect that, and based thereon such opinion of counsel shall confirm that, the Holders will not recognize income, gain or loss for United States federal income tax purposes as a result of such Legal Defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(c) in the case of Covenant Defeasance, the Issuer shall have delivered to the Trustee an opinion of counsel in the United States confirming that the Holders will not recognize income, gain or loss for United States federal income tax purposes as a result of such Covenant Defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(d) no Default or Event of Default shall have occurred and be continuing on the date of such deposit pursuant to clause (a) of this paragraph (except such Default or Event of Default resulting from the failure to comply with "—Limitation on Indebtedness and Disqualified Stock" as a result of the borrowing of funds required to effect

such deposit) under the Indenture or any other material agreement to which the Issuer is a party or by which the Issuer is bound;

(e) the Trustee shall have received an Officer's Certificate of the Issuer stating that the deposit was not made with the intent of preferring the Holders over any other creditors of the Issuer or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Issuer; and

(f) the Trustee shall have received an Officer's Certificate of the Issuer and an Opinion of Counsel, each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with, such opinion to be subject to customary assumptions and exceptions.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect (except as to surviving rights of registration of transfer or exchange of the Notes as expressly provided for in such Indenture) when:

(a) the Issuer has irrevocably deposited or caused to be deposited with the Trustee as funds in trust for such purpose an amount in U.S. dollars, U.S. Government Obligations or combination thereof sufficient to pay and discharge the entire Indebtedness on the Notes that have not, prior to such time, been delivered to the Trustee for cancellation, for principal of, premium, if any, and any Additional Amounts and accrued and unpaid interest on the Notes to the date of such deposit (in the case of Notes which have become due and payable) or to the Maturity Date, as the case may be, and the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at the applicable installment date or on the Redemption Date, as the case may be, and either:

(1) all Notes that have been authenticated and delivered (other than destroyed, lost or stolen Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust as provided for in the Indenture) have been delivered to the Trustee for cancellation; or

(2) all Notes that have not been delivered to the Trustee for cancellation (x) have become due and payable (by reason of the mailing of a notice of redemption or otherwise), (y) will become due and payable at the Maturity Date within one year or (z) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the Issuer's name, and at our expense;

(b) the Issuer or any Restricted Subsidiary has paid or caused to be paid all sums payable by the Issuer under the Indenture; and

(c) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent provided in the Indenture relating to the satisfaction and discharge of the Indenture have been satisfied.

Amendments and Waiver

Amendments Without Consent of Holders

The Indenture, the Notes or any Subsidiary Guarantees may be amended by the Issuer and the Trustee, without the consent of any Holder, to:

(1) cure any ambiguity, or to correct or supplement any provision in the Indenture or the Notes, that may be defective or inconsistent with any other provision in the Indenture or the Notes or to conform the text of the Indenture to any provision of this "Description of the Notes";

- (2) add to the Issuer's covenants and those of any other obligor of the Notes for the benefit of the Holders or to surrender any right or power conferred upon the Issuer or any other obligor of the Notes, as applicable, in the Indenture or in the Notes for the benefit of the Holders of the Notes;
- (3) comply with the provisions described under "—Consolidation, Merger and Sale of Assets;"
- (4) evidence and provide for the acceptance of appointment by a successor Trustee;
- (5) add any Guarantor or any Guarantee or release any Guarantor from any Guarantee as provided or permitted by the terms of the Indenture;
- (6) provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture;
- (7) in any other case where a supplemental indenture to the Indenture is required or permitted to be entered into pursuant to the provisions of the Indenture without the consent of any Holder;
- (8) effect any changes to the Indenture or the Notes in a manner necessary to comply with the procedures of DTC; or
- (9) make any other change that does not materially and adversely affect the rights of the Holders.

Amendments With Consent of Holders

Amendments of the Indenture, the Notes or any Note Guarantees may be made by the Issuer and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes, and the Holders of a majority in principal amount of the outstanding Notes may waive future compliance by the Issuer or any Note Guarantees with any provision of the Indenture, the Notes or any Guarantee; *provided* that no such modification or amendment may, without the consent of each Holder directly and adversely affected thereby:

- (1) change the Stated Maturity of the principal of, or any installment of interest on, any Note;
- (2) reduce the principal amount of, or premium, if any, or stated rate of interest on, any Note;
- (3) change the currency of payment of principal of, or premium, if any, or interest on, any Note;
- (4) impair the right to institute suit for the enforcement of any payment on or after the Stated Maturity (or, in the case of a redemption, on or after the redemption date) of any Note or Subsidiary Guarantees;
- (5) reduce the above-stated percentage of outstanding Notes the consent of whose Holders is necessary to modify or amend the Indenture, the Notes or any Subsidiary Guarantee;
- (6) waive a default in the payment of principal of, premium, if any, or interest on the Notes;
- (7) change or extend the redemption date or reduce the redemption price of the Notes from that stated under the caption "— Optional Redemption."

The Trustee

The Bank of New York Mellon is to be appointed as Trustee, registrar, paying agent and transfer agent under the Indenture. Except during the continuance of a Default, the Trustee will not be liable, except for the performance of such duties as are specifically set forth in the Indenture. If an Event of Default has occurred and is continuing, the Trustee will use the same degree of care and skill in its exercise of the rights and powers vested in it under the Indenture as a prudent person would exercise under the circumstances in the conduct of such person's own affairs. So long as no Default has occurred and is continuing, the Issuer may remove the Trustee and promptly appoint a

successor trustee, which shall comply, at time of the appointment, with the eligibility requirements set forth in the Indenture.

The Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of the Notes, unless such holder has offered the Trustee security and/or indemnity satisfactory to it against any loss, liability or expense.

Payments; Registration of Transfer

The Trustee will be responsible for (among other things) (a) maintaining a record of the aggregate holdings of Notes represented by the Global Notes and accepting Notes for exchange and registration of transfer, (b) making payments in respect of the Notes to the Holders to the extent funds are available therefor (as contemplated by the Indenture) and (c) transmitting notices to Holders and from Holders to the Issuer (in each case as contemplated by the Indenture).

The Trustee will keep at its office a register (the "Register") in which, subject to such reasonable regulations as it may prescribe, the Trustee will provide for the registration of the Notes and registration of transfers and exchanges of the Notes. In the event of a partial transfer of a Definitive Note, new Notes will be obtainable at the office of the Trustee in connection with such transfer. In accordance with the Indenture, the Issuer may terminate the appointment of the Trustee or appoint additional trustees or other such agents. The Issuer will cause notice of any resignation, termination or appointment of the Trustee, and of any change in the office through which any such agent will act, to be provided to Holders in accordance with "—Notices" below.

Appointment to Fill Vacancy in Office of Trustee

If the Trustee resigns or is removed or if a vacancy exists in the office of the Trustee for any reason, the Issuer will promptly appoint a successor Trustee meeting certain eligibility requirements by notifying the Trustee in writing. Within one year after the successor Trustee takes office, Holders representing at least 50% of the aggregate principal amount of the Notes then outstanding may appoint a successor Trustee reasonably acceptable to the Issuer to replace the successor Trustee appointed by the Issuer and the failure of the Holders to do so will constitute acceptance of the successor Trustee appointed by the Issuer.

Each successor Trustee shall execute, acknowledge and deliver to the Holders, the Issuer and to its predecessor Trustee an instrument accepting such appointment and, upon the resignation or removal of the predecessor Trustee, such appointment shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor, with like effect as if originally named as Trustee. Upon written request of any such successor Trustee, the Holders and the Issuer shall execute any and all instruments in writing for fully and certainly vesting in and confirming to such successor Trustee all such rights and powers.

Book-Entry; Delivery and Form

The certificates representing the Notes will be issued in fully registered form without interest coupons. Notes sold in reliance on Regulation S under the Securities Act will initially be represented by one or more permanent global notes in definitive, fully registered form without interest coupons (each, a "Regulation S Global Note") and will be deposited with the Trustee as custodian for, and registered in the name of a nominee of, DTC for the accounts of Euroclear and Clearstream.

Notes sold in reliance on Rule 144A will be represented by one or more permanent global notes in definitive, fully registered form without interest coupons (each, a "Restricted Global Note;" and together with the Regulation S Global Notes, the "Global Notes") and will be deposited with the Trustee as custodian for, and registered in the name of a nominee of, DTC.

Each Restricted Global Note (and any Notes issued for exchange therefore) will be subject to certain restrictions on transfer set forth therein as described under "Transfer Restrictions."

Ownership of beneficial interests in a Global Note will be limited to persons who have accounts with DTC ("participants") or persons who hold interests through participants. Ownership of beneficial interests in a Global Note will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of participants) and the records of participants (with respect to interests of persons other than participants). Qualified institutional buyers may hold their interests in a Restricted Global Note directly through DTC if they are participants in such system, or indirectly through organizations which are participants in such system.

Investors may hold their interests in a Regulation S Global Note directly through Euroclear or Clearstream, if they are participants in such systems, or indirectly through organizations that are participants in such system. Euroclear and Clearstream will hold interests in the Regulation S Global Notes on behalf of their participants through DTC.

So long as DTC, or its nominee, is the registered owner or holder of a Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Note for all purposes under the Indenture and the Notes. No beneficial owner of an interest in a Global Note will be able to transfer that interest except in accordance with DTC's applicable procedures, in addition to those provided for under the Indenture and, if applicable, those of Euroclear and Clearstream.

Payments of the principal of, and interest on, a Global Note will be made to DTC or its nominee, as the case may be, as the registered owner thereof. Neither the Issuer, nor any of the Guarantors, the Trustee nor any Paying Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Issuer expects that DTC or its nominee, upon receipt of any payment of principal or interest in respect of a Global Note, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Note as shown on the records of DTC or its nominee. The Issuer also expects that payments by participants to owners of beneficial interests in such Global Note held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants.

Transfers between participants in DTC will be effected in the ordinary way in accordance with DTC rules and will be settled in same-day funds. Transfers between participants in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures.

The Issuer expects that DTC will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described below) only at the direction of one or more participants to whose account the DTC interests in a Global Note is credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. However, if there is an Event of Default under the Notes which results in an acceleration of the Notes, DTC will exchange the applicable Global Note for certificated notes, which it will distribute to its participants and which may be legended as set forth under the heading "Transfer Restrictions."

Although DTC, Euroclear and Clearstream are expected to follow the foregoing procedures in order to facilitate transfers of interests in a Global Note among participants of DTC, Euroclear and Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, any Subsidiary Guarantor, the Trustee or any Paying Agent will have any responsibility or liability for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

If DTC is at any time unwilling or unable to continue as a depositary for the Global Notes, the Issuer will use reasonable efforts to appoint a successor depositary within 90 days. If a successor depositary is not appointed by the Issuer within 90 days, the Issuer will issue certificated notes in registered form, which may bear the legend referred to under "Transfer Restrictions," in exchange for the Global Notes. Holders of an interest in a Global Note may

receive certificated notes, which may bear the legend referred to under "Transfer Restrictions," in accordance with the DTC's rules and procedures in addition to those provided for under the Indenture.

Upon redemption of any certificated note, the Issuer may request certain information from the Holder to establish the Holder's tax basis in its certificated note in order to calculate the Peruvian capital gains tax withholding obligation the Issuer may have with respect to any capital gain realized by the Holder. Regardless of whether the Holder provides the requested information, the Issuer will, subject to the exceptions listed under the heading "Additional Amounts", be required to pay Additional Amounts with respect to any amounts withheld or deducted to pay Peruvian taxes on such capital gain.

Listing

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and the Issuer will use its commercially reasonable best efforts to maintain listing of the Notes on the Luxembourg Stock Exchange.

Luxembourg Listing Agent

The Bank of New York Mellon (Luxembourg) SA is the Luxembourg Listing Agent in respect of the Notes. The Issuer will maintain such agencies so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF market and the rules of such exchange so require. The address of the Luxembourg Listing Agent and Transfer Agent are set forth on the inside back cover of this offering memorandum.

Paying Agent, Transfer Agent and Registrar

The Bank of New York Mellon will initially act as principal paying agent, transfer agent and registrar for the Notes. The Issuer may appoint other paying agents. For so long as the Notes are listed on the Luxembourg Stock Exchange and admitted for trading on the Euro MTF market and the rules of such exchange so require, the Issuer will maintain a paying agent in Luxembourg, where the Notes may be presented or surrendered for payment or redemption, in the event that a Global Note is exchanged for definitive Notes. The Bank of New York Mellon (Luxembourg) SA. will initially act as Luxembourg paying agent and transfer agent. Upon any change in a paying agent, the Issuer will publish a notice on the website of the Luxembourg Stock Exchange at <http://www.bourse.lu/> (or if the rules so require, in a leading daily newspaper of general circulation in Luxembourg which the Issuer expects to be the *Luxemburger Wort*).

Lost, Stolen and Mutilated Notes

In case any Note shall become mutilated, defaced, destroyed, lost or stolen, the Issuer will execute and the Trustee will, upon written direction by the Issuer, authenticate, register and deliver a new definitive Note of like tenor (including the same date of issuance) and equal principal amount registered in the same manner, dated the date of its authentication and bearing interest from the date to which interest has been paid on such Note, in exchange and substitution for such Note (upon surrender and cancellation thereof in the case of mutilated or defaced notes) or in lieu of and in substitution for such Note. In case a Note is destroyed, lost or stolen, the applicant for a substitute Note shall furnish the Issuer and the Trustee (a) such security or indemnity as may be required by them to save each of them harmless and (b) satisfactory evidence of the destruction, loss or theft of such Note and of the ownership thereof. Upon the issuance of any substituted Note, the Trustee may require the payment by the registered Holder thereof of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any fees and expenses (including those of the Trustee) connected therewith.

With respect to mutilated, defaced, destroyed, lost or stolen definitive Notes, a Holder thereof may obtain new definitive registered Notes from the office of the registrar.

Notwithstanding any statement herein, the Issuer and the Trustee reserve the right to impose such transfer, certificate, exchange or other requirements, and to require such restrictive legends on Notes, as they may determine

are necessary to ensure compliance with the securities laws of the United States and the states therein and any other applicable laws.

The Clearing Systems

General

The Issuer understands as follows:

DTC. DTC is a limited-purpose trust company organized under the laws of the State of New York, a "banking organization" within the meaning of New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities of its participants and to facilitate the clearance and settlement of securities transactions among its participants in such securities through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of securities certificates. DTC's participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations, some of whom own DTC, and may include the Initial Purchaser. Indirect access to the DTC system is also available to others that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly ("indirect participants"). Transfers of ownership or other interests in Notes in DTC may be made only through DTC participants. In addition, beneficial owners of Notes in DTC will receive all distributions of principal of and interest on the Notes from the Trustee through such DTC participant.

Euroclear and Clearstream. Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Notices

Notices to holders of Notes will be mailed to them at their registered addresses. In addition, from and after the date the Notes are listed on Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and so long as it is required by the rules of such exchange, all notices to holders of notes will be published in English:

(1) in a leading newspaper having a general circulation in Luxembourg (which currently is expected to be *Luxemburger Wort*); or alternatively the Issuer may also publish a notice on the website of the Luxembourg Stock Exchange (<http://www.bourse.lu>); or

(2) if such Luxembourg publication is not practicable, in one other leading English language newspaper being published on each day in morning editions, whether or not it will be published in Saturday, Sunday or holiday editions.

Notices will be deemed to have been given on the date of mailing or of publication as aforesaid or, if published on different dates, on the date of the first such publication.

Consent to Jurisdiction; Service of Process

The Issuer and each Future Subsidiary Guarantor will irrevocably (i) submit to the non-exclusive jurisdiction of any U.S. Federal or New York State court located in the Borough of Manhattan, The City of New York in connection with any suit, action or proceeding arising out of, or relating to, the Notes, any Guarantee, the Indenture

or any transaction contemplated thereby and (ii) designate and appoint National Corporate Research Ltd., 10 East 40th Street, 10th Floor, New York, New York 10016 for receipt of service of process in any such suit, action or proceeding.

Governing Law

Each of the Notes, the Guarantees and the Indenture provides that such instrument will be governed by, and construed in accordance with, the laws of the State of New York without giving effect to applicable principles of conflicts of law to the extent that the application of the law of another jurisdiction would be required thereby.

Immunity Waiver

The Issuer and each Future Subsidiary Guarantor will waive any immunity, to the fullest extent permitted by applicable law, from suit, action, proceeding or jurisdiction to which it might otherwise be entitled in any such suit, action or proceeding in any U.S. federal or New York State court in the Borough of Manhattan, the City of New York or in any competent court in Peru.

No Personal Liability of Directors, Officers, Employees and Shareholders

No past, present or future director, officer, partner, employee, incorporator, shareholder or member of the Issuer or any Subsidiary of the Issuer shall have any liability for any obligations of the Issuer or any Subsidiary of the Issuer under the Notes or the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of Notes, by accepting a Note, waives and releases all such liability. Such waivers and releases are part of the consideration for issuance of the Notes. The waivers may not be effective to waive liabilities under the U.S. federal securities laws or under the laws of Peru.

Prescription

Claims against the Issuer or any Guarantor for the payment of principal or interest and Additional Amounts in respect of the Notes or the Guarantee, as the case may be, will be prescribed unless made within six years of the due date for payment of such principal or interest and Additional Amounts.

Definitions

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalized terms used in this "Description of the Notes" for which no definition is provided.

"Acceptable Commitment" has the meaning given to it under "—Limitation on Asset Sales."

"Acquired Indebtedness" means Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary or Indebtedness of the Issuer or a Restricted Subsidiary assumed in connection with an Asset Acquisition whether or not Incurred in connection with, or in contemplation of, the Person merging with or into or becoming a Restricted Subsidiary or such acquisition.

"Additional Amounts" has the meaning given to it under "—Additional Amounts."

"Additional Notes" has the meaning given to it under "—Brief Description of the Notes."

"Adjusted Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"Affiliate Transaction" has the meaning given to it under "—Certain Covenants—Limitation on Transactions with Affiliates."

"Applicable Premium" means with respect to a Note at any redemption date, the excess of:

(A) the present value at such redemption date of (i) the redemption price of such Note at January 31, 2017 (such redemption price being set forth in the table appearing under the caption "—Optional Redemption") plus (ii) all required interest payments due on such Note through January 31, 2017 (excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Adjusted Treasury Rate plus 50 basis points; over (B) the principal amount of such Note.

"Asset Acquisition" means (1) an investment by the Issuer or any of its Restricted Subsidiaries in any other Person pursuant to which such Person shall become a Restricted Subsidiary or will be merged into or consolidated with the Issuer or any of its Restricted Subsidiaries, or (2) an acquisition by the Issuer or any of its Restricted Subsidiaries of the property and assets of any Person (other than the Issuer or any of its Restricted Subsidiaries) that constitute substantially all of a division or line of business of such Person.

"Asset Disposition" means the sale or other disposition by the Issuer or any of its Restricted Subsidiaries (other than to the Issuer or another Restricted Subsidiary) of (1) all or substantially all of the Capital Stock of any Restricted Subsidiary or (2) all or substantially all of the assets that constitute a division or line of business of the Issuer and its Restricted Subsidiaries.

"Asset Sale" means any sale, transfer or other disposition (including by way of merger, consolidation or sale and leaseback transaction) of any of its property or assets (including Capital Stock of any Subsidiary) in one transaction or a series of related transactions by the Issuer or any of its Restricted Subsidiaries to any Person (other than the Issuer or any Restricted Subsidiary); *provided* that "Asset Sale" will not include:

- (1) sales or other dispositions of inventory, receivables and other assets in the ordinary course of business;
- (2) sales, transfers or other dispositions of assets constituting a Permitted Investment or Restricted Payment permitted to be made by the covenant under the caption "—Certain Covenants—Limitation on Restricted Payments" ;
- (3) any sales, transfers or other dispositions of assets with a Fair Market Value not in excess of U.S.\$3.0 million in any transaction or series of related transactions;
- (4) any sale, transfer, assignment or other disposition of any property, or equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the business of the Issuer or its Restricted Subsidiaries;
- (5) the incurrence of any Lien permitted by the covenant under the caption "—Certain Covenants—Limitation on Liens;"
- (6) a transaction permitted by the covenant under the caption "—Consolidation, Merger and, Sale of Assets;"

(7) the issuance of Disqualified Stock permitted by the covenant under the caption "—Certain Covenants—Limitation on Indebtedness and Disqualified Stock;"

(8) any surrender or waiver of contract rights pursuant to a settlement, release, recovery on or surrender of contract, tort or other claims of any kind;

(9) the concurrent sale, transfer, purchase or exchange of assets for non-cash consideration used or useful in a Permitted Business and at least equal to the Fair Market Value of such assets;

(10) the disposition of any shares of Capital Stock of an Unrestricted Subsidiary;

(11) of the sale or disposition Temporary Cash Investments; or

(12) a sale, transfer or other disposition to the Issuer or a Restricted Subsidiary, including the sale or issuance by the Issuer or any Restricted Subsidiary of any Capital Stock of any Restricted Subsidiary to the Issuer or any Restricted Subsidiary.

"Average Life" means, at any date of determination with respect to any Indebtedness, the quotient obtained by dividing (1) the sum of the products of (a) the number of years from such date of determination to the dates of each successive scheduled principal payment (including, without limitation, any sinking fund requirements) of such Indebtedness and (b) the amount of such principal payment by (2) the sum of all such principal payments.

"Beneficial Owner" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act. The term "Beneficially Owns" and "Beneficially Owned" have a corresponding meaning.

"Board of Directors" means the board of directors elected or appointed by the stockholders of the Issuer to manage the business of the Issuer or any committee of such board duly authorized to take the action purported to be taken by such committee.

"Board Resolution" means a resolution certified by the management of the Issuer to have been duly adopted by the Board of Directors of the Issuer and to be in full force and effect on the date of such certification.

"Business Day" means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in The City of New York, New York or Lima, Peru are authorized by law or governmental regulation to close.

"Capitalized Lease" means, with respect to any Person, any lease of any property (whether real, personal or mixed) which, in conformity with IFRS, is required to be capitalized on the balance sheet of such Person.

"Capitalized Lease Obligations" means the discounted present value of the rental obligations under a Capitalized Lease.

"Capital Stock" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Original Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock (but excluding any debt securities convertible into such equity).

"Change of Control" means the occurrence of one or more of the following events:

(1) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, amalgamation or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Issuer and its Subsidiaries taken as a whole to any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than to one or more Permitted Holders; or

(2) the Permitted Holders cease to Beneficially Own a majority of the Voting Stock of the Issuer.

"Change of Control Offer" has the meaning given to it under "—Repurchase of Notes Upon a Change of Control Triggering Event."

"Clearstream" means Clearstream Banking, *societe anonyme*, Luxembourg or any successor securities clearing agency.

"Common Stock" means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common stock or ordinary shares, whether or not outstanding at the date of the Indenture, and include, without limitation, all series and classes of such common stock or ordinary shares.

"Comparable Treasury Issue" means the U.S. Treasury security having a maturity comparable to the remaining term of the Notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities with a maturity comparable to the remaining term of the Notes.

"Comparable Treasury Price" means, with respect to any redemption date:

(1) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third Business Day preceding such redemption date, as set forth in the daily statistical release (or any successor release) published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations for U.S. Government Securities;" or

(2) if such release (or any successor release) is not published or does not contain such prices on such Business Day, (a) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (b) if fewer than three such Reference Treasury Dealer Quotations are available, the average of all such quotations.

"Consolidated Assets" means the total consolidated assets of the Issuer and its Restricted Subsidiaries, determined in accordance with IFRS, based (i) on the balance sheet for the fiscal quarter most recently ended and (ii) on a pro forma basis to give effect to any acquisition or disposition of companies, divisions, lines of businesses or operations by the Issuer and its Restricted Subsidiaries subsequent to such date and on or prior to the date of determination.

"Consolidated EBITDA" means, for any period, Consolidated Net Income for such period plus, without duplication to the extent such amount was deducted in calculating such Consolidated Net Income for such period:

(1) provision for taxes based on income, profits or capital paid or accrued during such period determined in accordance with IFRS; plus

(2) Consolidated Interest Expense; plus

(3) Other Expenses; plus

(4) Employees' profit sharing; plus

(5) the total amount of depreciation and amortization expense in such period determined in accordance with IFRS; minus

(6) Other Income;

all as determined on a consolidated basis for the Issuer and its Restricted Subsidiaries in conformity with IFRS; provided that if any Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary, Consolidated EBITDA will

be reduced (to the extent not otherwise reduced in accordance with IFRS) by an amount equal to (A) the amount of the Consolidated Net Income attributable to such Restricted Subsidiary multiplied by (B) the percentage ownership interest in the income of such Restricted Subsidiary not owned on the last day of such period by the Issuer or any of its Restricted Subsidiaries.

"Consolidated Interest Expense" means, for any period, the amount that would be reflected as "Interest Expense," net of interest income, on a consolidated income statement prepared in accordance with IFRS for such period of the Issuer and its Restricted Subsidiaries; *provided* that interest expense attributable to interest on any Indebtedness bearing a floating interest rate will be computed on a *pro forma* basis as if the rate in effect on the date of determination had been the applicable rate for the entire relevant period.

"Consolidated Leverage Ratio" means, on any Transaction Date, the ratio of (i) Consolidated Total Indebtedness to (ii) Consolidated EBITDA for the then most recent four fiscal quarters ending on or prior to the Transaction Date for which consolidated financial statements of the Issuer are available (the "Four Quarter Period").

In making the foregoing calculation:

(A) *pro forma* effect will be given to any Indebtedness, Disqualified Stock or Preferred Stock Incurred, repaid or redeemed during the period (the "Reference Period") commencing on and including the first day of the Four Quarter Period and ending on and including the Transaction Date (other than Indebtedness Incurred or repaid under a revolving credit or similar arrangement (or under any predecessor revolving credit or similar arrangement) in effect on the last day of such Four Quarter Period), in each case as if such Indebtedness, Disqualified Stock or Preferred Stock had been Incurred, repaid or redeemed on the first day of such Reference Period; provided that, in the event of any such repayment or redemption, Consolidated EBITDA for such period will be calculated as if the Issuer or such Restricted Subsidiary had not earned any interest income actually earned during such period in respect of the funds used to repay such Indebtedness; provided, further, that interest on any Indebtedness bearing a floating interest rate will be computed as if the rate in effect on the Transaction Date (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of 12 months or, if shorter, at least equal to the remaining term of such Indebtedness) had been the applicable rate for the entire period;

(B) *pro forma* effect will be given to the creation, designation or redesignation of Restricted Subsidiaries and Unrestricted Subsidiaries during the Reference Period as if such creation, designation or redesignation would have occurred on the first day of the relevant Four Quarter Period;

(C) *pro forma* effect will be given to Asset Dispositions and Asset Acquisitions (including giving *pro forma* effect to the application of proceeds of any Asset Disposition) that occur during such Reference Period as if they had occurred and such proceeds had been applied on the first day of such Reference Period; and

(D) *pro forma* effect will be given to Asset Dispositions and Asset Acquisitions (including giving *pro forma* effect to the application of proceeds of any Asset Disposition) that have been made by any Person that has become a Restricted Subsidiary or has been merged with or into the Issuer or any Restricted Subsidiary during such Reference Period and that would have constituted Asset Dispositions or Asset Acquisitions had such transactions occurred when such Person was a Restricted Subsidiary as if such Asset Dispositions or Asset Acquisitions were Asset Dispositions or Asset Acquisitions that occurred on the first day of such Reference Period; provided that to the extent that clause (C) or (D) of this sentence requires that *pro forma* effect be given to an Asset Acquisition or Asset Disposition, such *pro forma* calculation will be determined in good faith by the chief financial officer, the treasurer or another accounting officer of the Issuer and based upon the four full fiscal quarters immediately preceding the Transaction Date of the Person or division or line of business of the Person that is acquired or disposed for which financial information is available.

"Consolidated Net Income" means, with respect to any specified Person for any period, the aggregate of the net income (or loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with IFRS.

"Consolidated Total Indebtedness" means, the sum of the total principal amount of Indebtedness (or, in the case of Indebtedness issued at less than its principal amount at maturity, the accreted value thereof) and the total amount of Disqualified Stock outstanding of the Issuer and its Restricted Subsidiaries on a consolidated basis and determined in accordance with IFRS on the Transaction Date.

"Covenant Suspension Event" has the meaning given to it under "—Certain Covenants."

"Default" means any event that is, or after notice or passage of time or both would be, an Event of Default.

"Disqualified Stock" means any class or series of Capital Stock of any Person that by its terms is (1) required to be redeemed prior to the Stated Maturity of the Notes, (2) redeemable at the option of the holder of such class or series of Capital Stock at any time prior to the Stated Maturity of the Notes or (3) convertible into or exchangeable for, at the option of the holder of such class or series of Capital Stock, Capital Stock referred to in clause (1) or (2) above or Indebtedness having a Stated Maturity prior to the Stated Maturity of the Notes; *provided* that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an "asset sale" or "change of control" occurring prior to the Stated Maturity of the Notes will not constitute Disqualified Stock if the "asset sale" or "change of control" provisions applicable to such Capital Stock are no more favorable to the holders of such Capital Stock than the provisions contained in the "—Limitation on Asset Sales" and "—Repurchase of Notes upon a Change of Control" covenants.

"DTC" means The Depository Trust Company and its successors.

"Equity Offering" means an issuance and sale for cash of Capital Stock (other than Disqualified Stock) of the Issuer to any Person (other than a Restricted Subsidiary) pursuant to (i) a public offering in accordance with applicable laws, rules and regulations or (ii) a private offering in accordance with Rule 144A, Regulation S and/or another exemption under the Securities Act.

"Euroclear" means Euroclear Bank S.A./N.V., as operator of the Euroclear System or any successor securities clearing agency.

"Excess Proceeds" has the meaning given to it under "—Limitation on Asset Sales."

"Exchange Act" means the United States Securities and Exchange Act of 1934, as amended.

"Fair Market Value" means the price that would be paid in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith and with respect to any amount in excess of U.S.\$4.0 million as determined in good faith by the Board of Directors, whose determination shall be conclusive if evidenced by a Board Resolution.

"Fitch" means Fitch Ratings Ltd. and its Affiliates.

"Global Notes" has the meaning given to it under "—Book-Entry; Delivery and Form."

"Guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); *provided* that the term "guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "guarantee" used as a verb has a corresponding meaning.

"Hedging Obligations" of any Person means the obligations of such Person under any agreement relating to any swap, option, forward sale, forward purchase, index transaction, cap transaction, floor transaction, collar transaction or any other similar transaction, in each case, for purposes of hedging or capping against inflation, interest rates, currency or commodities price fluctuations.

"Holder" means the Person in whose name a Note is registered in the Note register.

"IFRS" means International Financial Reporting Standards, as issued and interpreted by the International Accounting Standards Board (IASB), as in effect from time to time.

"Incur" means, with respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock; *provided* that (1) any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and (2) the accretion of original issue discount shall not be considered an Incurrence of Indebtedness. The terms "Incurrence," "Incurred" and "Incurring" have meanings correlative with the foregoing.

"Indebtedness" means, with respect to any Person at any date of determination (without duplication):

- (1) all indebtedness of such Person for borrowed money;
- (2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (3) all obligations of such Person in respect of letters of credit and bankers' acceptances;
- (4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services which purchase price is due more than nine months after the date of placing such property in service or taking delivery and title thereto or such services are completed, except Trade Payables;
- (5) all Capitalized Lease Obligations;
- (6) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided* that the amount of such Indebtedness will be the lesser of (A) the Fair Market Value of such asset at such date of determination and (B) the amount of such Indebtedness;
- (7) all Indebtedness of other Persons to the extent such Indebtedness is guaranteed by such Person; and
- (8) to the extent not otherwise included in this definition, Hedging Obligations

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with IFRS.

The amount of Indebtedness of any Person at any date will be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligations; *provided*

(A) that the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with IFRS;

(B) that money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness shall not be deemed to be "Indebtedness" so long as such money is held to secure the payment of such interest; and

(C) that the amount of Indebtedness with respect to any Hedging Obligation will be equal to the net amount due and payable if such Hedging Obligation terminated at that time due to default by such Person.

"Indenture" has the meaning given to it in the preamble.

"Initial Non-Guarantor Subsidiaries" has the meaning given to it under "—The Subsidiary Guarantors."

"Interest Payment Date" has the meaning given to it under "—Brief Description of the Notes."

"Interest Rate Agreement" means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement designed to protect against fluctuations in interest rates.

"Investment" means:

(1) any direct or indirect advance, loan or other extension of credit (including a guarantee) to another Person;

(2) any capital contribution to another Person (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others); or

(3) any purchase or acquisition of Capital Stock, Indebtedness, bonds, notes, debentures or other similar instruments or securities issued by another Person.

For the purposes of the provisions of the "Designation of Restricted and Unrestricted Subsidiaries" and "Limitation on Restricted Payments" covenants: (1) the Issuer will be deemed to have made an Investment in an Unrestricted Subsidiary in an amount equal to the Fair Market Value of the assets (net of liabilities owed to any Person other than the Issuer or a Restricted Subsidiary and that are not guaranteed by the Issuer or a Restricted Subsidiary) of a Restricted Subsidiary that is designated an Unrestricted Subsidiary at the time of such designation, and (2) any property transferred to or from any Person will be valued at its Fair Market Value at the time of such transfer.

"Investment Grade" means a rating equal to or higher than (a) BBB-, by S&P or Fitch and (b) Baa3, by Moody's.

"Issuer" means Pesquera Exalmar S.A.A.

"Legal Defeasance" has the meaning given to it under "—Defeasance."

"Lien" means any mortgage, pledge, security interest, lien, charge or similar encumbrance.

"Luxembourg Paying Agent" means The Bank of New York Mellon (Luxembourg) SA.

"Maturity Date" has the meaning given to it under "—Brief Description of the Notes."

"Moody's" means Moody's Investors Service, Inc. and its Affiliates.

"Net Cash Proceeds" means with respect to any Asset Sale, the proceeds of such Asset Sale in the form of cash or Temporary Cash Investments, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or Temporary

Cash Investments and proceeds from the conversion of other property received when converted to cash or Temporary Cash Investments, in each case net of:

- (1) brokerage commissions and all accounting, legal, investment banking, title and recording tax expenses, commissions and other fees and expenses related to such Asset Sale;
- (2) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of such Asset Sale without regard to the consolidated results of operations of the Issuer and its Restricted Subsidiaries, taken as a whole;
- (3) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (x) is secured by a Lien on the property or assets sold or (y) is required to be paid as a result of such sale;
- (4) appropriate amounts to be provided by the Issuer or any Restricted Subsidiary as a reserve against any liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with IFRS;
- (5) with respect to any issuance or sale of Capital Stock, the proceeds of such issuance or sale in the form of cash or Temporary Cash Investments, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or Temporary Cash Investments and proceeds from the conversion of other property received when converted to cash or Temporary Cash Investments, net of counsel, accountant, underwriter or placement agent fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof; and
- (6) all expenditures actually made to inspect, repair or modify a Vessel or production facility and bring such Vessel or production facility to the condition as may be specified in the related purchase and sale agreement or otherwise as the Issuer or any Restricted Subsidiary shall determine advisable in connection with such transaction.

"Non-Guarantor Subsidiary" has the meaning given to it under "—The Subsidiary Guarantors."

"Offer to Purchase" means an offer to purchase Notes by the Issuer from the Holders commenced by the Issuer mailing a notice by first class mail, postage prepaid, to the Trustee and each Holder at its last address appearing in the Note register stating:

- (1) the covenant pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a *pro rata* basis;
- (2) the purchase price and the date of purchase (which will be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "Offer to Purchase Payment Date");
- (3) that any Note not tendered will continue to accrue interest pursuant to its terms;
- (4) that, unless the Issuer defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase will cease to accrue interest on and after the Offer to Purchase Payment Date; and
- (5) that Holders electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note to the Paying Agent at the address specified in the notice prior to the close of business on the third Business Day immediately preceding the Offer to Purchase Payment Date.

On the Offer to Purchase Payment Date, the Issuer will (a) accept for payment on a *pro rata* basis Notes or portions thereof tendered pursuant to an Offer to Purchase, (b) deposit with the Paying Agent money sufficient to pay the purchase price of all Notes or portions thereof so accepted and (c) deliver, or cause to be delivered, to the Trustee, all Notes or portions thereof so accepted together with an Officer's Certificate specifying the Notes or portions thereof accepted for payment by the Issuer. The Paying Agent will promptly mail to the Holders so accepted payment in an amount equal to the purchase price, and the Trustee will promptly authenticate and mail to such Holders a new Note equal in principal amount to any unpurchased portion of the Note surrendered; *provided* that each Note purchased and each new Note issued will be in a principal amount of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.

To the extent that the provisions of any securities laws or regulations conflict with the requirements of the relevant Offer to Purchase, the Issuer will comply with the applicable securities laws and regulations and shall not be deemed to have breached their obligations under the Notes, the Guarantees and the Indenture by virtue of their compliance with such securities laws or regulations.

"Officer" means one of the executive officers of the Issuer or, in the case of a Subsidiary Guarantor, one of the directors or officers of such Subsidiary Guarantor.

"Officer's Certificate" means a certificate signed by a duly authorized Officer and delivered to the Trustee.

"Opinion of Counsel" means a written opinion in a form reasonably satisfactory to the Trustee from legal counsel who is reasonably acceptable to the Trustee, such counsel may be internal counsel of the Issuer.

"Original Issue Date" means February 1, 2013, the date on which the Notes are originally issued under the Indenture.

"Other Expenses" means, for any period, non-cash or non-recurring expenses that would be reflected as "Other Expenses," on a consolidated income statement prepared in accordance with IFRS for such period of the Issuer and its Restricted Subsidiaries.

"Other Income" means, for any period, non-cash or non-recurring income that would be reflected as "Other Income," on a consolidated income statement prepared in accordance with IFRS for such period of the Issuer and its Restricted Subsidiaries.

"Permitted Businesses" means any business which is the same as or related, ancillary or complementary to any of the businesses of the Issuer or its Restricted Subsidiaries on the Original Issue Date (including without limitation the production, distribution or commercialization, for direct or indirect human consumption of fishmeal, fish oil, seafood products, other proteins derived from fish or other marine products, products derived from or using as an ingredient any of the foregoing), and the ownership, lease or operation of Vessels.

"Permitted Holder" means (a) Victor Matta Curotto and his spouse, brothers, sisters, children and other family members, descendants, heirs, legatees and successors of such persons, and the respective spouses, descendants, heirs, legatees and successors of each of the foregoing (and any trust or other entity organized for the benefit of any one or more of the foregoing), (b) the executor, administrator or other personal representative of any person described in (a) above who is deceased or incompetent and (c) any Affiliate of any one or more of the persons described in (a) and (b) above.

"Permitted Indebtedness" has the meaning given to it under "—Limitation on Indebtedness and Disqualified Stock."

"Permitted Investment" means:

(1) any Investment in the Issuer or any of its Restricted Subsidiaries or a Person which will, upon the making of such Investment, become a Restricted Subsidiary or to be merged with or into or transfer or convey all or

substantially all its assets to, or as a result the financial statements will be consolidated with, the Issuer or any of its Restricted Subsidiaries;

- (2) any investment in Temporary Cash Investments;
- (3) loans or advances pursuant to any employee, officer or director compensation or benefit plans, entered into the ordinary course of business;
- (4) any advance, loan or extension of credit in connection with the purchase of inventory, equipment or supplies, including, without limitation, extensions of credit to customers, in each case, in accordance with customary trade terms in the industry, any loans or advances to fishermen or payroll, travel and similar advances in the ordinary course of business;
- (5) any Investment received in compromise, settlement or resolution of (or foreclosure with respect to) (a) obligations created in the ordinary course of business and owing to the Issuer or any Restricted Subsidiary or in satisfaction of judgments including as a result of the bankruptcy or reorganization of any Person or (b) litigation, arbitration or other disputes;
- (6) any Investment existing on the Original Issue Date and any extension, modification or renewal of any such Investments (but not any such extension, modification or renewal to the extent it involves additional advances, contributions or other investments of cash or property, other than reasonable expenses incidental to the structuring, negotiation and consummation of such extension, modification or renewal);
- (7) any Investment pursuant to a Hedging Obligation permitted to be entered into under the covenant described under the caption—"Limitation on Indebtedness and Disqualified Stock;"
- (8) receivables owing to the Issuer or any Restricted Subsidiary, if created or acquired in the ordinary course of business;
- (9) any Investments in connection with pledges, deposits, payments or performance bonds made or given in the ordinary course of business in connection with or to secure statutory, regulatory or similar obligations, including obligations under health, safety or environmental obligations;
- (10) any Investments made as a result of the receipt of consideration from sales or other dispositions of property or assets, including Asset Sales made in compliance with the covenant described under "—Limitation on Asset Sales;"
- (11) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under "—Limitation on Liens;"
- (12) any Investment to the extent the consideration therefore consists of Capital Stock (other than Disqualified Stock) of the Issuer or a Restricted Subsidiary;
- (13) guarantees permitted to be incurred under the covenant described under the caption "—Limitation on Indebtedness and Disqualified Stock;"
- (14) Investments held by a Person at the time such Person becomes a Restricted Subsidiary of the Issuer or is merged with or into the Issuer or any Restricted Subsidiary and not made in contemplation of such Person becoming a Restricted Subsidiary; and
- (15) Investments in any Person engaged in a Permitted Business the Fair Market Value of which, when taken together with all other Investments made pursuant to this clause (15), do not exceed 3% of the Consolidated Assets of the Issuer and its Restricted Subsidiaries, calculated as of the end of the most recent fiscal quarter ending prior to the date of such Investment.

"Permitted Liens" means:

- (1) Liens for taxes, assessments, governmental charges or claims that are being contested in good faith and for which a reserve or other appropriate provision, if any, to the extent required by IFRS, has been made;
- (2) pledges or deposits in connection with workers' compensation laws, unemployment insurance laws or similar legislation and statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, repairmen or other Liens imposed by law;
- (3) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory or regulatory obligations, bankers' acceptances, letters of credit, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of a similar nature incurred in the ordinary course of business (exclusive of obligations for the payment of borrowed money);
- (4) Liens arising solely by virtue of any statutory or common law provision relating to bankers' liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution;
- (5) leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Issuer and its Restricted Subsidiaries, taken as a whole;
- (6) Liens encumbering property or assets under construction arising from progress or partial payments by a customer of the Issuer or its Restricted Subsidiaries relating to such property or assets;
- (7) Liens on any property or assets acquired from a Person which is merged with or into the Issuer or any Restricted Subsidiary, or any Liens on the property or assets of any Person or other entity existing at the time such Person or other entity becomes a Restricted Subsidiary and, in either such case, is not created as a result of or in connection with or in anticipation of any such transaction; *provided* that such Liens may not extend to any other property owned by the Issuer or any Restricted Subsidiary;
- (8) Liens securing Indebtedness permitted to be Incurred under clause (9) of paragraph (b) of the covenant described under the caption entitled "—Limitation on Indebtedness and Disqualified Stock"; *provided* that such Liens do not extend to or cover any property or assets of the Issuer or any Restricted Subsidiary other than the property or assets acquired; *provided further* that such Liens were not created in contemplation of or in connection with the transactions or series of transactions pursuant to which such Person became a Restricted Subsidiary;
- (9) Liens in favor of the Issuer or any Restricted Subsidiary;
- (10) Liens arising from the rendering of a judgment or order against the Issuer or any Restricted Subsidiary that does not give rise to an Event of Default;
- (11) Liens securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the products and proceeds thereof;
- (12) Liens existing on the Original Issue Date;
- (13) Liens securing Indebtedness which is Incurred to refinance secured Indebtedness which is permitted to be Incurred under clause (4) of paragraph (b) of the covenant described under the caption entitled "—Limitation on Indebtedness and Disqualified Stock"; *provided* that such Liens do not extend to or cover any property or assets of the Issuer or any Restricted Subsidiary other than the property or assets securing the Indebtedness being refinanced;
- (14) Encumbrances, ground leases, easements or reservations of, or right of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including, without limitation, minor defects or irregularities in title and similar encumbrances) as

to the use of real properties or liens incidental to the conduct of the business of the Issuer or any Subsidiary of the Issuer or to the ownership of its properties which do not individually or in the aggregate materially and adversely affect the value of such properties or materially impair their use in the operation of the business of the Issuer or any Subsidiary of the Issuer;

(15) Liens for the purpose of securing the payment of all or a part of the purchase price of, purchase money obligations or other Indebtedness Incurred to finance the acquisition, lease, improvement or construction of, assets or property acquired, leased, improved or constructed in the ordinary course of business to the extent permitted under the covenant described under the caption "—Limitation on Indebtedness and Disqualified Stock;"

(16) Liens securing Indebtedness under Hedging Obligations permitted to be Incurred under the covenant described under the caption "—Limitation on Indebtedness and Disqualified Stock;"

(17) Liens arising under any retention of title, hire, purchase or conditional sale arrangement or arrangements having similar effect in respects of goods supplied to the Issuer or a Restricted Subsidiary in the ordinary course of business;

(18) Liens securing Indebtedness which is permitted to be Incurred under clauses (14) and (15) of paragraph (b) of the covenant described under the caption "—Limitation on Indebtedness and Disqualified Stock;"

(19) Liens arising from Uniform Commercial Code financing statements and similar filings regarding operating leases and Vessel charters entered into by the Issuer and its Restricted Subsidiaries in the ordinary course of business; and

(20) Liens incurred in the ordinary course of business of the Issuer or any Restricted Subsidiary arising from Vessel chartering, drydocking, maintenance, the furnishing of supplies and bunkers to Vessels, repairs and improvements to Vessel, repairs and improvements to Vessels, crews' wages and maritime Liens.

"Permitted Refinancing Indebtedness" has the meaning given to it under "—Limitation on Indebtedness and Disqualified Stock."

"Permitted Subsidiary Indebtedness" means Indebtedness of Restricted Subsidiaries, other than a Subsidiary Guarantor (but excluding the amount of any Indebtedness of any Restricted Subsidiary permitted under clauses (b)(2), (3), (4) and (9) and any guarantees permitted under clause (11) of paragraph (b) of the covenant described under the caption "—Limitation on Indebtedness and Disqualified Stock"); *provided* that, on the date of the Incurrence of such Indebtedness and after giving effect thereto and the application of the proceeds thereof, the aggregate principal amount outstanding of all such Indebtedness does not exceed an amount equal to 15% of the Consolidated Assets of the Issuer and its Restricted Subsidiaries.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Peru" means the Republic of Peru.

"Peruvian Government Obligations" means securities that are (1) direct obligations of Peru for the payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of Perú the payment of which is unconditionally guaranteed as a full faith and credit obligation by Peru, which, will also include a depository receipt issued by a bank or trust company as custodian with respect to any such Peruvian Government Obligation or a specific payment of interest on or principal of any such Peruvian Government Obligation held by such custodian for the account of the holder of a depository receipt.

"Preferred Stock" as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its term is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"Rating Agencies" means any of S&P, Moody's and Fitch.

"Record Date" has the meaning given to it under "—Brief Description of the Notes."

"Reference Treasury Dealer" means each of any three investment banks of recognized standing that is a primary U.S. Government securities dealer in The City of New York, selected by the Issuer in good faith.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average as determined by the Issuer, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Issuer by such Reference Treasury Dealer at 5:00 p.m. on the third Business Day preceding such redemption date.

"Relevant Jurisdiction" has the meaning given to it under "—Additional Amounts."

"Replacement Assets" has the meaning given to it under "—Limitation on Asset Sales."

"Restricted Global Note" has the meaning given to it under "—Book-Entry; Delivery and Form."

"Restricted Subsidiary" means any Subsidiary of the Issuer other than an Unrestricted Subsidiary.

"Reversion Date" has the meaning given to it under "—Certain Covenants."

"S&P" means Standard & Poor's Ratings Services and its Affiliates.

"Senior Indebtedness" of the Issuer or a Restricted Subsidiary, as the case may be, means any Indebtedness of the Issuer or the Restricted Subsidiary, as relevant, whether outstanding on the Original Issue Date or thereafter created, except for Subordinated Indebtedness.

"SMV" means the Peruvian *Superintendencia del Mercado de Valores*, or any successor entity.

"Stated Maturity" means, with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final installment of principal of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness.

"Subordinated Indebtedness" means any Indebtedness of the Issuer or any Subsidiary Guarantor which is contractually subordinated or junior in right of payment to the Notes or any Subsidiary Guarantee, as applicable, pursuant to a written agreement to such effect.

"Subsidiary Guarantor" means any subsidiary of the Issuer that executes a Subsidiary Guarantee in accordance with the provisions of the Indenture.

"Subsidiary" means, with respect to any Person, any corporation, association or other business entity of which more than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person.

"Suspended Covenant" has the meaning given to it under "—Certain Covenants."

"Suspension Period" has the meaning given to it under "—Certain Covenants."

"Surviving Person" has the meaning given to it under "—Redemption for Taxation Reasons."

"Tax Redemption Date" has the meaning given to it under "—Redemption for Taxation Reasons."

"Temporary Cash Investment" means investments in any of the following:

(1) U.S. Government Obligations or certificates representing an ownership interest in U.S. Government Obligations, or securities issued directly and fully guaranteed or insured by any member of the European Union, or any agency or instrumentality thereof (*provided* that the full faith and credit of such member is pledged in support of those securities or other sovereign debt obligations (other than those of Argentina) rated "A" or higher or such similar equivalent or higher rating by at least one nationally recognized statistical rating organization as contemplated in Rule 436 under the Securities Act, in each case with maturities not exceeding one year from the date of acquisition;

(2) Peruvian Government Obligations (including those of the Central Bank) or certificates representing an ownership interest in Peruvian Government Obligations with maturities not exceeding one year from the date of acquisition;

(3) (a) demand deposits, (b) time deposits and certificates of deposit with maturities of one year or less from the date of acquisition, (c) bankers' acceptance with maturities not exceeding one year from the date of acquisition, and (d) overnight bank deposits, in each case with any bank or trust company organized or licensed under the laws of (x) Peru or any political subdivision thereof or (y) the United States, any state thereof or member state of the European Union whose short-term debt is rated "investment grade" or higher or such the local equivalent thereof by at least one recognized statistical rating organization;

(4) repurchase obligations with a term of not more than 30 days for underlying securities of the type described in clauses (1) and (2) above entered into with any financial institution meeting the qualifications specified in clause (3) above;

(5) commercial paper rated "A-2" or higher or such similar equivalent or higher rating by at least one nationally recognized statistical rating organization as contemplated in Rule 436 under the Securities Act and maturing within six months after the date of acquisition;

(6) money market funds at least 90% of the assets of which consist of investments of the type described in clauses (1) through (5) above; and

(7) similar investments of comparable credit quality, denominated in the currency of any jurisdiction in which such Person conducts business.

"Trade Payables" means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services.

"Transaction Date" means, with respect to the Incurrence of any Indebtedness, the date such Indebtedness is to be Incurred and, with respect to any Restricted Payment, the date such Restricted Payment is to be made.

"Trustee" means The Bank of New York Mellon or any successor trustee under the Indenture.

"Unrestricted Subsidiary" means (1) any Subsidiary of the Issuer that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided in the Indenture; and (2) any Subsidiary of an Unrestricted Subsidiary.

"U.S. Government Obligations" means securities that are (1) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof at any time prior to the Stated Maturity of the Notes, and will also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such

depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

"Vessel" means one or more vessels whose primary purpose is fishing or which are otherwise engaged, used or useful in any business activities of the Issuer and its Restricted Subsidiaries, in each case together with all related spares, equipment and any additions or improvements.

"Voting Stock" means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

"Wholly Owned" means, with respect to any Subsidiary of any Person, the ownership, directly or indirectly, of 99% of the outstanding Capital Stock of such Subsidiary (other than any director's qualifying shares or *de minimis* Investments by particular residents or citizens mandated by applicable law) by such Person or one or more Wholly Owned Subsidiaries of such Person.

FORM OF THE NOTES

Notes sold in offshore transactions in reliance on Regulation S will be represented by a permanent global note or notes in fully registered form without interest coupons, or the Regulation S Global Note, and will be registered in the name of a nominee of DTC and deposited with a custodian for DTC. Notes sold in reliance on Rule 144A will be represented by a permanent global note or notes in fully registered form without interest coupons, or the Restricted Global Note, and, together with the Regulation S Global Note, the “global notes,” and will be deposited with a custodian for DTC and registered in the name of a nominee of DTC. The notes will also be registered in the register of holder of the notes held at the registered office of the issuer (the “Note Register”). In case of discrepancies between the Note Register and any other register, the Note Register shall prevail for evidence of ownership.

The notes will be subject to certain restrictions on transfer as described in “Transfer Restrictions.” On or prior to the 40th day after the later of the commencement of the offering and the closing date of this offering, a beneficial interest in the Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in the Restricted Global Note only upon receipt by the registrar of a written certification from the transferor (in the form provided in the indenture) to the effect that such transfer is being made to a person whom the transferor reasonably believes to be a “qualified institutional buyer” within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction, or a Restricted Global Note Certificate. After such 40th day, this certification requirement will no longer apply to such transfers. Beneficial interests in the Restricted Global Note may be transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note, whether before, on or after such 40th day, only upon receipt by the registrar of a written certification from the transferor (in the form provided in the indenture) to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S or Rule 144 under the Securities Act (a “Regulation S Global Note Certificate”). Any beneficial interest in one of the global notes that is transferred to a person who takes delivery in the form of an interest in the other global note will, upon transfer, cease to be an interest in such global note and become an interest in the other global note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other global note for as long as it remains an interest.

Except in the limited circumstances described under “—Global Notes,” owners of the beneficial interests in global notes will not be entitled to receive physical delivery of individual definitive notes. The notes are not issuable in bearer form.

Global Notes

Upon the issuance of the Regulation S Global Note and the Restricted Global Note, DTC will credit, on its internal system, the respective principal amount of the individual beneficial interests represented by such global note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the initial purchasers. Ownership of beneficial interests in a global note will be limited to persons who have accounts with DTC, or DTC Participants, or persons who hold interests through DTC Participants. Ownership of beneficial interests in the global notes will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of DTC Participants) and the records of DTC Participants (with respect to interests of persons other than DTC Participants).

So long as DTC, or its nominee, is the registered owner or holder of a global note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the notes represented by such global note for all purposes under the indenture and the notes. Unless DTC notifies the issuer that it is unwilling or unable to continue as depositary for a global note, or ceases to be a “clearing agency” registered under the Exchange Act, or any of the notes becomes immediately due and payable in accordance with “Description of the Notes—Events of Default,” owners of beneficial interests in a global note will not be entitled to have any portions of such global note registered in their names, will not receive or be entitled to receive physical delivery of notes in individual definitive form and will not be considered the owners or holders of the global note (or any notes represented thereby) under the indenture or the notes. In addition, no beneficial owner of an interest in a global note will be able to transfer that interest except in accordance with DTC’s applicable procedures (in addition to the procedures under the indenture referred to herein and, if applicable, those of Euroclear and Clearstream).

Investors may hold interests in the Regulation S Global Note through Euroclear or Clearstream, if they are participants in such systems. Euroclear and Clearstream will hold interests in the Regulation S Global Note on behalf of their account holders through customers' securities accounts in their respective names on the books of their respective depositaries, which, in turn, will hold such interests in the Regulation S Global Note in customers' securities accounts in the depositaries' names on the books of DTC. Investors may hold their interests in the Restricted Global Note directly through DTC, if they are DTC Participants, or indirectly through organizations which are DTC Participants.

Payments of the principal of and interest on global notes will be made to the paying agent who will forward such payments to the trustee who will forward such payments to DTC or its nominee as the registered owner thereof. Neither the issuer, any initial purchasers nor any paying agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the global notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The issuer anticipates that DTC or its nominee, upon receipt of any payment of principal or interest in respect of a global note representing any notes held by its nominee, will immediately credit DTC Participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such global note as shown on the records of DTC or its nominee. The issuer also expects that payments by DTC Participants to owners of beneficial interests in such global note held through such DTC Participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC Participants.

Transfers between DTC Participants will be effected in accordance with DTC's procedures, and will be settled in same-day funds. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests in a global note to such persons may be limited. Because DTC can only act on behalf of DTC Participants, who in turn act on behalf of indirect participants and certain banks, the ability of a person having a beneficial interest in a global note to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical individual definitive certificate in respect of such interest. Transfers between accountholders in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions available to the notes described above, cross-market transfers between DTC participants, on the one hand, and directly or indirectly through Euroclear or Clearstream account holders, on the other hand, will be effected in DTC in accordance with DTC rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depositary; however, such crossmarket transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with its rules and procedures and within its established deadlines. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the Regulation S Global Note in DTC, and making or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Euroclear and Clearstream account holders may not deliver instructions directly to the depositaries for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream account holder purchasing an interest in a global note from a DTC Participant will be credited during the securities settlement processing day (which must be a business day for Euroclear or Clearstream, as the case may be) immediately following the DTC settlement date and such credit of any transactions in interests in a global note settled during such processing day will be reported to the relevant Euroclear or Clearstream accountholder on such day. Cash received in Euroclear or Clearstream as a result of sales of interests in a global note by or through a Euroclear or Clearstream account holder to a DTC Participant will be received for value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream cash account only as of the business day following settlement in DTC.

DTC has advised that it will take any action permitted to be taken by holder of notes (including the presentation of notes for exchange as described below) only at the direction of one or more DTC Participants to whose account or

accounts with DTC interests in the global notes are credited and only in respect of such portion of the aggregate principal amount of the notes as to which such DTC Participant or DTC Participants has or have given such direction. However, in the limited circumstances described above, DTC will exchange the global notes for individual definitive notes (in the case of notes represented by the Restricted Global Note, bearing a restrictive legend), which will be distributed to its participants. Holders of indirect interests in the global notes through DTC Participants have no direct rights to enforce such interests while the notes are in global form.

The giving of notices and other communications by DTC to DTC Participants, by DTC Participants to persons who hold accounts with them and by such persons to holders of beneficial interests in a global note will be governed by arrangements between them, subject to any statutory or regulatory requirements as may exist from time to time.

DTC has advised as follows: DTC is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the Uniform Commercial Code and a “Clearing Agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for DTC Participants and to facilitate the clearance and settlement of securities transactions between DTC Participants through electronic book-entry changes in accounts of DTC Participants, thereby eliminating the need for physical movement of certificates. DTC Participants include security brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations. Indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly (“indirect participants”).

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures in order to facilitate transfers of interests in the Regulation S Global Note and in the Restricted Global Note among participants and accountholders of DTC, Clearstream and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither the issuer nor the trustee, the paying agent or any other paying agent will have any responsibility for the performance of DTC, Euroclear or Clearstream or their respective participants, indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

Individual Definitive Notes

If (i) DTC or any successor to DTC is at any time unwilling or unable to continue as a depository for the reasons described in “—Global Notes” and a successor depository is not appointed by the issuer within 90 days or (ii) any of the notes has become immediately due and payable in accordance with “Description of the Notes—Events of Default,” the issuer will issue individual definitive notes in registered form in exchange for the Regulation S Global Note and the Restricted Global Note, as the case may be. Upon receipt of such notice from DTC or any paying agent, as the case may be, the issuer will use its best efforts to make arrangements with DTC for the exchange of interests in the global notes for individual definitive notes and cause the requested individual definitive notes to be executed and delivered to the registrar in sufficient quantities and authenticated by the registrar for delivery to holders. Persons exchanging interests in a global note for individual definitive notes will be required to provide the registrar with (a) written instruction and other information required by the issuer and the registrar to complete, execute and deliver such individual definitive notes and (b) in the case of an exchange of an interest in a Restricted Global Note, certification that such interest is not being transferred or is being transferred only in compliance with Rule 144A. In all cases, individual definitive notes delivered in exchange for any global note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by DTC.

In the case of individual definitive notes issued in exchange for the Restricted Global Note, such individual definitive notes will bear, and be subject to, the legend described in “Transfer Restrictions” (unless the issuer determines otherwise in accordance with applicable law). The holder of a restricted individual definitive note may transfer such note, subject to compliance with the provisions of such legend, as provided in “Description of the Notes.” Upon the transfer, exchange or replacement of notes bearing the legend, or upon specific request for removal of the legend on a note, the issuer will deliver only notes that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the issuer such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act. Before any

individual definitive note may be transferred to a person who takes delivery in the form of an interest in any global note, the transferor will be required to provide the registrar with a Restricted Global Note Certificate or a Regulation S Global Note Certificate, as the case may be.

Individual definitive notes will not be eligible for clearing and settlement through Euroclear, Clearstream or DTC.

PLAN OF DISTRIBUTION

Citigroup Global Markets Inc. and Santander Investment Securities Inc. are acting as joint book-running managers of the offering. Subject to the terms and conditions stated in the purchase agreement dated the date of this offering memorandum, each initial purchaser named below has severally agreed to purchase, and we have agreed to sell to that initial purchaser, the principal amount of the notes set forth opposite the initial purchaser's name.

Initial Purchaser	Principal Amount of Notes
Citigroup Global Markets Inc.	U.S.\$100,000,000
Santander Investment Securities Inc.	100,000,000
Total	U.S.\$200,000,000

In addition, Citicorp Peru S.A. Sociedad de Bolsa is acting as Peruvian placement agent solely with respect to the placement of the notes in Peru.

The purchase agreement provides that the obligations of the initial purchasers to purchase the notes are subject to approval of legal matters by counsel and to other conditions. The initial purchasers must purchase all the notes if they purchase any of the notes.

The initial purchasers propose to resell the notes at the offering price set forth on the cover page of this offering memorandum within the United States to qualified institutional buyers (as defined in Rule 144A) in reliance on Rule 144A and outside the United States in reliance on Regulation S. See "Transfer Restrictions." The price at which the notes are offered may be changed at any time without notice.

The notes have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See "Transfer Restrictions."

In addition, until 40 days after the commencement of this offering, an offer or sale of notes within the United States by a dealer that is not participating in this offering may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A.

We have agreed that, for a period of 90 days from the date of this offering memorandum, we will not, without the prior written consent of Citigroup Global Markets Inc. and Santander Investment Securities Inc., offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce the offering of, any debt securities in the international capital markets issued or guaranteed by us (other than the notes), except in an offering exclusively offered, directed and sold within Peru. Citigroup Global Markets Inc. and Santander Investment Securities Inc. in their sole discretion may release any of the notes subject to these lock-up agreements at any time without notice.

The notes will constitute a new class of securities with no established trading market. Application has been made to list the notes on the Official List of the Luxembourg Stock Exchange and to trade the notes on the Euro MTF Market of that exchange. However, we cannot assure you that the prices at which the notes will sell in the market after this offering will not be lower than the initial offering price or that an active trading market for the notes will develop and continue after this offering. The initial purchasers have advised us that they currently intend to make a market in the notes. However, they are not obligated to do so and they may discontinue any market-making activities with respect to the notes at any time without notice. Accordingly, we cannot assure you as to the liquidity of, or the trading market for, the notes.

In connection with the offering, the initial purchasers may purchase and sell notes in the open market. Purchases and sales in the open market may include short sales, purchases to cover short positions and stabilizing purchases.

- Short sales involve secondary market sales by the initial purchasers of a greater number of notes than they are required to purchase in the offering.

- Covering transactions involve purchases of notes in the open market after the distribution has been completed in order to cover short positions.
- Stabilizing transactions involve bids to purchase notes so long as the stabilizing bids do not exceed a specified maximum.

Purchases to cover short positions and stabilizing purchases, as well as other purchases by the initial purchasers for their own accounts, may have the effect of preventing or retarding a decline in the market price of the notes. They may also cause the price of the notes to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The initial purchasers may conduct these transactions in the over-the-counter market or otherwise. If the initial purchasers commence any of these transactions, they may discontinue them at any time.

We expect to deliver the notes against payment for the notes on or about the date specified in the last paragraph of the cover page of this offering memorandum, which will be the fifth business day following the date of the pricing of the notes. Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally settle in three business days, purchasers who wish to trade notes on the date of pricing or the next succeeding business day will be required, by virtue of the fact that the notes initially will settle in T+5, to specify alternative settlement arrangements to prevent a failed settlement.

The initial purchasers are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The initial purchasers and their respective affiliates have in the past performed commercial banking, investment banking and advisory services for us from time to time for which they have received customary fees and reimbursement of expenses and may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses. In the ordinary course of their various business activities, the initial purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve our securities and instruments. In addition, affiliates of some of the initial purchasers are lenders, and in some cases agents or managers for the lenders, under our credit facility. We have obtained working capital financing from Santander through its affiliates and subsidiaries, including a facility in the total amount of U.S.\$13.0 million as of September 30, 2012. On October 28, 2011, we entered into a syndicated facility with WestLB AG, Santander Overseas Bank, Inc. and HSBC Bank (Panamá), in the amount of U.S.\$140 million, for a term of six years, at the rate of LIBOR plus 3.9% per year. As of September 30, 2012, our outstanding debt from this financing was U.S.\$140.0 million. CVCI, through its affiliate IELAH, owns approximately 5.05% of our outstanding voting stock through Stafedouble S.L. Sociedad Unipersonal. CVCI is part of the Citi Capital Advisors platform, an affiliate of Citigroup Inc., which, in turn, is an affiliate of Citigroup Global Markets Inc.

We have agreed to indemnify the initial purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the initial purchasers may be required to make because of any of those liabilities.

Notice to Prospective Investors in Chile

The notes may not be offered or sold in Chile, directly or indirectly, by means of a “Public Offer” (as defined under Chilean Securities Market Law (Law No. 18,045 and regulations from the *Superintendencia de Valores y Seguros* of the Republic of Chile). Chilean institutional investors (such as banks, pension funds and insurance companies) are required to comply with specific restrictions relating to the purchase of the notes.

Notice to Prospective Investors in the European Economic Area

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each, a relevant member state), with effect from and including the date on which the Prospectus Directive is implemented in that relevant member state (the relevant implementation date), an offer of notes described in this offering memorandum may not be made to the public in that relevant member state other than:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 100 or, if the relevant member state has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by us for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of notes shall require us or any initial purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For purposes of this provision, the expression an “offer of securities to the public” in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe for the securities, as the expression may be varied in that member state by any measure implementing the Prospectus Directive in that member state, and the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant member state) and includes any relevant implementing measure in the relevant member state. The expression 2010 PD Amending Directive means Directive 2010/73/EU.

The sellers of the notes have not authorized and do not authorize the making of any offer of notes through any financial intermediary on their behalf, other than offers made by the initial purchasers with a view to the final placement of the notes as contemplated in this offering memorandum. Accordingly, no purchaser of the notes, other than the initial purchasers, is authorized to make any further offer of the notes on behalf of the sellers or the initial purchasers.

Notice to Prospective Investors in the United Kingdom

This offering memorandum is only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (each such person being referred to as a “relevant person”). This offering memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

Notice to Prospective Investors in France

Neither this offering memorandum nor any other offering material relating to the notes described in this offering memorandum has been submitted to the clearance procedures of the *Autorité des Marchés Financiers* or of the competent authority of another member state of the European Economic Area and notified to the *Autorité des Marchés Financiers*. The notes have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither this offering memorandum nor any other offering material relating to the notes has been or will be:

- released, issued, distributed or caused to be released, issued or distributed to the public in France; or

- used in connection with any offer for subscription or sale of the notes to the public in France.

Such offers, sales and distributions will be made in France only:

- to qualified investors (*investisseurs qualifiés*) and/or to a restricted circle of investors (*cercle restreint d'investisseurs*), in each case investing for their own account, all as defined in, and in accordance with, articles L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier*;
- to investment services providers authorized to engage in portfolio management on behalf of third parties; or
- in a transaction that, in accordance with article L.411-2-II-1°-or-2°-or 3° of the French *Code monétaire et financier* and article 211-2 of the General Regulations (*Règlement Général*) of the *Autorité des Marchés Financiers*, does not constitute a public offer (*appel public à l'épargne*).

The notes may be resold directly or indirectly, only in compliance with articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French *Code monétaire et financier*.

Notice to Prospective Investors in Hong Kong

The notes may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Notice to Prospective Investors in Japan

The notes offered in this offering memorandum have not been registered under the Securities and Exchange Law of Japan. The notes have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan, except (i) pursuant to an exemption from the registration requirements of the Securities and Exchange Law and (ii) in compliance with any other applicable requirements of Japanese law.

Notice to Prospective Investors in Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

Where the notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the notes pursuant to an offer made under Section 275 of the SFA except:
- to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;
- where no consideration is or will be given for the transfer; or
- where the transfer is by operation of law.

Notice to Prospective Investors in Peru

In Peru, this offering will be considered a public offering directed exclusively to "Institutional Investors" (as such term is defined under the Seventh Final Disposition of CONASEV Resolution No. 141-98-EF/94.10.1, as amended), under CONASEV Resolution No. 079-2008-EF/91.01.1, as amended.

The notes and this offering memorandum have been registered with the SMV in accordance with the procedures set forth in SMV Resolution No. 004-2011- EF/94.01.1, as amended, applicable to U.S. offerings in reliance of Rule 144A with a local Peruvian component.

The notes offered hereby are subject to transfer and resale restrictions and may not be transferred or resold in Peru except as permitted under CONASEV Resolution No. 079-2008-EF/94.01.1.

In order to purchase the notes, "Institutional Investors" in Peru must sign a statement representing that they (a) are "Institutional Investors" (as such term is defined under the Seventh Final Disposition of CONASEV Resolution No. 141-98-EF/94.10.1), and (b) understand (i) the differences which exist among the accounting and tax treatment in Peru and the country or countries where the notes will be traded, and (ii) the terms and conditions of the notes.

The notes have been provisionally registered with the Foreign Investment and Derivatives Instruments Registry of the SBS, in order to make the notes eligible for Peruvian pension fund investment, as required by Peruvian law. This registration was provisionally approved, and definitive registration is conditioned on the delivery of the final offering memorandum and other ancillary documents to the SBS.

TRANSFER RESTRICTIONS

The notes have not been registered, and will not be registered, under the Securities Act or any other applicable securities laws (other than Peru), and the notes may not be offered or sold except pursuant to an effective registration statement or pursuant to transactions exempt from, or not subject to, registration under the Securities Act and the securities laws of any other jurisdiction. Accordingly, the notes are being offered and sold only:

- in the United States to qualified institutional buyers in reliance on Rule 144A; and
- outside of the United States, to certain persons, other than U.S. persons, in offshore transactions meeting the requirements of Rule 903 of Regulation S.

The notes are being offered in Peru only to “Institutional Investors” (as such term is defined in the Seventh Final Disposition of CONASEV Resolution No. 141-98-EF/94.10.1, as amended) and therefore, are subject to certain transfer and resale restrictions provided under the “Notice to Prospective Investors in Peru.”

Purchasers' Representations and Restrictions on Resale and Transfer

Each purchaser of notes (other than the initial purchasers in connection with the initial issuance and sale of notes) and each owner of any beneficial interest therein will be deemed, by its acceptance or purchase thereof, to have represented and agreed as follows:

- It is purchasing the notes for its own account or an account with respect to which it exercises sole investment discretion and it and any such account is either (a) a qualified institutional buyer and is aware that the sale to it is being made in reliance on Rule 144A or (b) a non-U.S. person that is outside the United States.
- It acknowledges that the notes have not been registered under the Securities Act or with any securities regulatory authority of any jurisdiction (other than Peru) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below.
- It understands and agrees that notes initially offered in the United States to qualified institutional buyers will be represented by one or more global notes and that notes offered outside the United States in reliance on Regulation S will also be represented by one or more global notes.
- It will not resell or otherwise transfer any of such notes except (a) to us, (b) within the United States to a qualified institutional buyer in a transaction complying with Rule 144A, (c) outside the United States in compliance with Rule 903 or 904 under the Securities Act, (d) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (e) pursuant to an effective registration statement under the Securities Act.
- It agrees that it will give to each person to whom it transfers the notes notice of any restrictions on transfer of such notes.
- It acknowledges that prior to any proposed transfer of notes (other than pursuant to an effective registration statement or in respect of notes sold or transferred either pursuant to (a) Rule 144A or (b) Regulation S) the holder of such notes may be required to provide certifications relating to the manner of such transfer as provided in the Indenture.
- It acknowledges that the trustee, registrar or transfer agent for the notes will not be required to accept for registration transfer of any notes acquired by it, except upon presentation of evidence satisfactory to us and the trustee, registrar or transfer agent that the restrictions set forth herein have been complied with.
- It acknowledges that we, the initial purchasers and other persons will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of the acknowledgements, representations and agreements deemed to have been made by its purchase of the notes

are no longer accurate, it will promptly notify us and the initial purchasers. If it is acquiring the notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations, and agreements on behalf of each account.

- Either: (i) no assets of a Plan or of a non-U.S. plan, governmental plan, church plan or other plan have been used to acquire the notes or any interest therein or (ii) the acquisition, holding and disposition of the notes, or any interest therein, will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental plan, church plan, non-U.S. or other plan, a violation of any Similar Law).

Representations and Restrictions on Resale and Transfer of Peruvian Purchasers

The notes are being offered in Peru only to “Institutional Investors” (as such term is defined in the Seventh Final Disposition of CONASEV Resolution No. 141-98-EF/94.10.1, as amended) and each owner of any beneficial interest therein will be deemed, by its acceptance or purchase thereof, to have represented and agreed to comply with the transfer and resale restrictions set forth under CONASEV Resolution No. 079-2008-EF/94.01.1, as amended.

The following is the form of restrictive legend which will appear on the face of the Rule 144A Global Note, and which will be used to notify transferees of the foregoing restrictions on transfer:

"This Note has not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or any other securities laws (other than Peru). The holder hereof, by purchasing this Note, agrees that this Note or any interest or participation herein may be offered, resold, pledged or otherwise transferred only (1) to us, (2) so long as this Note is eligible for resale pursuant to Rule 144A under the Securities Act ("Rule 144A"), to a person who the seller reasonably believes is a qualified institutional buyer (as defined in Rule 144A) in accordance with Rule 144A, (3) in an offshore transaction in accordance with Rule 903 or 904 of Regulation S under the Securities Act, (4) pursuant to an exemption from registration under the Securities Act afforded by Rule 144 under the Securities Act (if available) or (5) pursuant to an effective registration statement under the Securities Act, and in each of such cases in accordance with any applicable securities laws of any state of the United States or other applicable jurisdiction. The holder hereof, by purchasing this Note, represents and agrees that it will notify any purchaser of this Note from it of the resale restrictions referred to above.

The foregoing legend may be removed from this Note on satisfaction of the conditions specified in the indenture referred to herein.

BY ITS PURCHASE AND HOLDING OF THIS NOTE (OR ANY INTEREST HEREIN), THE PURCHASER OR HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT EITHER (I) NO ASSETS OF AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA")) SUBJECT TO TITLE I OF ERISA, A PLAN TO WHICH SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED ("THE CODE"), APPLIES, OR, AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE THE ASSETS OF ANY SUCH PLAN, OR A NON-U.S. PLAN, GOVERNMENTAL PLAN, CHURCH PLAN, OR OTHER PLAN HAVE BEEN USED TO ACQUIRE THIS NOTE OR ANY INTEREST HEREIN, OR (II) THE ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE, OR ANY INTEREST HEREIN, WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, (OR, IN THE CASE OF A GOVERNMENTAL PLAN, CHURCH PLAN, NON-U.S. OR OTHER PLAN, A VIOLATION OF ANY FEDERAL, NON-U.S., STATE OR LOCAL

LAWS, REGULATIONS OR RULES THAT ARE SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE).”

The following is the form of restrictive legend which will appear on the face of the Regulation S Global Note and which will be used to notify transferees of the foregoing restrictions on transfer:

"This Note has not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or any other securities laws (other than Peru). The holder hereof, by purchasing this Note, agrees that neither this Note nor any interest or participation herein may be offered, resold, pledged or otherwise transferred in the absence of such registration unless such transaction is exempt from, or not subject to, such registration.

The foregoing legend may be removed from this Note after 40 days beginning on and including the later of (a) the date on which the notes are offered to persons other than distributors (as defined in Regulation S under the Securities Act) and (b) the Original Issue Date of this Note.

BY ITS PURCHASE AND HOLDING OF THIS NOTE (OR ANY INTEREST HEREIN), THE PURCHASER OR HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT EITHER (I) NO ASSETS OF AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA")) SUBJECT TO TITLE I OF ERISA, A PLAN TO WHICH SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED ("THE CODE"), APPLIES, OR, AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE THE ASSETS OF ANY SUCH PLAN, OR A NON-U.S. PLAN, GOVERNMENTAL PLAN, CHURCH PLAN, OR OTHER PLAN HAVE BEEN USED TO ACQUIRE THIS NOTE OR ANY INTEREST HEREIN, OR (II) THE ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE, OR ANY INTEREST HEREIN, WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, (OR, IN THE CASE OF A GOVERNMENTAL PLAN, CHURCH PLAN, NON-U.S. OR OTHER PLAN, A VIOLATION OF ANY FEDERAL, NON-U.S., STATE OR LOCAL LAWS, REGULATIONS OR RULES THAT ARE SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE).”

TAXATION

The following discussion contains a description of the material Peruvian and United States federal income tax considerations that may be relevant to the acquisition, ownership and disposition of notes by a holder. This summary does not describe all of the tax considerations that may be relevant to you or your situation, particularly if you are subject to special tax rules. You should consult an independent tax advisor about the tax consequences of investing in and holding the notes, including the relevance to your particular situation of the considerations discussed below, as well as of state, local and other tax laws.

This summary is based upon tax laws of Peru and the United States as in effect on the date of this offering memorandum, which are subject to change, possibly with retroactive effect, and to differing interpretations. You should consult an independent tax advisor as to Peruvian, the United States or other tax consequences of the purchase, ownership and disposition of notes.

Certain Peruvian Tax Considerations

The discussion in this offering memorandum regarding Peruvian tax considerations is not intended or written to be used, and cannot be used or relied upon by any person, for the purpose of avoiding Peruvian taxation, and was written to support the promotion or marketing of this offering. Prospective investors should consult an independent tax advisor with respect to the Peruvian tax consequences of acquiring, owning or disposing of the notes.

The following is a general summary of certain material Peruvian tax consequences that may be relevant with respect to the ownership or disposition of the notes by non-Peruvian holders. This summary is not intended to be a comprehensive description of all of the Peruvian tax considerations that may be relevant to a decision by non-Peruvian holders to make an investment in the notes.

For purposes of this section, “non-Peruvian holder” means (i) any individual who is not domiciled in Peru; and (ii) any legal entity incorporated outside of Peru, provided that it does not conduct any trade or business through a permanent establishment in Peru or hold the notes through a Peruvian branch. A non-Peruvian individual will be deemed domiciled in Peru for tax purposes if such individual has resided or has remained in Peru for more than 183 calendar days during any twelve-month period.

Income tax

Payment of interest

Interest paid on the notes to non-Peruvian holders will be treated as Peruvian-source income and will be subject to a Peruvian withholding income tax at a rate of 4.99%, except that if the non-Peruvian holder of the notes is considered to be related to us under Peruvian tax laws the withholding income tax rate will be of 30%.

We are required to act as withholding agent for income tax payable in connection with interest paid on the notes to non-Peruvian holders.

Sale of the Notes

Proceeds received by a non-Peruvian holder on a sale, exchange or disposition of a beneficial interest in the global notes held through a clearing system will not be subject to any Peruvian withholding or capital gains tax. In the event that the beneficial interests in the global notes are exchanged for definitive notes, any capital gain arising from the sale, exchange or other disposition of these definitive notes by non-Peruvian holders would be subject to Peruvian income tax at a preferential rate of 5% if the following requirements are satisfied: (i) the definitive notes are registered with the Peruvian Securities Public Registry, and (ii) the definitive notes are negotiated in a Peruvian Stock Market. Otherwise, capital gains will be taxable at a 30% rate.

A capital gain will be equal to the difference between (i) the amount realized on the sale, exchange or disposition of the definitive notes, and (ii) the purchase price paid for the notes, which must be certified by the Peruvian tax administration pursuant to a form submitted by the seller along with back-up documentation evidencing, among others, that the purchase price has been paid in a Peruvian bank account, unless the sale, exchange or disposition is made through the Peruvian Stock Market.

Redemption of the Notes

Any premium received upon an early redemption of the notes will be subject to a withholding tax at a rate of either 4.99% or 30% depending on whether the premium is characterized as interest or capital gain. However, a 30% withholding tax rate will apply to any premium received if the non-Peruvian holder of the notes is considered to be related to us.

We have agreed, subject to specific exceptions and limitations, to pay Additional Amounts to the holders of the notes in respect of certain Peruvian income taxes mentioned above. See “Description of the Notes—Payment of Additional Amounts.”

Non-Peruvian holders of the notes should consult an independent tax advisor regarding the specific Peruvian income tax considerations of acquiring, owning or disposing of the notes.

Value added tax

Interest paid on the notes is subject to Peruvian value added tax (*Impuesto General a las Ventas*, or “VAT”) at a rate of 18% if the proceeds from the offering of the notes are used in Peru. Under Peruvian tax laws, we are responsible and sole obligors before the Peruvian tax administration for any VAT applicable to interest payments on the notes and will be entitled to VAT credit for such payments.

Notwithstanding the above, according to Supreme Decree No. 099-2011-EF, interest paid on securities, such as the notes, issued pursuant to an international offering by a legal entity incorporated or established in Peru will be exempt from VAT if (i) the notes and the corresponding offering memorandum are registered with the SMV; (ii) the international offering has a ‘placement tranche’ in Peru, and (iii) the international offering is made pursuant to Supreme Decree No. 093-2002-EF (*Texto Único Ordenado de la Ley del Mercado de Valores*) or Legislative Decree No. 862 (*Ley de Fondos de Inversión y sus Sociedades Administradoras*). The aforementioned exemption will be in effect until December 31, 2015. Although it is customary to extend these VAT exemptions, there can be no guarantee that the exemption will be renewed after December 31, 2015. We expect to comply with the VAT exemption requirements and, therefore, expect that interest payments on the notes will be exempted from VAT until the exemption expires.

The sale, exchange or disposition of the notes is not subject to VAT.

Financial transaction tax

In Peru, there is a financial transactions tax (“FTT”), which taxes at a rate of 0.005% any debit or credit made in an account opened with a Peruvian bank or any other financial institution, either in Peruvian or foreign currency. Likewise, if the issue price paid for the notes is deposited in a Peruvian Financial System (“PFS”) bank account, such credit will also be levied at the corresponding FTT rate. The taxpayer of the FTT is the holder of the PFS bank account.

Certain United States Federal Income Tax Consequences

General

The following is a description of certain U.S. federal income tax considerations relevant to the acquisition, ownership, disposition and retirement of the notes by a holder thereof. This description applies only to notes held as capital assets and does not address, except as set forth below, aspects of U.S. federal income taxation that may be

applicable to holders that are subject to special tax rules, such as: financial institutions; insurance companies; real estate investment trusts; regulated investment companies; certain former citizens or long-term residents of the United States; grantor trusts; tax-exempt organizations; dealers or traders in securities or currencies, including those that mark-to-market; holders that will hold a note as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes; holders that will hold the notes through a partnership or other pass-through entity; or U.S. Holders (as defined below) that have a functional currency other than the U.S. dollar.

Moreover, this description does not address the U.S. federal estate and gift tax or alternative minimum tax consequences of the acquisition, ownership, disposition or retirement of the notes and does not address the U.S. federal income tax treatment of holders (including purchasers of additional notes) that do not acquire the notes as part of the initial issuance at their original “issue price.” The issue price of a note will equal the first price at which a substantial amount of the notes is sold for money (other than to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). Each prospective purchaser should consult an independent tax advisor with respect to the U.S. federal, state, local and foreign tax consequences of acquiring, holding and disposing of the notes.

This description is based on the Code, existing and proposed Treasury Regulations, administrative pronouncements and judicial decisions, each as available and in effect on the date hereof. All of the foregoing is subject to change, possibly with retroactive effect, and differing interpretations, which could affect the tax consequences described herein.

For purposes of this description, a “U.S. Holder” is a beneficial owner of the notes that is, for U.S. federal income tax purposes: an individual who is a citizen or resident of the United States; a corporation or any other entity treated as a corporation for U.S. federal income tax purposes organized in or under the laws of the United States or any State thereof, including the District of Columbia; an estate the income of which is subject to U.S. federal income taxation regardless of its source; or a trust (1)(a) the administration of which is subject to the primary supervision of a U.S. court and (b) all of the substantial decisions of which one or more U.S. persons have the authority to control or (2) that has validly elected to be treated as a United States person for U.S. federal income tax purposes.

A “Non-U.S. Holder” is a beneficial owner of the notes that is neither a U.S. Holder nor a partnership (or any other entity or arrangement treated as a partnership for U.S. federal income tax purposes).

If a partnership (or any other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds the notes, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such partner or partnership should consult an independent tax advisor regarding the specific consequences of the acquisition, ownership and disposition of the notes.

TREASURY DEPARTMENT CIRCULAR 230 DISCLOSURE

PURSUANT TO TREASURY DEPARTMENT CIRCULAR 230, WE HEREBY INFORM YOU THAT THE DESCRIPTION SET FORTH HEREIN WITH RESPECT TO U.S. FEDERAL TAX ISSUES WAS NOT INTENDED OR WRITTEN TO BE USED, AND SUCH DESCRIPTION CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING ANY PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER UNDER THE CODE. SUCH DESCRIPTION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE NOTES. TAXPAYERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

U.S. Holders

Stated Interest

Interest on the notes (including Additional Amounts with respect thereto, if any, as described under “Description of Notes—Additional Amounts”) will be includible in the gross income of a U.S. Holder as ordinary

interest income in accordance with such U.S. Holder's method of accounting for U.S. federal income tax purposes. The interest, including any Additional Amounts will constitute foreign source income for U.S. federal income tax purposes, which may be relevant to a U.S. Holder in calculating such U.S. Holder's foreign tax credit limitation. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, interest paid on the notes generally will constitute "passive category income." U.S. Holders should consult with an independent tax advisor with regard to the availability of a credit or deduction in respect of foreign taxes and, in particular, the application of the foreign tax credit rules to their particular situations.

Disposition of the notes

Upon the sale, exchange, retirement or other taxable disposition of a note, a U.S. holder will recognize taxable gain or loss equal to the difference, if any, between the amount realized on the sale, exchange, retirement or other taxable disposition (other than accrued but unpaid interest which will be taxable as ordinary interest income) and such holder's adjusted tax basis in the note. A U.S. Holder's adjusted tax basis in a note generally will equal such holder's cost of the note. Any such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder's holding period for the note exceeds one year. For non-corporate U.S. Holders, the maximum marginal U.S. federal income tax rate applicable to long-term capital gains will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income. The deductibility of capital losses is subject to limitations. If any gain from the sale or exchange of the notes is subject to Peruvian tax, U.S. Holders may not be able to credit such taxes against their U.S. federal income tax liability under the U.S. foreign tax credit limitation provisions of the Code because such gain generally will be treated as U.S. source income.

Non-U.S. Holders

Subject to the discussion below under the caption "—U.S. Backup Withholding and Information Reporting," a Non-U.S. holder generally will not be subject to U.S. federal income or withholding tax on payments of interest, or Additional Amounts, if any, on, or gain on the sale of a note unless such Non-U.S. holder held the note in connection with a U.S. trade or business carried on by such Non-U.S. holder (and, if a treaty applies, such items are attributable to the conduct of a trade or business through a permanent establishment or fixed base in the United States), or in the case of the sale of a note by a Non-U.S. holder who is an individual, such individual was present in the United States for 183 days or more during the tax year in which such gain is realized and certain other requirements are satisfied.

U.S. Backup Withholding and Information Reporting

In the case of a U.S. Holder, payments of interest on, or the proceeds of the sale or other disposition of, a note generally will be subject to information reporting unless the U.S. Holder is an exempt recipient. Such payments may also be subject to U.S. federal backup withholding at the then-applicable rate if the recipient of such payment fails to provide a taxpayer identification number, certified under penalties of perjury, and certain other information, or otherwise fails to establish an exemption from backup withholding. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be refunded or credited against a holder's U.S. federal income tax liability, if any, provided that certain required information is timely furnished to the Internal Revenue Service ("IRS").

U.S. Holders should consult an independent tax advisor regarding the application of the backup withholding and information reporting rules to their particular circumstances.

In general, payments of interest and the proceeds of the sale, exchange, redemption or other disposition of the notes payable by a U.S. paying agent or other U.S. intermediary to a Non-U.S. Holder will be subject to information reporting. In addition, backup withholding will generally apply to such payments to a Non-U.S. Holder if such holder fails to provide the appropriate certification on IRS Form W-8BEN (or IRS Form W-8ECI, if applicable) (or successor forms) or does not otherwise provide evidence of exempt status.

Each Non-U.S. Holder should consult its tax advisor regarding the application of the backup withholding and information reporting rules to its particular circumstances.

In the case of payments to certain trusts or certain partnerships, the persons treated as the owners of the trust or the partners of the partnership, as the case may be, will be required to provide the certification discussed above in order to establish an exemption from the backup withholding tax and information reporting requirements.

Foreign Asset Reporting

Certain U.S. Holders are required to report information relating to an interest in the notes, subject to certain exceptions (including an exception for notes held in accounts maintained by U.S. financial institutions), by filing a completed IRS Form 8938 (Statement of Specified Foreign Financial Assets) with their tax return for each year in which they held an interest in the notes. U.S. Holders should consult their tax advisors regarding information reporting requirements relating to their ownership and disposition of the notes.

Medicare Tax

For taxable years beginning after December 31, 2012, a U.S. Holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, is subject to a 3.8% tax on the lesser of (1) such U.S. Holder's "net investment income" for the relevant taxable year and (2) the excess of such U.S. Holder's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals will be between \$125,000 and \$250,000, depending on the individual's circumstances). A U.S. Holder's net investment income will generally include its gross interest income and its net gains from the disposition of the notes, unless such interest or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). If you are a U.S. Holder that is an individual, estate or trust, you are urged to consult your tax advisor regarding the applicability of this tax to your income and gains in respect of your investment in the notes.

The above description is not intended to constitute a complete analysis of all tax consequences relating to the ownership of the notes. Prospective purchasers of notes should consult an independent tax advisor concerning the tax consequences of their particular situations.

UNITED STATES ERISA AND CERTAIN OTHER CONSIDERATIONS

The U.S. Employee Retirement Income Security Act of 1974, as amended, or ERISA, imposes certain requirements on “employee benefit plans” (as defined in Section 3(3) of ERISA) that are subject to Title I of ERISA, on entities, such as collective investment funds and separate accounts whose underlying assets include the assets of such plans by reason of the investment by Plans (as defined below) in such entity, or, collectively, the ERISA Plans, and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA’s general fiduciary requirements, including, but not limited to, the requirement of investment prudence and diversification and the requirement that an ERISA Plan’s investments be made in accordance with the documents governing the plan.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (Section 4975 of the Code also imposes prohibitions for certain plans that are not subject to Title I of ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts, together with ERISA Plans, or the Plans) and certain persons (referred to as “parties in interest” or “disqualified persons”) having certain relationships to Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and/or Section 4975 of the Code.

Any Plan fiduciary which proposes to cause a Plan to purchase the notes should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment, and to confirm that such purchase and holding will not constitute or result in a non-exempt prohibited transaction or any other violation of an applicable requirement of ERISA.

Non-U.S. plans, governmental plans and church plans, while not subject to fiduciary provisions of ERISA or the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code, may nonetheless be subject to other federal, non-U.S., state, or local laws, regulations or rules that are similar to Section 406 of ERISA or Section 4975 of the Code (collectively, “Similar Law”). Fiduciaries of such plans should consult with counsel before purchasing any notes to determine the need for, and the availability, if necessary, of any exemptive relief under any such laws, regulations or rules.

Prohibited Transaction Exemptions

The fiduciary of a Plan that proposes to purchase and hold any notes should consider, among other things, whether such purchase and holding may involve (i) the direct or indirect extension of credit to a party in interest or a disqualified person, (ii) the sale or exchange of any property between a Plan and a party in interest or a disqualified person, or (iii) the transfer to, or use by or for the benefit of, a party in interest or disqualified person, of any Plan assets. Such parties in interest or disqualified persons could include, without limitation, the Company, the underwriters, the agents or any of their respective affiliates. Depending on the satisfaction of certain conditions which may include the identity of the Plan fiduciary making the decision to acquire or hold the notes on behalf of a Plan, Section 408(b)(17) of ERISA or Section 4975(d)(20) of the Code or Prohibited Transaction Class Exemption (“PTCE”) 84-14 (relating to transactions effected by a “qualified professional asset manager”), PTCE 90-1 (relating to investments by insurance company pooled separate accounts), PTCE 91-38 (relating to investments by bank collective investment funds), PTCE 95-60 (relating to investments by insurance company general accounts) or PTCE 96-23 (relating to transactions directed by an in-house asset manager) (collectively, the “Class Exemptions”) could provide an exemption from the prohibited transaction provisions of ERISA and Section 4975 of the Code. However, there can be no assurance that any of these Class Exemptions or any other exemption will be available with respect to any particular transaction involving the notes.

By its purchase of notes, the purchaser thereof will be deemed to have represented and agreed that either: (i) no assets of a Plan or of a non-U.S. plan, governmental plan, church plan or other plan have been used to acquire such notes or any interest therein or (ii) the acquisition, holding and disposition of the notes, or any interest therein, will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental plan, church plan, non-U.S. or other plan, a violation of any Similar Law).

THE PRECEDING DISCUSSION IS ONLY A SUMMARY OF CERTAIN ERISA IMPLICATIONS OF AN INVESTMENT IN THE NOTES AND DOES NOT PURPORT TO BE COMPLETE. PROSPECTIVE INVESTORS SHOULD CONSULT WITH THEIR OWN LEGAL, TAX, FINANCIAL AND OTHER ADVISORS PRIOR TO INVESTING IN THE NOTES TO REVIEW THESE IMPLICATIONS IN LIGHT OF SUCH INVESTOR'S PARTICULAR CIRCUMSTANCES.

INDEPENDENT AUDITORS

Our consolidated financial statements as of and for the years ended December 31, 2011 and 2010, included elsewhere in this offering memorandum, have been audited by Beltrán, Gris y Asociados S. Civil R.L., a firm member of Deloitte Touche Tohmatsu Limited, as stated in their report included elsewhere in this offering memorandum.

LEGAL MATTERS

The validity of the notes offered and sold in this offering will be passed upon for the issuer by White & Case LLP, and for the initial purchasers by Skadden, Arps, Slate, Meagher & Flom LLP. Certain matters of Peruvian law relating to the notes will be passed upon for the issuer by Miranda & Amado Abogados and for the initial purchasers by Rubio Leguía Normand.

LISTING AND GENERAL INFORMATION

1. The notes have been accepted for clearance and settlement through DTC, Euroclear and Clearstream. The CUSIP, ISIN and common code numbers for the notes are as follows:

	<u>Restricted Global Note</u>	<u>Regulation S Global Note</u>
CUSIP	715795 AA8	P7744A AA4
ISIN	US715795AA83	USP7744AAA45
Common code	088460448	088398467

2. Copies of our most recent audited consolidated annual financial statements and unaudited quarterly financial statements, if any, and copies of our *estatuto social* (by-laws), as well as the indenture (including forms of notes and the guarantees), will be available (free of charge) at the offices of the principal paying agent and any other paying agent, including the Luxembourg listing agent. For the life of the listing particulars, the documents referred to in this paragraph may be inspected, by physical or electronic means.

3. Except as disclosed in this offering memorandum, there has been no material adverse change in our financial or trading position since September 30, 2012, the date of our latest unaudited financial statements included in this offering memorandum.

4. Except as disclosed in this offering memorandum, we are not involved in any litigation or arbitration proceedings relating to claims or amounts that are material in the context of this offering, nor so far as we are aware is any such litigation or arbitration threatened.

5. We have applied to list the notes on the Official List of the Luxembourg Stock Exchange and to trade the notes on the EURO MTF market of that exchange.

6. The issuance of the notes was authorized by the board of directors of the issuer on January 16 and January 25, 2013.

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Pesquera Exalmar S.A.A.

Financial Statements

For the Nine Months Period Ended
September 30, 2012 and 2011 (unaudited) and
December 31, 2011

PESQUERA EXALMAR S.A.A.

**STATEMENTS OF FINANCIAL POSITION
AT SEPTEMBER 30, 2012 (UNAUDITED) AND DECEMBER 31, 2011
(Expressed in thousands of dollars (US\$000))**

ASSETS	Notes	30/09/2012	31/12/2011	LIABILITIES AND EQUITY	Notes	30/09/2012	31/12/2011
		US\$000	US\$000			US\$000	US\$000
		(Unaudited)	(Note 2)			(Unaudited)	(Note 2)
CURRENT ASSETS				CURRENT LIABILITIES			
Cash and cash equivalents	5	28,925	3,807	Financial obligations	14	51,409	52,898
Trade receivable (net)	6	15,643	14,764	Trade payable		13,042	32,115
Other receivable (net)	7	41,736	33,016	Other payables	15	6,789	27,820
Amounts due from related entities	8	4,246	3,097	Amounts due to related entities	8	10	115
Inventories (net)	9	26,838	48,376	Current tax liabilities	27(f)	2,129	9,350
Prepaid expenses		2,417	1,687	Employee benefit obligations	16	6,112	7,155
Total current assets		119,805	104,747	Total current liabilities		79,491	129,453
NON-CURRENT ASSETS				NON-CURRENT LIABILITIES			
Financial investments	10	464	464	Financial obligations	14	139,742	80,400
Property, vessels, machinery and equipment (net)	11	171,535	166,487	Deferred tax liabilities	28	17,149	18,951
Intangible assets (net)	12	97,732	97,732	Provisions	17	4,468	4,950
Goodwill	13	88,719	88,719	Total non-current liabilities		161,359	104,301
Total non-current assets		358,450	353,402	TOTAL LIABILITIES		240,850	233,754
				EQUITY:			
				Share capital	18(a)	90,336	90,336
				Capital surplus	18(a)	69,721	69,721
				Other reserves	18(b)	3,609	3,609
				Retained earnings	18(c)	73,739	60,729
				TOTAL EQUITY		237,405	224,395
TOTAL ASSETS		478,255	458,149	TOTAL LIABILITIES AND EQUITY		478,255	458,149

The accompanying notes are integral part of these financial statements.

PESQUERA EXALMAR S.A.A.

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS PERIOD ENDED
SEPTEMBER 30, 2012 AND 2011 (UNAUDITED)
(Expressed in thousands of dollars (US\$000))**

	Notes	Three months period from July 1 to September 30		Nine months period from January 1 to September 30	
		2012	2011	2012	2011
		US\$000 (Unaudited)	US\$000 (Unaudited)	US\$000 (Unaudited)	US\$000 (Unaudited)
NET SALES	19	67,147	62,385	187,118	171,739
Cost of sales	20	(38,668)	(39,193)	(112,384)	(99,378)
Ban period expenses	21	(9,037)	(6,589)	(20,942)	(14,275)
GROSS PROFIT		19,442	16,603	53,792	58,086
Selling expenses	23	(3,294)	(2,594)	(9,500)	(5,820)
Administrative expenses	22	(2,179)	(2,214)	(5,508)	(5,035)
Other income	24	1,173	(1)	4,684	721
Other expenses	24	(1,621)	(2,187)	(5,301)	(3,616)
Financial gain	25	120	63	285	196
Financial expenses	26	(2,999)	(1,646)	(7,999)	(4,647)
Foreign exchange net effect		1,008	(151)	692	(276)
PROFIT BEFORE TAX		11,650	7,873	31,145	39,609
Income tax expense	27(b)	(5,364)	(2,370)	(11,198)	(12,333)
NET PROFIT AND TOTAL COMPREHENSIVE INCOME		6,286	5,503	19,947	27,276
Basic and diluted earning per share (in U.S. dollars)	29	0.021	0.019	0.067	0.092

The accompanying notes are integral part of these financial statements.

PESQUERA EXALMAR S.A.A.

**STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED
SEPTEMBER 30, 2012 AND 2011 (UNAUDITED)
(Expressed in thousands of dollars (US\$000))**

	Share Capital	Capital Surplus	Other Reserves	Retained Earnings	Total
	US\$000 (Note 18(a))	US\$000 (Note 18(a))	US\$000 (Note 18(b))	US\$000 (Note 18(c))	US\$000
Balances at January 1, 2011	90,336	70,137	3,609	64,885	228,967
Changes in equity					
Comprehensive income:					
Net profit	—	—	—	27,276	27,276
Total comprehensive income	90,336	70,137	3,609	92,161	256,243
Cash dividends declared	—	—	—	(7,706)	(7,706)
Capital contribution	—	(416)	—	—	(416)
Total changes in equity	—	(416)	—	(7,706)	(8,122)
Balances at September 30, 2011 (Unaudited)	<u>90,336</u>	<u>69,721</u>	<u>3,609</u>	<u>84,455</u>	<u>248,121</u>
Balances at January 1, 2012	90,336	69,721	3,609	60,729	224,395
Changes in equity					
Comprehensive income:					
Net profit	—	—	—	19,947	19,947
Total comprehensive income	—	—	—	19,947	19,947
Cash dividends declared	—	—	—	(6,937)	(6,937)
Total changes in equity	—	—	—	13,010	13,010
Balances at September 30, 2012 (Unaudited)	<u>90,336</u>	<u>69,721</u>	<u>3,609</u>	<u>73,739</u>	<u>237,405</u>

The accompanying notes are integral part of these financial statements.

PESQUERA EXALMAR S.A.A.

**STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS PERIOD ENDED
SEPTEMBER 30, 2012 AND 2011 (UNAUDITED)
(Expressed in thousands of dollars (US\$000))**

	<u>30/09/2012</u> <u>US\$000</u> <u>(Unaudited)</u>	<u>30/09/2011</u> <u>US\$000</u> <u>(Unaudited)</u>
OPERATING ACTIVITIES:		
Receipts for:		
Sales	186,241	172,455
Other cash inflow from operating activities	1,882	1,221
Payment to:		
Suppliers of good and services	(112,364)	(87,426)
Payments to and on behalf of employees	(21,784)	(14,544)
Income tax	(20,221)	(9,602)
Interest paid	(6,983)	(3,895)
Other cash outflow from operating activities	(7,668)	(8,491)
Cash and cash equivalents generated by operating activities	19,103	49,718
INVESTING ACTIVITIES:		
Receipts for:		
Sale of property, plant and equipment	2,888	—
Payments to:		
Purchase of property, plant and equipment	(20,632)	(22,154)
Acquisition of subsidiaries	—	(54,861)
Purchase of intangible assets	—	(7,706)
Other cash outflow from investing activities	(5,907)	(1,639)
Cash and cash equivalents used in investing activities	(23,651)	(86,360)
FINANCING ACTIVITIES:		
Receipts for:		
Long-term borrowings received	63,926	160,171
Capital contribution by issuing shares		
Payments to:		
Payment of borrowings	(6,206)	(137,762)
Expenses for issuance premium	—	(416)
Dividends	(28,054)	(7,706)
Cash and cash equivalents generated by financing activities	29,666	14,287
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	25,118	(22,355)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	3,807	29,928
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>28,925</u>	<u>7,573</u>

PESQUERA EXALMAR S.A.A.

NOTES TO THE FINANCIAL STATEMENTS

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011 (UNAUDITED) AND
DECEMBER 31, 2011**

(Expressed in thousands of U.S. dollars (U.S. \$ 000) unless otherwise indicated)

**1. INCORPORATION, ECONOMIC ACTIVITY, APPROVAL OF THE FINANCIAL STATEMENTS,
OPERATIVE REGULATION, OPERATIONS, ACQUISITION OF COMPANIES AND MAJOR
CONTRACTS AND AGREEMENTS**

(a) Incorporation and economic activity

Pesquera Exalmar S.A.A. (hereinafter “The Company”), was incorporated in Peru on November 25, 1997. The Company’s legal address, where its administrative offices are located, is Av. Paz Soldán 170, San Isidro – Lima, Peru.

The Company is mainly engaged in the extraction, transformation and commercialization of hydrobiology products for the direct and indirect human consumption, as well as the import of products related to its economic activity, purchase and sale transactions of these products, representation and related activities, such as production of fishmeal and fish oil.

The Company owns 6 plants located along the coast of Peru (Tambo de Mora, Chimbote, Chicama, Callao, Paita and Huacho) and owns 62 fishing vessels primarily dedicated to the extraction of anchovy.

The financial statements as of September 30, 2012 include the proportional financial results of Corporación del Mar S.A. (Note 3 (e)); the consolidated financial statements as of December 31, 2011 include the proportional financial results of Corporación del Mar S.A., as well as the results of the following wholly-owned subsidiaries: Walda S.A.C., Inversiones Poas S.A.C., Pesquera del Sur S.R.Ltda., Inversiones Pesquera Valentina S.A.C., Negocios y Servicios Generales Antonia S.A.C., Pesquera Porto Novo S.A.C., Pesquera Statefuri S.A.C., Inversiones Pesqueras Vimarot S.A.C., Pesquera Hades S.A.C., Pesquera Cabasoni S.A.C. and Empresa Pesquera Caliche S.A.C. (Note 3 (c)).

(b) Approval of the financial statements

The accompanying interim financial statements for the nine months period ended September 30, 2012 and 2011 prepared in accordance with International Financial Reporting Standards (IFRS) have been authorized for issuance by the Company’s General Management and shall be made available for Board of Director approval. Management considers that these interim financial statements will be approved without modifications. The financial statements for the year ended December 31, 2011, previously reported, prepared in accordance with International Financial Reporting Standards to that date were approved by the Shareholders’ meeting on April 10, 2012.

(c) Operative Regulation

The industrial operations of the Company are regulated mainly by Decree Law N° 25977- General Fishing Law of November 7, 1992 and its Regulations, Supreme Decree N° 012-2001-PE of March 13, 2001, General Environmental Law N° 28611 of June 23, 2005, Legislative Decree N° 1084 – Law of Maximum Catch Fishing Limits per Vessel (or “LMCE” in its acronym in Spanish), of June 28, 2008 and its Regulations, and Supreme Decree N° 021-2008-PRODUCE of December 12, 2008 which govern fishing activities in order to promote its sustained development as a source of food, employment and income, as well as to ensure the responsible use of hydro biological resources and optimize economic benefits in harmony with the preservation of the environment and the biodiversity of maritime species. It also establishes requirements to ensure the protection and preservation of the environment, demanding measures to be taken to prevent and reduce damage and contamination risks in the marine, land and atmospheric environment.

The nationwide administration and control of fishing activity is currently assumed by the Ministry of Production, which, based on information provided by IMARPE, established restricted periods for the extraction of anchovy, white anchovy and hake, in order to preserve these marine species during reproductive periods or when the annual assigned quota is reached. Fishing bans affect the Company's operations, since the catching of marine species intended for the production of fishmeal and fish oil is limited or null during those periods.

The General Fishing Law establishes that fishing licenses are those specific rights granted by the Ministry of Production to engage in fishing activities. Fishing licenses are granted in relation to each specific fishing vessel, and in accordance with legislation in force, they do not have a specific time frame.

The abovementioned legislation also establishes that in case a vessel sinks, is destroyed or drained; the owner has the right to obtain an authorization from the Ministry of Production to build another vessel with identical storage capacity. The legislation does not set restrictions on the exercise of this right, related to the characteristics of the vessel construction and the term of such construction.

Consequently, Management considers that fishing licenses are intangible assets of indefinite useful life.

On June 28 and December 12, 2008 were approved the Law and the Regulations on Maximum Catch Limit per Vessel (LMCE for its Spanish acronym), respectively, which runs from the first fishing season of 2009. The allocation of LMCE was performed according to the highest percentage of share in the annual national fishing and the permitted fishing capacity at a rate of 60% and 40% respectively for the industrial fleet and only according to the best fishing year for wooden vessels. The years considered for determining the highest share percentage of each vessel are 2004 to 2007 inclusive. This act provides the possibility that holders of fishing permits may sign LMCE Agreements with the Ministry of Production to ensure the validity of the regime up to 10 years renewable.

The Company limited the extraction activities of fishery resources in each fishing season up to the LMCE amount that has been assigned, with the possibility to use one or more of the vessels with fishing licenses in force at the date of publication of the Law, which have also obtained a corresponding permit, for the extraction of fishery resources.

The Company has complied with the rules and regulations that apply and no contingency might arise related to the enforcement of them.

(d) Operations

During 2012, the Company operated under the regime of the Law on Statutory maximum catch Limit per vessel (or "LMCE" in its acronym in Spanish), through which every vessel owner or fishing company was granted an quota to determine the amount of fishing allowed by vessel. At September 30, 2012, the Company had 122 production days and 152 days of plant cessation (135 and 138 days of production and cessation as of September 30, 2011, respectively). Also, the ban periods generated operating costs to the Company of US\$20,942 (US\$14,275 as of September 30, 2011) which are presented under "Ban Period Expenses" in the statement of comprehensive income.

Also during the nine months ended September 30th 2012, the Company was assigned the following quota for extraction of anchovy:

- In the Central – North 6.45% (5.73% as of September 30, 2011) of total country's quota amounting to 2.7 million metric tons (MT) in the first fishing season that began on May 2 and ended on July 31, 2012 (3.7 million metric tons during the first fishing season that began on April 1 and ended on July 31, 2011).
- In the South Region 4.34% (1.44% at September 30, 2011) of the total country's quota amounting to 0.4 million metric tons (MT) during the first fishing season that began on February 18 and ended on September 30 2012 (0.4 million metric tons during the first fishing season that began on February 17 and ended on June 30, 2011).

On October 29, 2012 the Ministry of Production announced the start of the second fishing season from November 22, 2012 through January 31, 2013. The total quota for the country is 0.8 million of MT (2.5 million MT for the second fishing season 2011 that started on November 23, 2011 and ended on January 31, 2012).

(e) Environmental Regulation

The General Fishing Law requires an Environmental Impact Study prior to the initiation of any fishing activity.

Under Decree Law No. 25977 – General Fishing Law, Article 6 and its Regulations according to Supreme Decree No. 01-94-PE, protection and preservation of the environment is required and necessary measures should be adopted to prevent and reduce damages from pollution and risks to the maritime, land, and atmospheric environment.

The Company's operations are conducted protecting public health and the environment, in compliance with all applicable regulations.

As of September 30, 2012, the Company has carried out some works in different locations related to environmental protection for US\$7,332 (US\$870 at September 30, 2011) such as the construction of solid waste collection centers, purchase of boilers, pumps and steam dryers, which are capitalize. There are no liabilities for environmental obligations as of September 30, 2012.

(f) Main Contracts and Agreements

(f.1) Credit Agreement Portigon AG (Ex WestLB AG, New York Branch)

In October 2011, the Company and Portigon AG, as administrative agent, subscribe a Loan agreement for US\$140 million of which, US\$80 million was disbursed for early redemption of the syndicated loan balance due as of that date and to acquire quota and other investments in long term assets. In 2012 US\$20 million were disbursed for productive asset acquisition, US\$20 million were disbursed to cancel dividends and US\$20 million are available cash as of September 30, 2012.

According to such contract, the Company has to comply with several covenants required by the financial institutions, as follows:

- (i) Maintaining a consolidated leverage index not greater than 1, during the term of the agreement.
- (ii) Maintain a consolidated ratio of total debt / EBITDA no greater than 3.
- (iii) Maintain a debt service coverage ratio not lower than 1.25.
- (iv) Maintaining a minimum collection ratio on 2.00.
- (v) Inform the creditors over any fact or circumstance that could affect significantly affect the Company's results.

The Company is in compliance with the restrictive covenants and responsibilities established in the contract.

(f.2) Deed of Trust in Warranty, Citibank – Peru.

On April 10, 2008, the Company, as trustee, signed a Deed of Trust in Warranty jointly with Citibank del Peru S.A., as fiduciary, and Portigon AG (as Administrative Agent and Warranty Agent), whereby the Company transfer in trust 16 vessels and 3 plants in guarantee of the loan. On October 27, 2011, the Company signed an addendum, by which 13 vessels and 3 plants are in guarantee to support the new loan agreement mentioned in the (f.1) above.

Through this contract the fiduciary authorized exclusively the trustee to operate the trusted assets.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

(a) Adoption of International Financial Reporting Standards

By Resolution of the Securities Exchange Superintendence (SMV formerly CONASEV for its Spanish acronym) ruled that all companies under the scope of its supervision, are required to prepare financial statements with full observance of the International Financial Reporting Standards (IFRS) issued by the IASB in force internationally, showing in the notes to the financial statements an explicit statement and without reservation on compliance with those standards. Accordingly, in the case of the Company, the preparation and presentation of the first financial statements of full implementation of IFRS were the annual audited financial statements as of December 31, 2011, in accordance with IFRS 1 “First Time Adoption of International Financial Reporting Standards”.

The Company has prepared financial statements that comply with the effective IFRS for the periods ended September 30, 2012, together with comparative information as of September 30, 2011; these financial statements have been prepared with the same accounting policies and methods of computation as compared with the most recent annual financial statements.

(b) New and revised IFRSs in issue but not yet effective

The following standards and interpretations have been issued for application in accounting periods starting after the date of presentation of these financial statements:

- **IFRS 9 Financial Instruments.** Effective for annual periods beginning on or after January 1, 2015. IFRS 9 issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in October 2010 includes the requirements for the classification and measurement of financial liabilities and for recognition. Key requirements of IFRS 9 are described as follows:

IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods.

The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability attributable to changes in credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated at fair value through profit or loss, the amount of change in fair value of the financial liability that is attributable to changes in the liability’s credit risk is presented in other comprehensive income, unless the recognition of the effects of changes in credit risk of liability in other comprehensive income or increase originates a mismatch in profit or loss. Changes in fair value attributable to credit risk of a financial liability are not subsequently reclassified to statement of comprehensive income. Previously, under IAS 39, the amount of change in fair value of financial liabilities designated at fair value through profit or loss was presented in the statement of comprehensive income.

IFRS 9 is effective for annual periods beginning after January 1, 2015, and early adoption is permitted. Management believes that IFRS 9 will be adopted in the financial statements for the annual period beginning on January 1, 2015, and that its application will not have a significant impact on the figures shown for financial assets and financial liabilities.

- **IFRS 10 Consolidated Financial Statements.** Effective for annual periods beginning on or after January 1, 2013. IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements

that deal with consolidated financial statements. SIC-12 Consolidation – Special Purpose Entities has been withdrawn upon the issuance of IFRS 10. Under IFRS 10, there is only one basis for consolidation that is control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

- **IFRS 11 Joint Agreements.** Effective for annual periods beginning on or after January 1, 2013. IFRS 11 replaces IAS 31 Interests in Joint Ventures. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers has been withdrawn upon the issuance of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangement: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting.
- **IFRS 12 Disclosure of Interests in Other Entities.** Effective for annual periods beginning on or after January 1, 2013. IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangement, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.
- **IAS 27 (as revised in 2011) Separate Financial Statements.** Effective for annual periods beginning on or after January 1, 2013. IAS 27 has the objective of setting standards to be applied in accounting for investments in subsidiaries, jointly ventures, and associates when an entity presents separate financial statements. IAS 27 requires that entities preparing separate financial statements record investments at cost or in accordance with IFRS 9.
- **IAS 28 (as revised in 2011) Investments in Associates and Joint Ventures.** Effective for annual periods beginning on or after January 1, 2013. The objective of IAS 28 is to prescribe the accounting for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

Management believes that these last five related to each other standards will be adopted in the financial statements for the annual period beginning January 1, 2013. Applying these five standards could have an effect on the amounts reported in the financial statements. The application of IFRS 10 may result in the non-consolidation of some of the companies in which has investment, and the consolidation of the companies that were not previously consolidated. Furthermore, the application of IFRS 11 will lead to changes in accounting jointly controlled entity that are currently using proportionate consolidation. Under IFRS 11, a jointly controlled entity may be classified as a joint operation, according to the rights and obligations of the parties to the joint agreement. However, management has not made a detailed analysis of the impact of the application of these standards and therefore has not yet quantified the magnitude of the impact.

- **IFRS 13 Fair Value Measurements.** Effective for annual periods beginning on or after January 1, 2013. IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, qualitative and quantitative information on the basis of the fair value hierarchy of three levels that currently only requires financial instruments under IFRS 7 Financial Instruments: Disclosures, IFRS will be extended by 13 to cover all assets and

liabilities within its scope. IFRS 13 is effective for annual periods beginning on or after January 1, 2013 or later, earlier application permitted. Management has not conducted yet a detailed analysis of the impact of implementing the above standards and interpretations and therefore has not quantified the magnitude of the impact this might have on the consolidated financial statements for 2013 and beyond.

- **Amendments to IAS 1 – Presentation of items of other comprehensive income.** Effective for annual periods beginning on or after July 1, 2012. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis; Management believes the impact will be minor.
- **Amendments to IAS 12 – Deferred Tax – Recovery of Underlying Assets.** Effective for annual periods beginning on or after January 1, 2012. The amendments to IAS 12 provide an exception to the general principles in IAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Under the amendments, investment properties that are measured using the fair value model in accordance with IAS 40 Investment Property are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances; This amendments had no material effect on these financial statements.
- **IAS 19 (revised 2011) Employee benefits.** Effective for annual periods beginning on or after January 1, 2013. The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the ‘corridor approach’ permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the statement of financial position to reflect the full value of the plan deficit or surplus; Management has not conducted yet a detailed analysis of the impact of implementing the above standards and interpretations and therefore has not quantified the magnitude of the impact these might have on the consolidated financial statements for 2013 and beyond.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used by the Company for the preparation and presentation of the financial statements are as follows:

(a) Statement of compliance and basis of preparation and presentation

The financial statements are presented and prepared in conformity with the Standards and Interpretations issued or adopted by the IASB (International Accounting Standards Board), which include International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), or the former Interpretations of the Standing Interpretations Committee (SIC) – adopted by the IASB.

In the preparation and presentation of the 2012 and 2011 financial statements, the Company has complied with the standards and interpretations referred to above.

Responsibility for the information and estimates

The Company's Management is responsible for the information contained in the financial statements. Certain estimates made to quantify some assets, liabilities, revenues; expenses and commitments recorded therein have been used based on the experience and other relevant factors. Final results could differ from those estimates.

These estimates are reviewed on an on-going basis. Changes in accounting estimates are prospectively recognized by recording the effects of changes in the corresponding income accounts for the year in which the corresponding reviews are conducted.

The most important estimates related with the preparation of the Company's financial statements refer to:

- Determination of functional currency.
- Allowance for impairment of receivables and other receivables.
- Allowance for impairment of inventories.
- Useful life of buildings, vessels, machinery and equipment and intangible assets.
- Deferred income tax computation
- Impairment of goodwill.
- Likelihood of contingencies

(b) Principles of consolidation of Subsidiaries

As of December 31, 2011, the consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (Subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

As of December 31, 2011 the Subsidiaries' names, domiciles, and the percentage of the Company's participation in the ownership of said Subsidiaries are as follows:

<u>Subsidiaries</u>	<u>Acquisition date</u>	<u>Participation in Ownership 2011</u>	<u>Place</u>
		%	
Walda S.A.C.	25/4/2011	100	Perú
Inversiones Poas S.A.C.	27/6/2011	100	Perú
Pesquera del Sur S.R.Ltda.	14/4/2011	100	Perú
Inversiones Pesquera Valentina S.A.C.	1/4/2011	100	Perú
Negocios y Servicios Generales Antonia S.A.C.	23/3/2011	100	Perú
Pesquera Porto Novo S.A.C.	27/4/2011	100	Perú
Pesquera Statefuri S.A.C.	22/11/2011	100	Perú
Inversiones Pesqueras Vimarot S.A.C.	18/3/2011	100	Perú
Pesquera Hades S.A.C.	29/3/2011	100	Perú
Pesquera Cabasoni S.A.C.	27/12/2011	100	Perú
Empresa Pesquera Caliche S.A.C.	17/3/2011	100	Perú

All intra-group transactions are eliminated in full on consolidation. When necessary, adjustments are made to the financial statements of certain Subsidiaries to bring their accounting policies into line with those used by other members of the Company.

Income and expenses of Subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of Subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interests in Subsidiaries that do not result a losing control over the Subsidiaries is accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the Subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business.

On December 20, 2011 the Board meeting approved the merger by absorption of Walda S.A.C., Inversiones Poas S.A.C., Pesquera del Sur S.R.L., Inversiones Pesquera Valentina S.A.C., Negocios y Servicios Generales Antonia S.A.C., Pesquera Porto Novo S.A.C., Inversiones Pesquera Vimarot S.A.C., Pesquera Hades S.A.C. and Empresa Pesquera Caliche S.A.C. and agreed to establish as the date of the merger January 1, 2012. Also the Board meeting held on August 21, 2012 approved the merger of Pesquera Cabanosi S.A.C. and Pesquera Statefuri S.A.C., agreed to establish as the date of the merger September 1, 2012.

As of September 30, 2012 the financial statements are stand-alone after the merger of the subsidiaries.

(c) Functional and presentation currency

The Company prepares its financial statements in U.S. dollars, which is the functional currency determined by Management. The functional currency is the currency of the main economic environment in which an entity operates, which has an impact on the selling prices, among other factors.

(d) Interests in joint ventures

Interests in joint ventures are recognized by the Company through the application of the proportionate consolidation method whereby the venturer may combine its share of each of the assets, liabilities, income and expenses of the jointly controlled entity with the similar items, line by line, in its financial statements, as follows: the statement of financial position of the venture includes its share of the assets that it controls jointly and its share of the liabilities for which it is jointly responsible. The statement of comprehensive income of the venturer includes its share of the income and expenses of the jointly controlled entity.

Balances and transactions between the Company and joint venture have been eliminated upon consolidation.

The Company has a 50% share in the ownership of Corporacion del Mar S.A. that is an entity jointly controlled by an agreement signed with Austral Group S.A.A. The Company reports on their joint participation in jointly controlled entities using proportionate consolidation. The accounting policies of participation in joint ventures have been modified to the extent necessary to ensure consistency with the policies adopted by the Company.

The following amounts are included in the financial statements as a result of the proportionate consolidation of Corporacion del Mar S.A.

	September 2012	December 2011
	US\$000	US\$000
	(Unaudited)	
Current assets	1,011	749
Non-current assets	1,193	1,969
Current liabilities	(1,440)	(1,340)
Non-current liabilities	(1,048)	(1,530)

	Three months period from July 1 to September 30		Nine months period from January 1 to September 30	
	2012	2011	2012	2011
	US\$000 (Unaudited)	US\$000 (Unaudited)	US\$000 (Unaudited)	US\$000 (Unaudited)
Income	561	75	1,339	153
Expenses	(941)	(42)	(2,301)	(203)

(e) Financial Instrument

Financial instruments are contracts that give rise simultaneously to a financial asset in a company and a financial liability or equity instrument in another company.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that is directly attributable to the acquisition or issue of financial assets and financial liabilities, except for other than financial assets and financial liabilities at fair value through profit or loss. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

Financial assets held by the Company correspond to loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Financial liabilities

Debt and equity instruments issued by an entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial liabilities include: trade payables, other payables and financial obligation current and non-current, which are valued subsequently measured at amortized cost using the effective interest method to initial recognition, reflecting the results accrued interest to the over corresponding period.

(f) Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories shall comprise all costs of direct materials, direct labour, overhead expenses and other costs incurred in bringing the inventories to their present location and condition. Cost is determined by the average cost method; while inventory in transit is determined by the specific cost method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. A provision for stock devaluation is recorded due to reductions in the carrying value of stock at their net realizable value with charge to income for the period when such reductions occurred.

(g) Derivative financial instruments

The Company uses derivative financial instruments to reduce the risk of changes in the exchange rate of its accounts payable in foreign currencies and changes in variable interest rates on its financial obligations. Derivative financial instruments are not designated for hedge accounting and changes in fair value are recognized in profit or loss in accordance with IAS 39 "Financial Instruments Recognition and Measurement".

(h) Financial Investments

The financial statements include investments under the cost method. These assets are accounted for as non-current assets unless management has expressed its intention to sell the investment within 12 months from the date of the statements of financial position.

(i) Property, vessels, machinery and equipment

Property, vessels, machinery and equipment are recorded at cost and are presented net of accumulated depreciation. Initial disbursements as well as those subsequently incurred should be recognized as assets when it is probable that the future economic benefits associated with the asset will flow to the entity, and the cost of the asset can be measured reliably. Disbursements for maintenance and repairs are expensed during the period as incurred. The gain or loss arising on the sale or disposal of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the income statement upon realization of the sale.

Depreciation is determined by the straight-line method based on the useful life of assets, represented by equivalent depreciation rates. The annual depreciation is recognized as an expense and calculated considering the estimated useful lives of the different captions:

	<u>Years</u>
Buildings and other constructions	33
Vessels	2-29
Machinery and equipment	2-35
Vehicles	5
Furniture and fixtures	10
Miscellaneous equipment	10

The estimated useful lives, residual values and depreciation method are periodically reviewed by Management based on the economic results expected for the items comprising property, plant and equipment.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

(j) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases, where the Company acts as a lessee, are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. These assets are depreciated following the straight-line method based on the estimated useful life of similar own goods. Annual depreciation is recognized as an expense or cost of other asset. The total financial burden is distributed among the periods constituting the lease term. The corresponding obligations are recognized as a liability.

Lease payments are apportioned between financial expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments, where the Company acts as a lessee, are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time

pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

(k) Intangible assets

Intangible assets with definite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives, represented by equivalent amortization rates.

Useful lives and amortization method are periodically reviewed to guarantee that the amortization method used reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity.

Intangible assets with indefinite useful life (fishing license) are not amortized, and their recoverability is periodically reviewed.

(l) Impairment loss

The Company periodically reviews the carrying amounts of their tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalue amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

(m) Goodwill

Goodwill, resulting from the acquisition of business combination, is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is initially recognized at cost and subsequently presented at cost less any impairment loss.

For the purposes of impairment testing, goodwill is allocated to the Company as one cash-generating unit that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount,

the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in subsequent periods.

If the Company is in the measurement process of the business combination, during the measurement period, retroactively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances existing at the acquisition date and, if they were known, would have affected the measurement of the amounts recognized at that time. During the measurement period the Company also recognize additional assets or liabilities if new information about facts and circumstances that existed at the acquisition date and, if they had known, would have resulted in the recognition of those assets and liabilities at that date. The measurement period ends as soon as the Company receives the information it was seeking about facts and circumstances that existed at the acquisition date or learns that you can get more information. However, the measurement period shall not exceed one year from the acquisition date.

(n) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed periodically, and adjusted to reflect the best estimate as of the balance sheet date. When the effect of the time value of money is material, the amount recorded as a provision is equal to the present value of future payments required to settle the obligation.

(o) Contingent assets and contingent liabilities

Contingent liabilities are not recognized in the financial statements, they are only disclosed in a note to the financial statements unless the possibility of an outflow of resources is remote.

Contingent assets are not recognized in the financial statements, they are only disclosed in a note to the financial statements when it is probable that an inflow of resources will take place.

Items previously treated as contingent assets or liabilities will be recognized in the financial statements of the period in which the change in probabilities occurs; that is, when in the case of liabilities it is determined as probable, or virtually certain in the case of assets, that an outflow or inflow of resources will take place, respectively.

(p) Employee benefits

Employee and workers benefits include, among other, short-term benefits, such as wages and salaries and social security contributions, annual vacations, sick leaves, profit sharing and bonuses, among other, paid within the term of twelve months after the closing of the period. These benefits are recognized as an expense when employees have rendered service entitling them to the contributions. The corresponding obligations payable are presented under employee benefit obligations in the statements of financial position.

(q) Recognition of revenues, costs and expenses

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

(r.1) Sales of goods

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company retains neither continuing managerial involvement nor effective control over the goods sold;

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits of the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Segment information

Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision-maker (“CODM”) in deciding on how to allocate resources and in assessing performance. The Company’s CODM is considered to be the Company’s chief executive officer (“CEO”). The CEO reviews financial information presented on an entity level basis for purposes of making operating decisions and assessing financial performance. Therefore, the Company has determined that it operates in a single operating and reportable segment

(r.2) Interest

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(r.3) Costs and expenses

The cost of sales is recorded in profit or loss upon goods delivery and revenue recognized. Expenses are recorded for the period as incurred, irrespective of the date of payment.

(r.4) Ban period expenses

Ban period expenses are the fixed and maintenance costs of vessels, facilities and machinery and equipment incurred during fishing ban periods or in periods with a lack of raw material; these expenses are recognized as an expense in the period in which they are incurred. These costs affect the gross income in the statement of comprehensive income.

(r) Transactions in foreign currency

The Company’s functional currency is U.S. dollars (US\$). Transactions in currencies other than the entity’s functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the rates prevailing at that date.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

(s) Taxation

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Current income tax is calculated using tax rates that have been enacted by current tax laws to net taxable income for the year. Current income taxes are recognized as an expense for the period.

Deferred tax liabilities are recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit, without considering when those temporary differences will be reversed. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The Company does not have unrecognized tax benefits or reserve for uncertain tax positions that require disclosure in its financial statements.

(t) Earnings per share

Basic earnings per share were computed by dividing net income by the weighted-average number of ordinary shares outstanding during each year. Since the Company does not have financial instruments with diluting effects, basic and diluted earnings per share are the same.

(u) Cash and cash equivalents

Cash includes cash on hand and in banks. Cash equivalents comprise short-term highly liquid investments maturing in three months or less. These are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

4. FINANCIAL RISKS AND INSTRUMENTS

Categories of financial instruments

The financial assets and liabilities of the Company are comprised as follows:

	September 2012	December 2011
	US\$000	US\$000
	(Unaudited)	
Assets:		
Cash and cash equivalents	28,925	3,804
Trade receivables, net	15,643	14,764
Other receivables, net	37,364	23,603
Amounts due from related entities	4,246	3,097
Total	<u>86,178</u>	<u>45,268</u>
Liabilities:		
Financial obligations	191,151	133,298
Trade payables	13,042	32,115
Other payables	6,789	27,820
Amounts due to related entities	10	115
Total	<u>210,992</u>	<u>193,348</u>

Financial Risks

During the normal course of business, the Company is exposed to a variety of financial risks. The risk management program of the Company is mainly focused on financial markets and tries to minimize potential adverse effects on the financial performance of the Company. Ultimate responsibility for risk management rests with the Finance Manager, which identifies, assesses and covers financial risks.

(a) Market risk

(i) Exchange rate risk

The Company mainly invoices the sale of their products in US dollars. The exchange rate risk arises from trade payables, other payables and other financial obligations in current nuevos soles.

As of September 30, 2012 and December 31, 2011, balances of financial assets and liabilities denominated in foreign currency correspond to balances denominated in nuevos soles and they are expressed in US dollars at exchange rate published by the Superintendence of Banking, Insurance and AFP (SBS for its Spanish acronym) effective at that date, which was US\$0.385 sale and US\$0.385 purchase (US\$0.370 sale, and US\$0.371 purchase to December 31, 2011) by S/.1.00; a summary follows:

	September 2012	December 2011
	S/.000	S/.000
	(Unaudited)	
Assets:		
Cash and cash equivalents	2,293	1,699
Trade receivables (net)	7	997
Other receivables (net)	22,932	7,963
Amounts due from related entities	6,831	8,317
Total	<u>32,063</u>	<u>18,976</u>
Liabilities:		
Financial obligations	10,723	13,744
Trade payables	22,279	22,321
Other payables	44,817	67,316
Amounts due to related entities	25	1,725
Total	<u>77,844</u>	<u>105,106</u>
Liability position, net	<u>(45,781)</u>	<u>(86,130)</u>

The Company uses derivative financial instruments (forwards) to reduce the risk of changes in the exchange rate of its accounts payable in foreign currency forward contracts for operations conducted for the nine months period ended September 30, 2012. The Company at September 30, 2012 has recorded an income of US\$89 (US\$313 as of December 31, 2011) included in the statement of comprehensive income.

The devaluation (revaluation) percentage of the nuevos soles regarding the U.S. dollar calculated based on the offer and demand-selling exchange rate, and inflation (deflation) percentages, based on the Nation-wide Wholesale Price Index (WPI) for the nine months period ended September 30, 2012 and for the year ended at December 31, 2011 were as follows:

Year	Revaluation	Inflation
	%	%
For nine months ended September, 2012	(2.66)	5.86
December 2011	(3.99)	6.26

(ii) Price risk

The Company is exposed to commercial risks from changes in the fishmeal and fish oil price (commodities) due to the price of those products is affected by the changes in the international market.

Legislative Decree N° 1084, establishing a system of quotas per vessel, constituted a significant change in the way fishmeal and fish oil are commercialized, enabling companies to increase their future

commitments (pre-sales) as the Ministry of Production (PRODUCE for its Spanish acronym) determines the annual fishing quota, each company can determine its minimum production of fishmeal. This fact has allowed the Company not only to maintain its price in 2012 but to increase it, as it occurred in the months of January to September 2012. This better management of production meant that for most of the year 2012, the price of fishmeal was maintained within the range of US\$1,160/MT – US\$1,571 / MT (in the range of US\$1,249 / MT – US\$1,650 / MT in 2011).

(iii) Interest rate risk

The Company does not have significant assets that generate interest; revenues and operating cash flows are independent of changes in interest rates in the market, except for amounts due from related entities, bearing an interest rate fixed.

The Company's policy is to maintain financing, mainly with fixed interest rates and variable rates. Management considers the risk that the fair value of interest rates is not important because the interest rates on its financing agreements do not differ significantly from the market interest rate that is available to the Company for similar financial instruments.

The long-term debt is mainly at fixed rates that represents 73% of total financial debt as of September 30, 2012 (60% as of September 30, 2011).

For the purpose of limiting exposure to fluctuations in variable interest rates, the Company maintains a swap contract of interest rate with a foreign financial institution (Note 1). The interest rate of the syndicated loan is indexed to Libor interest rate. In order to cover our exposure against significant variations in this rate, we entered into a US\$ 80,000 swap transaction that fixed Libor plus 1.175% for the remaining years of the loan. As a result of this swap transaction, we have partially offset the interest rate risk of the syndicated loan. The fair value of interest swap contracts at the end of the period, in which it is reported, is determined by discounting future cash flows using the rate curves at the end of the reported period and credit risk inherent in the contract.

As of September 30, 2012, the Company recorded a loss of US\$371 (US\$534 as of September 30, 2011), for the adjustment to fair value of the financial instrument, which is presented in the statement of comprehensive income.

A summary of the effects of a reasonable variation in variable rates (3-month Libor) on the Company's financial expenses is as follows:

	<u>Increase / decrease in libor rates</u>	<u>Effect on finance expenses</u>
		US\$000 (Unaudited)
2012		
Libor (3 months)	1%	54
Libor (3 months)	-1%	-234

(b) Credit risk

The credit risk of the Company arises from the incapacity of debtors able to fulfill their obligations, to the extent they have matured. Management believes that the Company mitigates credit risk due to periodic credit evaluation performed. Historically overseas customers are charged against letters of credit at sight and sales to domestic customers are usually in cash there have been no significant doubtful account problems.

The Company places cash in well-known financial institutions; establish conservative credit policies and constantly assess the conditions of the market they operate. Consequently, the Company do not expect significant losses in this regard.

(c) Liquidity risk

A reasonable management of liquidity risks implies maintaining sufficient cash and cash equivalents, and the possibility of obtaining and/or having obtained financing through an adequate number of sources of credit. The Company has appropriate levels of cash and cash equivalents and available credit facilities.

An analysis of the financial liabilities of the Company classified based on their maturity date and considering the period left to reach that due date at the statement of financial position is as follows:

	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 3 years</u>	<u>Between 3 and 5 years</u>	<u>Total</u>
	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>
As of September 30, 2012:					
Financial obligations	51,409	1,028	1,068	137,646	191,151
Trade payables	13,042	—	—	—	13,042
Other payables	6,789	—	—	—	6,789
Amounts due to related entities	10	—	—	—	10
Total (Unaudited)	<u>71,250</u>	<u>1,028</u>	<u>1,068</u>	<u>137,646</u>	<u>210,992</u>
As of December 31, 2011:					
Financial obligations	52,898	400	21,250	58,750	133,298
Trade payables	32,115	—	—	—	32,115
Other payables	27,820	—	—	—	27,820
Amounts due to related entities	115	—	—	—	115
Total	<u>112,948</u>	<u>400</u>	<u>21,250</u>	<u>58,750</u>	<u>193,348</u>

The Company manages the risk with the amounts included in each of the above mentioned categories, which includes keeping good relationships with local financial institutions to ensure sufficient credit facilities at all times, as well as keeping its working capital solvent with cash flows provided by its operating activities.

(d) Capital risk management

The Company's capital risk management is aimed at safeguarding its ability to continue as a going concern in order to generate returns for its shareholders, benefits for other groups of interest and maintain an optimal capital structure to minimize the cost of capital.

According to the industry, the Company monitors their capital based on the leverage ratio. Such ratio is calculated by dividing net debt by total equity. Net debt corresponds to total financial debt (including current and noncurrent debt) less cash and cash equivalents.

The leverage ratio was as follows:

	<u>September 2012</u>	<u>December 2011</u>
	<u>US\$000</u>	<u>US\$000</u>
	(Unaudited)	
Financial obligations	191,151	133,298
Less: Cash and cash equivalents	<u>(28,925)</u>	<u>(3,807)</u>
Net debt	162,226	129,491
Total equity	<u>237,405</u>	<u>224,395</u>
Leverage ratio	<u>0.68</u>	<u>0.58</u>

(e) Fair value of financial instruments

Management of the Company considers that the carrying amounts of financial assets and financial liabilities approximate their fair values due to short term maturity.

In the case of long-term debt, Management believes that book value is similar to fair value due to the fact that it accrues interest with rates similar to market rates.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are as follows:

	September 2012	December 2011
	US\$000	US\$000
	(Unaudited)	
Cash and checking accounts	8,781	3,807
Time deposits	20,144	—
Total	<u>28,925</u>	<u>3,807</u>

Cash and checking accounts mainly comprise checking accounts in local banks, denominated in Peruvian nuevos soles and US dollars, and are of free availability.

As of September 30, 2011, time deposits corresponded to funds in a local bank that earned interest at 1.30%, had maturity in November 2012.

6. TRADE RECEIVABLE (NET)

Trade receivable (net) is as follows:

	September 2012	December 2011
	US\$000	US\$000
	(Unaudited)	
Trade receivables	15,654	14,777
Allowance for doubtful debts	(11)	(13)
Total	<u>15,643</u>	<u>14,764</u>

The average credit period granted to local clients ranges between 3 and 7 days; then the outstanding balances earn interest at market rates.

Sales to foreign customers are mostly guaranteed by letter of credit payable at sight. In cases that do not require letter of credit, the foreign sale will be charged with documents (cash against documents). No export loans are granted, the term of payment is determinate by the delay of the bank with the documents which are required by the letter of credit and the trading time that the local bank will take with foreign documents, this period can last 45 to 60 days from the date of invoice. As long as the payment for export documents has not been made (ownership of the property), there will not be delivered to the buyer.

The Company considers the internal data from credit history in order to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. 96.60% of the trade receivables that are neither past due nor impaired have the best credit scoring attributable under the external credit scoring system used by the Company. Of the trade receivables balance at the nine months period ended as of September 30, 2012, 87% is concentrated in 6 major customers. There are no other customers who represent more than 10% of the total balance of trade receivables.

Allowance for doubtful accounts is determined in accordance with the policies established by Management and recognized considering, among other factors, balances with receivable older than 360 days and your chances of being recovered, and evidence of debtor's financial difficulties which increase beyond normal the risk of uncollectible receivable balances, so that the amount has a level that Management considers adequate to cover possible losses on accounts receivable from the date of the statements of financial position. The amount of the allowance is recorded in statement of comprehensive income for the period. Subsequent amounts recovered are recognized as credit in income for the period. Basic criteria to write-off impaired financial assets against the referred to valuation account are as follows: (i) collection procedures have been exhausted, including the execution of warranties; and (ii) financial issues of the counterparty evidencing the inability to collect the debt.

The accounts receivable are current maturity. The aging summary of such balances is as follows:

	September 2012	December 2011
	US\$000	US\$000
	(Unaudited)	
Within maturity periods	15,115	14,340
Overdue up to 60 days	137	115
Overdue from 61 days to 180 days	385	305
Overdue from 181 days to 360 days	3	2
Overdue over 360 days	14	15
Total	<u>15,654</u>	<u>14,777</u>

As of September 30, trade receivables include amounts that are past due at the end of the reporting period for which the Company has not recognized an allowance for doubtful debts because there has not been a significant change in credit quality and Management considers that the amounts are still considered recoverable. The Company does not have any guarantee on such pending balance, except the overseas accounts receivable, which are mostly guaranteed by export notes of credit.

The Company maintains an allowance for doubtful accounts at a level that is considered by Management as in line with the potential risk of bad debts. Aging of accounts receivable and clients' conditions are constantly monitored to ensure fairness of the allowance in the financial statements. Consequently, Management considers that no further provisions in excess of the allowance for doubtful accounts are required as of September 30, 2012 and December, 31, 2011.

7. OTHER RECEIVABLE (NET)

Other receivable (net) is as follows:

	September 2012	December 2011
	US\$000	US\$000
	(Unaudited)	
Advances to shipowners (a)	26,716	18,819
Tax credit – VAT (b)	4,442	9,134
Personnel and shareholders (c)	9,314	3,118
Claims to third parties	1,031	843
Miscellaneous	416	1,281
Total	41,919	33,195
Allowance for impaired receivables	(183)	(179)
Total	<u>41,736</u>	<u>33,016</u>

- (a) Corresponds to advance payments to ship-owners for extraction of hydro biological resources in favor of the Company.

- (b) Tax credit from VAT corresponds to the credit balance of the Value Added Tax (VAT) paid for the acquisition of goods and services, deductible from the VAT to be applied to the Company' future sale of goods and services provided, and by requesting a refund of the Balance in favour of exporters. As of September 30, 2012, the Company has recovered US\$10,855 (US\$15,579 as of December 31, 2011) for this concept.
- (c) During 2012, the Company granted a loan to a shareholder for US\$7,500, which bears interest rate of 8%.

8. AMOUNTS DUE TO / FROM RELATED ENTITIES AND TRANSACTIONS

For the nine months periods ended September 2012 and 2011, the Company entered into the following trading transactions with related parties, during the normal course of operations:

	September 2012	September 2011
	US\$000	US\$000
	(Unaudited)	
Loans granted	1,234	2,614
Insurance	—	45
Invoicing of network services and other	330	217
Loan interest gain	—	93
Expenses for office rental and others	21	91

As a result of these transactions, the following balances receivable and payable were generated:

	September 2012	December 2011
	US\$000	US\$000
	(Unaudited)	
Receivables:		
Corporación Exalmar S.A.	2,048	1,967
Complejo Agroindustrial Beta S.A.	740	667
Compañía Hotelera El Sausal S.A.	788	395
Inmobiliaria Seville S.A.	285	19
Comercializadora Global S.A.	41	26
C.M.V. Servicios Ejecutivos S.A.	1	15
Other related entities	343	8
	<u>4,246</u>	<u>3,097</u>
Payables:		
Complejo Agroindustrial Beta S.A.	—	76
C.M.V. Servicios Ejecutivos S.A.	7	32
Other related entities	3	7
	<u>10</u>	<u>115</u>

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

As of September 30, 2012 and December 31, 2011, the Company has not granted any guarantee to financial entities on behalf of related entities.

The remuneration paid to key management as of September 30, 2012 was US\$998 (US\$737 as of September 30, 2011). The remuneration paid to Directors for per diem as of September 30, 2012 was US\$48 (US\$89 as of September 30, 2011).

9. INVENTORIES (NET)

Inventories are as follows:

	September 2012	December 2011
	US\$000	US\$000
	(Unaudited)	
Fishmeal and fish oil	12,280	38,792
Supplies	10,580	6,943
Finished goods	3,931	2,204
Raw material	—	340
Packages and packing	420	470
Total	27,211	48,749
Allowance for obsolescence of inventories	(373)	(373)
Total	<u>26,838</u>	<u>48,376</u>

Management estimates that inventories will be shortly realized or consumed.

The allowance for obsolescence of inventories was determined based on evaluation of operational areas, which details the materials that are obsolete. In Management's opinion, this estimate adequately covers the risk of impairment as of September 30, 2012 and December 31, 2011.

10. FINANCIAL INVESTMENTS

Financial investments are as follows:

	N° share of stocks	Percentage participation in the Share capital	Book Values September 2012	December 2011
		US\$000	US\$000	US\$000
			(Unaudited)	
Associate companies:				
Pesquera Surja S.A.C.	1,279,829	5.00%	400	400
CMV	181,287	5.42%	55	55
Promotora Club Empresarial	9	—	9	9
Total			<u>464</u>	<u>464</u>

11. PROPERTY, VESSELS, MACHINERY AND EQUIPMENT, NET

For the nine months period ended September 30, 2012 and December 31, 2011, property, vessels, machinery and equipment are as follows:

	Land	Buildings and other constructions	Vessels	Machinery and equipment	Furniture and fixtures	Miscellaneous equipment	Work in Progress	Total
	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
Cost:								
Balances as of January 1, 2011	8,797	12,023	144,278	76,764	371	3,357	11,846	257,436
Additions	—	8	1,026	—	—	78	29,520	30,632
Disposals	—	—	(213)	(3,467)	(1)	(69)	—	(3,750)
Transfers	62	178	3,300	13,137	(9)	(140)	(16,528)	—
Additions due to business combination	48	43	3,325	3	—	—	3	3,422
Reclassifications	—	—	3	(3)	—	—	—	—
Balances as of December 31, 2011	8,907	12,252	151,719	86,434	361	3,226	24,841	287,740
Additions	—	—	—	—	—	—	20,765	20,765
Disposals	(218)	(674)	—	(2,129)	—	(81)	—	(3,102)
Transfers	—	306	3,290	(12)	1	149	(3,734)	—
Total	(218)	(368)	3,290	(2,141)	1	68	17,031	17,663
Balances as of September 30, 2012 (Unaudited)	8,689	11,884	155,009	84,293	362	3,294	41,872	305,403
Accumulated Depreciation:								
Balances as of January 1, 2011	—	2,784	74,546	27,310	341	2,567	—	107,548
Additions	—	494	11,297	4,920	4	134	—	16,849
Disposals	—	—	(7)	(3,069)	(1)	(67)	—	(3,144)
Reclassifications	—	—	148	176	(8)	(316)	—	—
Balances as of December 31, 2011	—	3,278	85,984	29,337	336	2,318	—	121,253
Additions	—	357	8,251	4,024	3	127	—	12,762
Disposals	—	(137)	—	71	—	(81)	—	(147)
Reclassifications	—	—	(2)	2	—	—	—	—
Balances as of September 30, 2012 (Unaudited)	—	3,498	94,233	33,434	339	2,364	—	133,868
Net Cost:								
As of September 30, 2012 (Unaudited)	8,689	8,386	60,776	50,859	23	930	41,872	171,535
As of December 31, 2011	8,907	8,974	65,735	57,097	25	908	24,841	166,487

The depreciation of property, vessels, machinery and equipment is distributed as follows:

	September 2012	December 2011
	US\$000 (Unaudited)	US\$000
Cost of sales	4,347	6,147
Ban period expenses	8,352	10,524
Administrative expenses	63	178
Total	12,762	16,849

Property, vessels, machinery and equipment include assets acquired under finance leases as follows:

	September 2012	December 2011
	US\$000	US\$000
	(Unaudited)	
Buildings	2,248	2,248
Machinery and equipment	27,574	27,574
Vessels	19,902	19,902
Others	791	791
	<u>50,515</u>	<u>50,515</u>
Accumulated depreciation:	<u>(26,410)</u>	<u>(24,417)</u>
Total	<u><u>24,105</u></u>	<u><u>26,098</u></u>

As of September 30, 2012, the Company owns 13 vessels for US\$29,094 (US\$29,515 in 2011) and 3 plants for US\$46,033 (US\$28,932 in 2011), net of accumulated depreciation, which constitute the Guarantee Trust with Citibank, made in support of the loan contracted with Portigan A.G.

The Company has insurance contracts to cover potential risks related to property, vessels, machinery and equipment, as well as potential claims that might arise in the normal course of business, in the understanding that such policies sufficiently cover their inherent risks.

Additions related to acquisitions as of September 30, 2012 are mainly (i) improvement work in Huacho plant for the transformation of the production process of fish meal with an investment is US\$2,385, (ii) implementation of CHD Tambo de Mora plant with an investment is US\$5,219 and cold system on Ancash, Cusco and Don Alfredo vessels with an investment is US\$3,886; and December 31, 2011 are mainly (i) machinery and equipment for the Paita plant of frozen products for US\$6,688, improvement work on the Huacho plant for the production process transformation of fish meal with an investment is US\$4,135, and (ii) vessels for US\$685 through purchase of companies considered purchase of property, vessels, machinery and equipment.

The transfer in 2012 is mainly related to machinery and equipment used in the vessels for US\$3,290. The transfers in 2011 are mainly related to machinery and equipment used in the CHD Paita plant for US\$3,742, the purchase of machinery and equipment used in Chimbote plant for US\$3,206 and improvement work on vessels for US\$3,045.

The expected results for the remaining useful life of fixed assets, and in its opinion the recoverable value of its property, vessels, machinery and equipment as of September 30, 2012 and December 31, 2011, is higher than their book values, thus it is not necessary to record any provision for impairment loss for these assets at the date of the consolidation financial statements.

12. INTANGIBLE ASSETS (NET)

For the nine months period ended September 30, 2012 and December 31, 2011, intangible assets are as follows:

	SAP Software	License	Total
	US\$000	US\$000	US\$000
Cost:			
Balances as of January 1, 2011	1,158	64,555	65,713
Additions	—	15,250	15,250
Additions due to business combination	—	17,926	17,926
Balances as of December 31, 2011	<u>1,158</u>	<u>97,731</u>	<u>98,889</u>
Balances as of September 30, 2012 (Unaudited)	<u>1,158</u>	<u>97,731</u>	<u>98,889</u>
Amortization:			
Balances as of January 1, 2011	1,157	—	1,157
Balances as of December 31, 2011	<u>1,157</u>	<u>—</u>	<u>1,157</u>
Balances as of September 30, 2012 (Unaudited)	<u>1,157</u>	<u>—</u>	<u>1,157</u>
Net Cost:			
As of September 30, 2012 (Unaudited)	<u>1</u>	<u>97,731</u>	<u>97,732</u>
As of December 31, 2011	<u>1</u>	<u>97,731</u>	<u>97,732</u>

Licenses correspond to vessels and plants permits acquired either by purchase or business combinations.

The recoverable value of intangible assets is higher than its book value, thus it is not necessary to record any provision of impairment loss for those assets at the date of the financial statements.

13. GOODWILL

The annual impairment test is performed at December of each fiscal year. As of September 2012, the most recent detailed calculations made in the preceeding period are still valid; hence Management estimates that no provision for impairment loss is needed.

14. FINANCIAL OBLIGATIONS

Financial obligations are comprised as follows:

	Current		Non current	
	September 2012	December 2011	September 2012	December 2011
	US\$000	US\$000	US\$000	US\$000
	(Unaudited)		(Unaudited)	
Bank overdrafts	1,656	4,912	—	—
Promissory notes	45,708	44,721	—	—
Long-term bank loans	—	—	136,506	75,997
Finance lease liabilities	1,165	2,948	3,236	4,403
Others	<u>2,880</u>	<u>317</u>	<u>—</u>	<u>—</u>
Total	<u>51,409</u>	<u>52,898</u>	<u>139,742</u>	<u>80,400</u>

Bank overdrafts

As of September 30, 2012 and December 31, 2011, bank overdrafts comprise balances payable to local banks in nuevos soles and U.S. dollars. The overdrafts accrue interest at an annual interest rate of 5% (3.30% for 2011) and have no specific guarantees.

Promissory notes

As of September 30, 2012 and December 31, 2011, promissory notes comprise bank notes in U.S. dollars obtained to finance working capital, with an effective interest annual rate of 1.55% and 3.47% (1.5% and 3.00% as of December 31, 2011), secured by assets of the Company with maturity periods not exceeding 180 days.

Long-term bank loans

The main long-term credit pays LIBOR + 3.9% per year, granted by assets of the Company and whose maturity periods not exceed five years (Note 1).

The long-term bank loans are presented net of costs directly linked of U.S. \$ 3.477.

Finance lease liabilities

Financial leasing contracts established in U.S. dollars to finance acquisitions of fixed assets, with an effective interest annual rate between 5.27% and 9.23%, secured by the same assets, the Company granted an option to purchase of the asset at the end of and with maturity periods not exceeding five years.

Break down of financial obligation by maturity is as follows:

<u>Period/Year</u>	<u>September 2012</u> US\$000 (Unaudited)	<u>December 2011</u> US\$000
2012	51,409	52,898
2013	1,034	1,794
From 2014 to 2017	138,708	78,606
Total	191,151	133,298

The present value of finance lease payments included in other long-term financial liabilities is as follows:

	<u>September 2012</u> US\$000 (Unaudited)	<u>December 2011</u> US\$000
Up to one year	1,441	3,297
More than one year	3,612	4,998
Total payable including finance charges	5,053	8,295
Finance charges pending to be applied in future period income	(652)	(944)
Total	4,401	7,351

15. OTHER PAYABLES

Other payables are comprised as follows:

	September 2012	December 2011
	US\$000 (Unaudited)	US\$000
Dividends declared (Nota 18 (c))	—	21,117
Accounts payable merged companies (a)	1,431	2,032
Pesquera San Francisco S.A.	674	799
Taxes	398	710
Fishing permits and FONCOPES	132	565
Pacifico Peruano Suiza	1,096	498
Advances	250	282
Sigma Investment Fund	285	285
Umayuc	220	151
Soluciones Marítimas S.A.C.	260	—
Gutiérrez Flores Cleofe	127	—
SGS del Perú S.A.C.	107	—
Others	1,809	1,381
Total	<u>6,789</u>	<u>27,820</u>

- (a) These accounts correspond to the outstanding balance of the acquired shares from the merged companies from Queirolo Group, that were held to cover potential labor, tax and Ministry of Production contingencies, which were originally held by the acquired companies as of the merger date, for US\$37 and the unpaid balance of the shares acquired from Pesquera San Martin de Porras S.R.L. for US\$683 (US\$1,293 in 2011), Pesquera Ollanta S.A.C. for US\$320 (US\$324 in 2011), Virgen de las Peñas S.A.C. for US\$298 (US\$287 in 2011) and others for US\$93 (US\$91 in 2011), which were retained to cover potential labor, tax and the Ministry of Production.

16. EMPLOYEE BENEFIT OBLIGATIONS

Employee benefit obligations are as follows:

	September 2012	December 2011
	US\$000 (Unaudited)	US\$000
Employees' profit sharing	4,905	5,428
Vacations	740	771
Remuneration	12	369
National Pension Fund and ESSALUD	132	359
Employees' severance payments	323	228
Total	<u>6,112</u>	<u>7,155</u>

17. PROVISIONS

The movement of provisions for administrative and labor proceedings is as follows:

	Opening balances	(Recoveries)/ Additions	Closing balances
	US\$000	US\$000	US\$000
<u>September 2012</u> (Unaudited)	<u>4,950</u>	<u>(482)</u>	<u>4,468</u>
<u>December 2011</u>	<u>2,312</u>	<u>2,638</u>	<u>4,950</u>

18. EQUITY

(a) Share capital

As of September 30, 2012 and December 31, 2011, issued capital is represented by 296,996,557 authorized, issued and paid ordinary shares at a par value of S/1.00 each.

(a.1) outstanding ordinary shares and equity interest

The shareholder structure (in thousands of shares) was as follows as of September 2012 and December 2011:

<u>Shareholders</u>	<u>Shares</u>	<u>Percentage</u>
Caleta de Oro Holding S.A.	180,048	60.62%
Caleta de Oro Holding del Perú S.A.C.	25,000	8.42%
Stafedouble S.L. Sociedad Unipersonal	15,000	5.05%
Banchile Corredores de Bolsa S.A.	14,903	5.02%
HG22 Smallcap World Fund INC	7,050	2.37%
RI – Fondo 3	6,941	2.34%
Mediterráneo Fondo de Inversión Privada	5,175	1.74%
Silk Holding Management LTD	5,058	1.70%
Others Shareholders	37,822	12.74%
	<u>296,997</u>	<u>100.00%</u>

(a.2) Capital surplus

The Company issued and placed in the local and international market 57,500,000 shares of Class “A” with a nominal value of S/1.00 each. The position on the local and international market of 57’500,000 shares were incorporated to equity of the Company for a market value of S/4.75 each, which represented an increase in capital surplus of US\$20,584 and the recognition of an additional capital of US\$69,721, net of issuance associated costs for US\$7,461.

(b) Other capital reserves – Legal reserve

According to the General Law of Companies in Peru, the legal reserve is created by transferring 10%, as a minimum, of the net income for each period, after deducting accumulated losses, until reaching an amount equivalent to a fifth of capital. In the absence of undistributed earnings or freely available reserves, the legal reserve shall be used to offset losses, and subsequently replaced. The legal reserve may be capitalized, in which case, it shall also be subsequently replaced.

As of September 30, 2012, a minimum of US\$4,054, which corresponds to 10% of net profit of 2010 and 2011, is pending to be transferred to the legal reserve. As such the amount of retained earnings is not distributable for this amount.

(c) Retained earnings

(c.1) Regulatory framework

Pursuant to Legislative Decree N° 945, dated December 23, 2003, domiciled legal entities that agree to allocate dividends or any other type of profit sharing shall withhold 4.1% on the amount to be allocated, except if any such dividends or profit sharing will be allocated to domiciled legal entities.

There are no restrictions for dividends remittances or for the capital repatriation to foreign investors.

(c.2) Payment of dividends

On April 10, 2012, the General Shareholders' Meeting agreed to distribute dividends from retained earnings as of December 31, 2011, up to the amount of US\$6,937.

On March 29, 2011, the General Shareholders' Meeting agreed to distribute dividends from retained earnings as of December 31, 2010, up to an amount of US\$7,706, and delegated to the Board of Directors the power to approve an additional dividend for US\$21,117. By Meeting held on December 20, 2011 it was agreed the distribution of dividends for that amount.

19. NET SALES

Sales to customers by geographical location are shown below:

	Three months period from July 1 to September 30		Nine months period from January 1 to September 30	
	2012	2011	2012	2011
	US\$000 (Unaudited)	US\$000 (Unaudited)	US\$000 (Unaudited)	US\$000 (Unaudited)
Exports:				
Asia	29,579	35,662	98,736	111,430
Europa	31,056	21,350	52,640	38,329
America	5,443	—	31,749	3,722
Oceania	—	—	65	—
Subtotal	66,078	57,012	183,190	153,481
Local sales and others	1,069	5,373	3,928	18,258
Total	<u>67,147</u>	<u>62,385</u>	<u>187,118</u>	<u>171,739</u>

20. COST OF SALES

Cost of sales comprises:

	Three months period from July 1 to September 30		Nine months period from January 1 to September 30	
	2012	2011	2012	2011
	US\$000 (Unaudited)	US\$000 (Unaudited)	US\$000 (Unaudited)	US\$000 (Unaudited)
Beginning inventory of finished products	38,355	31,524	40,996	9,219
Productions costs:				
Raw materials, inputs and supplies	9,950	4,599	62,194	64,475
Manufacturing expenses	2,276	1,453	9,337	7,199
Depreciation (Note 11)	1,086	2,021	4,347	6,780
Personnel costs	3,780	3,253	12,289	15,430
Finished products sinister	(568)	(243)	(568)	(427)
Others	—	402	—	518
Less ending inventory of finished products (Note 9)	<u>(16,211)</u>	<u>(3,816)</u>	<u>(16,211)</u>	<u>(3,816)</u>
Total	<u>38,668</u>	<u>39,193</u>	<u>112,384</u>	<u>99,378</u>

21. BAN PERIOD EXPENSES

Ban period expenses comprise:

	Three months period from July 1 to September 30		Nine months period from January 1 to September 30	
	2012	2011	2012	2011
	US\$000 (Unaudited)	US\$000 (Unaudited)	US\$000 (Unaudited)	US\$000 (Unaudited)
Depreciation (Note 11)	3,080	3,311	8,352	8,119
Services from third parties	2,573	1,034	5,072	1,784
Personnel charges	2,413	1,292	5,070	2,449
Consumption of sundry supplies	514	502	1,352	948
Sundry management charges	384	399	943	826
Taxes	73	51	153	149
Total	<u>9,037</u>	<u>6,589</u>	<u>20,942</u>	<u>14,275</u>

22. ADMINISTRATIVE EXPENSES

Administrative expenses comprise:

	Three months period from July 1 to September 30		Nine months period from January 1 to September 30	
	2012	2011	2012	2011
	US\$000 (Unaudited)	US\$000 (Unaudited)	US\$000 (Unaudited)	US\$000 (Unaudited)
Personnel	1,237	1,008	2,760	2,456
Communications	23	38	106	113
Fees	277	163	965	709
Maintenance and repairs	21	24	85	73
Rental expenses	242	58	296	148
Third-party services	177	102	379	213
Tax expenses	10	18	90	43
Insurance	8	9	24	31
Depreciation (Note 11)	21	18	63	53
Other	163	776	740	1,196
Total	<u>2,179</u>	<u>2,214</u>	<u>5,508</u>	<u>5,035</u>

23. SELLING EXPENSES

Selling expenses comprise:

	Three months period from July 1 to September 30		Nine months period from January 1 to September 30	
	2012	2011	2012	2011
	US\$000 (Unaudited)	US\$000 (Unaudited)	US\$000 (Unaudited)	US\$000 (Unaudited)
Personnel	241	91	622	209
Transportation of finished products	911	708	2,488	1,729
Sale commissions for finished products	148	155	389	303
Rental expenses	82	19	227	44
Security and surveillance	151	83	400	190
Inspection and analysis	331	364	1,005	849
Stowing and packing	66	7	316	13
Export shipment services	1,108	1,122	3,039	2,347
Storage of finished products	61	—	410	—
Other third – party services	52	8	147	36
Miscellaneous	143	37	457	100
Total	<u>3,294</u>	<u>2,594</u>	<u>9,500</u>	<u>5,820</u>

24. OTHER INCOME AND EXPENSES

For nine months period ended September 30, 2012 and 2011, other income and expenses include the following concepts:

	Three months period from July 1 to September 30		Nine months period from January 1 to September 30	
	2012	2011	2012	2011
	US\$000 (Unaudited)	US\$000 (Unaudited)	US\$000 (Unaudited)	US\$000 (Unaudited)
Other Income:				
Provisions adjustment	254	(19)	604	115
Income from recovery of incidental expenses	—	16	—	16
Income on sales of equipment	919	2	2,888	2
Others	—	—	1,192	588
Total	<u>1,173</u>	<u>(1)</u>	<u>4,684</u>	<u>721</u>
Other expenses:				
Tax penalties and fees incurred	523	384	854	1,015
Compensation under Legislative Decree No. 1084	32	175	155	653
Losses	—	427	—	427
Costs from the sale of assets, net	393	—	3,023	—
Others	673	1,201	1,269	1,521
Total	<u>1,621</u>	<u>2,187</u>	<u>5,301</u>	<u>3,616</u>

25. FINANCIAL GAIN

For nine months period ended September 30, 2012 and 2011, financial gain is as follows:

	Three months period from July 1 to September 30		Nine months period from January 1 to September 30	
	2012	2011	2012	2011
	US\$000 (Unaudited)	US\$000 (Unaudited)	US\$000 (Unaudited)	US\$000 (Unaudited)
Interest on loans and receivables	2	1	4	29
Interest on bank deposits	118	62	281	167
Total	<u>120</u>	<u>63</u>	<u>285</u>	<u>196</u>

26. FINANCIAL EXPENSES

For nine months period ended September 30, 2012 and 2011, financial expenses are as follows:

	Three months period from July 1 to September 30		Nine months period from January 1 to September 30	
	2012	2011	2012	2011
	US\$000 (Unaudited)	US\$000 (Unaudited)	US\$000 (Unaudited)	US\$000 (Unaudited)
Interest on loans and bank overdrafts	2,181	1,251	5,936	3,344
Loss on derivative financial instruments	478	172	661	115
Interest on finance lease liabilities	113	146	355	577
Other interest	227	77	1,047	611
Total	<u>2,999</u>	<u>1,646</u>	<u>7,999</u>	<u>4,647</u>

27. INCOME TAXES

(a) Income tax regime

(i) Income tax rates

The corporate income tax rate for domiciled legal entities is 30%.

Legal entities domiciled in Peru are subjected to an additional rate of 4.1% on any amount that may be considered indirect income, including, among others, amounts charged to expenses and unreported income, expenses which may have benefited the shareholders or workers, among others, outside business expenses or shareholders participation, which are assumed by the legal entity.

(ii) Transfer pricing

For the purposes of income tax calculation and General Tax on Sales in Peru, legal entities engaged in transactions with related companies or with companies resident in territories with low or no taxation, shall: (a) file an annual affidavit for transfer pricing information when the amount of their transactions with related parties being greater than S/.200,000 (b) have a Transfer Pricing Technical Study, including the supporting documentation for this study. This formal obligation arises when the amount of accrued income exceeds S/.6,000,000, and the entity has conducted transactions with related companies for an amount over S/.1,000,000.

Both formal obligations will also be payable in the event that at least one transaction to, from or through countries with low or no taxation had been made.

The Company has Transfer Pricing Study for 2011 and it is conducting the corresponding study for 2012.

There are no significant transfer pricing liabilities as of September 30, 2012.

(iii) Significant amendments to the income tax regulations in Peru

Under Law 29884, the Congress devolves faculties to the Executive Power to make amendments by Legislative Decrees to the current tax regime in order to improve the Peruvian Tax System.

Under these faculties have been issued Legislative Decrees 1112, 1116, 1120 and 1124 that introduce changes to current income tax regimen in Peru, mostly, from the fiscal year 2013. Following is a summary of the most important changes:

- It states that tax basis should be supported with, validly issued, payment receipt. Prior law only required this for the deduction of expenses. In case of real estate acquired through leasing or leaseback computable cost will be increases with subsequent costs embodied in the asset according to accounting standards. In the case of share sales or transferable securities which generated nondeductible capital losses has provided that such losses will increase the cost of them.
- It establishes new assumption dividend cases of reduction of capital, up to the amount of profits, revaluation surplus, restated adjustments, bonuses and / or unrestricted reserves existing at the time of adoption of reduction agreement capital, if after the capital reduction such profits, revaluation surplus, restatement adjustments, bonuses and / or reserves be distributed or capitalized. The standard specifies that this assumption is effective from September 30, 2012.
- For operations that generate alleged income or imputed income leasing of land or temporary leasing of furniture or property other than land, or by assignment given free or not determinate income, or in the case of the presumption interests, conducted between related parties, or possibly with tax havens, shall apply transfer pricing rules.
- It shall apply the transfer pricing rules to value of goods imported and exported between related parties or with tax havens. Before alleged value applied (not greater than the ex-factory price in the place of origin or not less than the local market, as appropriate).
- The depreciation rate should be applied to the result of adding subsequent costs incurred to the acquisition cost, production and construction. It means the costs incurred in respect of an asset that has been affected the generation of taxable income, in accordance with the provisions of accounting standards, will be recognized as cost.
- It eliminates the capitalization standards exchange difference on foreign currency liabilities related to stock and fixed assets. Notwithstanding what is stated it is provided that the exchange difference generated until December 2012 that according to the current legislation has been registered as an asset and will continue to be governed by the previous treatment.
- The limit on deduction of training expenses of the Company is eliminated.
- The limit on deduction of expenses incurred in vehicles, mainly pick-up trucks is included.
- For the case of voluntary revaluations without tax effect have been established new rebuttable presumptions not seek tax and the profit which been understand as distributed. Regarding simple splits and reorganizations in which it was agreed not to revalue the assets making up the block transferred assets have been established presumptions seeking potential tax the capital gain that would be generated product of the difference between the market value and the cost computable of the transferred assets.
- For the case of voluntary revaluations tax effect, taxable income as a result of the reorganization may not be offset by the tax losses of the parties involved in the reorganization.

Management has not conducted yet a detailed analysis of the impact of implementing the above amendments and interpretations and therefore has not quantified the magnitude of the impact these might have on the consolidated financial statements for 2013 and beyond.

- (b) The income tax expense is comprised as follows:

	Three months period from July 1 to September 30		Nine months period from January 1 to September 30	
	2012	2011	2012	2011
	US\$000	US\$000	US\$000	US\$000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax	5,459	6,243	12,691	13,871
Adjustment of prior year income tax	24	(4)	309	8
Deferred tax – income	(119)	(3,869)	(1,802)	(1,546)
Total	<u>5,364</u>	<u>2,370</u>	<u>11,198</u>	<u>12,333</u>

- (c) Current income tax expense corresponds to the income tax payable, calculated at a rate of 30% on taxable income, after deducting a 10% employees' profit sharing as per Legislative Decree 892.
- (d) Tax situation

Income tax returns of the Company and its merged subsidiaries that is pending for review by the tax administration, which is authorized to perform reviews within four years following the year of submittal of the corresponding income tax return, as follows:

Pesquera Exalmar S.A.A.	2008 to 2011
Corporación del Mar S.A.	2008 to 2011
Walda S.A.C.	2011
Inversiones Poas S.A.C.	2011
Pesquera del Sur S.R.Ltda.	2007 to 2011
Inversiones Pesquera Valentina S.A.C.	2011
Negocios y Servicios Generales Antonia S.A.C.	2011
Pesquera Porto Novo S.A.C.	2011
Pesquera Statefuri S.A.C.	2011
Inversiones Pesqueras Vimarot S.A.C.	2011
Pesquera Hades S.A.C.	2011
Pesquera Cabasoni S.A.C.	2011
Empresa Pesquera Caliche S.A.C.	2011

The Tax Administration reviewed Pesquera Exalmar S.A.A. income tax return for the years 2006 and 2007 with no material observations. In March 2012, the audit of income tax for the year 2007 of Corporación del Mar S.A. resulted a Tax Administration fine and interest of (in thousands) S/.1,290.

Due to possible interpretations that tax authorities may make on legal regulations in force, it is not possible to determine whether liabilities for the Company will result from future reviews, so that any eventual higher tax or charge that might result from fiscal reviews will be charged to the net income for the year in which they are determined. Management considers that no significant liabilities will arise as a result of any eventual tax examinations.

(e) The reconciliation of the effective income tax rate is as follows:

	September 2012		September 2011	
	US\$000 (Unaudited)	%	US\$000 (Unaudited)	%
Profit before income taxes	31,145	100	39,609	100
Income tax calculated at the tax rate	9,344	30	11,883	30
Tax effect over additions (deductions):				
Permanent items	<u>1,854</u>	<u>5.95</u>	<u>450</u>	<u>1.14</u>
Income tax expense and tax rate applicable to book income	<u>11,198</u>	<u>35.95</u>	<u>12,333</u>	<u>31.14</u>

(f) Income tax recoverable and payable

Income tax debit and credit balances with the tax administration are as follows:

	September 2012	December 2011
	US\$000 (Unaudited)	US\$000
Payable:		
Income tax payable	<u>2,129</u>	<u>9,350</u>

28. DEFERRED TAX LIABILITIES

The movement of deferred income tax liability and the description of temporary differences that originated them are as follows:

At September 30, 2012 (Unaudited)

Temporary differences	Opening balances	Additions (deductions)	Closing balances
	US\$000	Income/loss for the period US\$000	US\$000
Assets:			
Provision for vacation payable	220	(13)	207
Other provisions	1,952	(278)	1,674
Liabilities:			
Assets revaluation	(12,784)	1,316	(11,468)
Incremental deemed cost	(6,082)	808	(5,274)
Fixed assets on exchange difference	(1,586)	(31)	(1,617)
Insurance compensation	<u>(671)</u>	<u>—</u>	<u>(671)</u>
Deferred liabilities (net)	<u>(18,951)</u>	<u>1,802</u>	<u>(17,149)</u>

At December 31, 2011

Temporary differences	Opening balances	Additions (deductions)	Other changes	Closing balances
	US\$000	Income/loss for the period US\$000	US\$000	US\$000
Assets:				
Provision for vacation payable	136	84	—	220
Other provisions	809	19	1,124	1,952
Liabilities:				
Assets revaluation	(20,780)	956	7,040	(12,784)
Incremental deemed cost	(7,090)	1,008	—	(6,082)
Fixed assets on exchange difference	(1,345)	(241)	—	(1,586)
Insurance compensation	<u>(703)</u>	<u>32</u>	<u>—</u>	<u>(671)</u>
Deferred liabilities (net)	<u>(28,973)</u>	<u>1,858</u>	<u>8,164</u>	<u>(18,951)</u>

29. EARNINGS PER SHARE

The net basic and diluted earnings per share were calculated by dividing net income attributable to the shareholders by the weighted average number of outstanding ordinary shares during the period.

- (a) The weighted average number of outstanding shares for nine months period ended September 30, 2012 and 2011 was 296,996,557 per valued at S/.1.00 each.
- (b) As of September 30, 2012 and 2011, the calculation of the net basic and diluted earnings per share is as follows:

	As of September 30, 2012		
	Earnings (numerator) US\$000	Number of shares (denominator)	Earnings per share US\$000 (Unaudited)
Basic and diluted earnings per ordinary shares:			
Three months period ended	6,286	296,997	0.021
Nine months period ended	<u>19,947</u>	<u>296,997</u>	<u>0.067</u>

	As of September 30, 2011		
	Earnings (numerator) US\$000	Number of shares (denominator)	Earnings per share US\$000 (Unaudited)
Basic and diluted earnings per ordinary shares:			
Three months period ended	5,503	296,997	0.019
Nine months period ended	<u>27,276</u>	<u>296,997</u>	<u>0.092</u>

30. OPERATING LEASES

As of September 30, the Company has committed operating leasing the following minimum lease payments with lessees:

	September 2012	September 2011
	US\$000 (Unaudited)	US\$000 (Unaudited)
Less than one year	332	168
Between one (1) and five (5) years	<u>1,320</u>	<u>504</u>
Total	<u>1,652</u>	<u>672</u>

Lease expenses recognized in the statement of comprehensive income is US\$332 in 2012 (US\$273 in 2011).

31. NON-CASH TRANSACTIONS

For the nine months period ended September 30, the Company entered into the following non-cash investing and financing activities which are not reflected in the statement of cash flows:

	2012	2011
	US\$000 (Unaudited)	US\$000 (Unaudited)
Finance lease of property, plant and equipment	133	—

32. CONTINGENCIES

The Company face certain possible contingencies from labor and civil lawsuits against the Company for US\$2,495. The Company as well as their legal advisors consider that there are sufficient merits to argue these claims and that their final resolution will not have any significant effect on the financial statements.

The Company present probable contingencies for US\$4,468 including in Provisions (Note 17).

33. SUBSEQUENT EVENTS

We are not aware of any subsequent events, having occurred from the financial statements closing date to date of this report, which could significantly affect the financial statements.

Pesquera Exalmar S.A.A. and Subsidiaries

Independent Auditors' Report

Consolidated Financial Statements

For the years ended December 31, 2011 and 2010 (restated)
and January 1, 2010 (restated)

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of
Pesquera Exalmar S.A.A. and Subsidiaries

1. We have audited the accompanying consolidated financial statements of **Pesquera Exalmar S.A.A. and Subsidiaries**, which comprise the consolidated statements of financial position at December 31, 2011 and 2010 (restated), and January 1, 2010 (restated), consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2011 and 2010 (restated) and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Auditing Standards Generally Accepted in Peru. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 internal control of the Company and Subsidiaries. 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 consolidated financial statements.

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

Opinion

6. In our opinion, the consolidated financial statements present fairly in all material respects, the consolidated financial position of **Pesquera Exalmar S.A.A. and Subsidiaries** as at December 31, 2011 and 2010 (restated), and January 1, 2010 (restated) and of their consolidated financial performance and consolidated cash flows for the years then ended December 31, 2011 and 2010 (restated) in accordance with International Financial Reporting Standards.

Emphasis on a matter

7. As described in Note 2 and 31 to the accompanying consolidated financial statements as at December 31, 2011 the Company adopted the effective International Financial Reporting Standard (IFRS) issued by the IASB, in compliance with provisions of the Securities Exchange Superintendence. The adoption effects are further detailed in the notes hereto. The consolidated financial statements for the year ended December 31, 2010 and the statement of financial position at January 1, 2010 have been retroactively restated for comparison purposes in order to show the adoption effects at those dates.

Other matter

8. The translation of the consolidated financial statements into English has been made solely for the convenience of the readers.

Beltrán Gais & Asociados S. Civil de R.L.

Countersigned by:



(Partner)

Héctor Gutiérrez Durand
C.P.C. License No. 37527

February 28, 2012

PESQUERA EXALMAR S.A.A. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT DECEMBER 31, 2011 AND 2010 AND JANUARY 1, 2010 (RESTATED)
(Expressed in thousands of dollars (US\$000))**

ASSETS	Notes	31/12/2011 US\$000	31/12/2010 US\$000 (Note 2)	1/1/2010 US\$000 (Note 2)	LIABILITIES AND EQUITY	Notes	31/12/2011 US\$000	31/12/2010 US\$000 (Note 2)	1/1/2010 US\$000 (Note 2)
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents	5	3,807	29,928	10,127	Financial obligations	15	52,898	19,643	61,832
Trade receivables (net)	6	14,764	7,714	4,657	Trade payables	16	31,504	12,789	15,567
Other receivables (net)	7	33,016	24,467	13,555	Other payables	17	27,820	5,204	6,502
Amounts due from related entities	8	3,097	1,294	128	Amounts due to related entities	8	726	666	40
Inventories (net)	9	48,376	13,945	36,279	Current tax liabilities	25(f)	9,350	2,618	—
Prepaid expenses	10	1,687	1,924	1,049	Provision for employee benefits	18	7,155	3,470	2,167
Total current assets		104,747	79,272	65,795	Total current liabilities		129,453	44,390	86,108
NON-CURRENT ASSETS					NON-CURRENT LIABILITIES				
Financial investments	11	464	464	464	Financial obligations – long term	15	80,400	41,246	60,360
Property, plant and equipment (net)	12	166,487	149,888	144,774	Deferred tax liabilities	26	18,951	28,973	28,714
					Provisions	19	4,950	2,312	2,030
Intangible assets (net)	13	97,732	64,556	46,490					
Goodwill	14	88,719	51,708	46,737	Total non-current liabilities		104,301	72,531	91,104
Total non-current assets		353,402	266,616	238,465	TOTAL LIABILITIES		233,754	116,921	177,212
					EQUITY:				
					Issued capital	20(a)	90,336	90,336	69,752
					Share capital	20(a)	69,721	70,137	—
					Other capital reserve	20(b)	3,609	3,609	360
					Retained earnings	20(c)	60,729	64,885	56,936
					TOTAL EQUITY		224,395	228,967	127,048
TOTAL ASSETS		458,149	345,888	304,260	TOTAL LIABILITIES AND EQUITY		458,149	345,888	304,260

The accompanying notes are integral part of the consolidated financial statements.

PESQUERA EXALMAR S.A.A. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010 (RESTATED)
(Expressed in thousands of dollars (US\$000))**

	<u>Notes</u>	<u>31/12/2011</u> <u>US\$000</u>	<u>31/12/2010</u> <u>US\$000</u> (Note 2)
OPERATING REVENUE		192,284	182,992
Cost of sales		(109,076)	(115,153)
Ban period expenses		(19,966)	(22,559)
GROSS PROFIT		<u>63,242</u>	<u>45,280</u>
Selling expenses		(7,039)	(5,740)
Administrative expenses		(7,192)	(4,986)
Other income	22	1,143	2,165
Other expenses	22	(6,722)	(4,882)
OPERATING INCOME		<u>43,432</u>	<u>31,837</u>
Finance income	23	664	94
Finance expenses	24	(6,501)	(7,732)
Exchange differences, net		<u>217</u>	<u>684</u>
PROFIT BEFORE TAX		<u>37,812</u>	<u>24,883</u>
Income tax expense	25(b)	(13,145)	(5,185)
NET PROFIT		<u>24,667</u>	<u>19,698</u>
Other comprehensive income		<u>—</u>	<u>—</u>
TOTAL COMPREHENSIVE INCOME		<u>24,667</u>	<u>19,698</u>
Basic and diluted earning per share (in U.S. dollars)	27	0.083	0.079

The accompanying notes are integral part of the consolidated financial statements.

PESQUERA EXALMAR S.A.A. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010 (RESTATED)
(Expressed in thousands of dollars (US\$000))**

	Issued Capital		Other Capital Reserves	Retained Earnings	Total
	Ordinary Shares	Share Premium			
	US\$000	US\$000	US\$000	US\$000	US\$000
	(Note 20 (a))		(Note 20 (b))	(Note 20 (c))	
Balances at January 1, 2010	69,752	—	360	38,516	108,628
Prior year adjustment:					
IFRS adoption	—	—	—	18,420	18,420
Restated opening balance	69,752	—	360	56,936	127,048
Changes in equity					
Comprehensive income:					
Net profit for the year	—	—	—	19,698	19,698
Total comprehensive income for the year	—	—	—	19,698	19,698
Cash dividends declared	—	—	—	(8,500)	(8,500)
Capital contribution by issuing shares	20,584	70,137	—	—	90,721
Increase (decrease) for transfers and other changes	—	—	3,249	(3,249)	—
Total changes in equity	20,584	70,137	3,249	7,949	101,919
Balances at December 31, 2010 (Note 2)	90,336	70,137	3,609	64,885	228,967
Changes in equity					
Comprehensive income:					
Net profit for the year	—	—	—	24,667	24,667
Total comprehensive income for the year	—	—	—	24,667	24,667
Cash dividends declared	—	—	—	(28,823)	(28,823)
Capital contribution by issuing shares	—	(416)	—	—	(416)
Total changes in equity	—	(416)	—	(4,156)	(4,572)
Balances at December 31, 2011	90,336	69,721	3,609	60,729	224,395

The accompanying notes are integral part of the consolidated financial statements.

PESQUERA EXALMAR S.A.A. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010 (RESTATED)
(Expressed in thousands of dollars (US\$000))**

	<u>31/12/2011</u> US\$000	<u>31/12/2010</u> US\$000 (Note 2)
OPERATING ACTIVITIES:		
Receipts for:		
Sale of goods and rendering of services	185,234	179,935
Other cash inflow from operating activities	1,118	4,446
Payment to:		
Suppliers of good and services	(123,362)	(105,865)
Payments to and on behalf of employees	(18,873)	(14,786)
Income tax	(11,968)	(8,936)
Other cash outflow from operating activities	(12,202)	(11,448)
Cash and cash equivalents generated by operating activities	<u>19,947</u>	<u>43,346</u>
INVESTING ACTIVITIES:		
Payments to:		
Purchase of property, plant and equipment	(36,449)	(9,010)
Excess in cost on book value in business acquisition	(37,011)	(9,354)
Purchase of intangible assets	(33,176)	(18,140)
Other cash outflow from investing activities	(3,719)	(1,899)
Cash and cash equivalents used in investing activities	<u>(110,355)</u>	<u>(38,403)</u>
FINANCING ACTIVITIES:		
Receipts for:		
Long-term borrowings received	301,975	248,576
Capital contribution by issuing shares	—	90,721
Payments to:		
Payment of borrowings	(229,566)	(315,939)
Expenses for issuance premium	(416)	—
Dividends	(7,706)	(8,500)
Cash and cash equivalents generated by financing	<u>64,287</u>	<u>14,858</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(26,121)</u>	<u>19,801</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>29,928</u>	<u>10,127</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u><u>3,807</u></u>	<u><u>29,928</u></u>

The accompanying notes are integral part of the consolidated financial statements.

PESQUERA EXALMAR S.A.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010 (RESTATED) AND JANUARY 1, 2010 (RESTATED)

(Expressed in thousands of U.S. dollars (U.S. \$ 000) unless otherwise indicated)

1. INCORPORATION, ECONOMIC ACTIVITY, APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS, OPERATIVE REGULATION, OPERATIONS, ACQUISITION OF COMPANIES AND MAJOR CONTRACTS AND AGREEMENTS

(a) Incorporation and economic activity

Pesquera Exalmar S.A.A. (hereinafter the “Company”), was incorporated in Peru on November 25, 1997. The Company’s legal address, where its administrative offices are located, is Av. Paz Soldan 170, San Isidro – Lima, Peru.

The Company and Subsidiaries are mainly engaged in the extraction, transformation, commercialization and exportation of hydrobiology products for the direct or indirect human consumption, as well as the import of products related to its economic activity, purchase and sale transactions of these products, representation and related activities, such as production of fishmeal and fish oil.

The Company and Subsidiaries own 6 plants located themselves along the coast of Peru (Tambo de Mora, Chimbote, Chicama, Callao, Paita and Huacho) and 62 (48 in 2010) own fishing vessels primarily dedicated to the extraction of anchovy.

The accompanying financial statements are presented consolidated with those of Subsidiaries (hereinafter the Company and Subsidiaries), whose relationship, economic activity, address, Company’s participation in the ownership and consolidation principles are described in Note 1 (e) y Note 3 (c).

(b) Approval of the consolidated financial statements

The accompanying consolidated financial statements for the year ended December 31, 2011 have been prepared in conformity with International Financial Reporting Standards and authorized for issuance by the Company’s General Management. The consolidated financial statements for the year ended December 31, 2010, prepared in conformity with accounting principles generally accepted in Peru to that date, were approved by the General Shareholders’ Meeting on March 29, 2011

(c) Operative Regulation

The industrial operations of the Company are regulated mainly by Decree Law N° 25977-General Fishing Law of November 7, 1992 and its Regulations, Supreme Decree N° 012-2001-PE of March 13, 2001, General Environmental Law N° 28611 of June 23, 2005, Legislative Decree N° 1084 – Law of Maximum Catch Fishing Limits per Vessel (or “LMCE” in its acronym in Spanish), of June 28, 2008 and its Regulations, and Supreme Decree N° 021-2008-PRODUCE of December 12, 2008 which govern fishing activities in order to promote its sustained development as a source of food, employment and income, as well as to ensure the responsible use of hydrobiological resources and optimize economic benefits in harmony with the preservation of the environment and the biodiversity of maritime species. It also establishes requirements to ensure the protection and preservation of the environment, demanding measures to be taken to prevent and reduce damage and contamination risks in the marine, land and atmospheric environment.

The nationwide administration and control of fishing activity is currently assumed by the Ministry of Production, which, based on information provided by IMARPE, established restricted periods for the extraction of anchovy, white anchovy and hake, in order to preserve these marine species during

reproductive periods or when the annual assigned quota is reached. Fishing bans affect the Company's operations, since the catching of marine species intended for the production of fishmeal and fish oil is limited or null during those periods.

The General Fishing Law establishes that fishing licenses are those specific rights granted by the Ministry of Production to engage in fishing activities. Fishing licenses are granted in relation to each specific fishing vessel, and in accordance with legislation in force, they do not have a specific time frame.

The abovementioned legislation also establishes that in case the vessel sinks, is destroyed or drained; the owner has the right to obtain an authorization from the Ministry of Production to build another vessel with identical storage capacity. The legislation does not set restrictions on the exercise of this right, related to the characteristics of the vessel construction and the term of such construction.

Consequently, Management considers that fishing licenses are intangible assets of undetermined useful life.

On June 28 and December 12, 2008 were approved the Law and the Regulations on Maximum Catch Limit per Vessel (LMCE for its Spanish acronym), respectively, which runs from the first fishing season of 2009. The allocation of LMCE was performed according to the highest percentage of share in the annual national fishing and the permitted fishing capacity at a rate of 60% and 40% respectively for the industrial fleet and only according to the best fishing year for wooden vessels. The years considered for determining the highest share percentage of each vessel are 2004 to 2007 inclusive. This act provides the possibility that holders of fishing permits may sign LMCE Agreements with the Ministry of Production to ensure the validity of the regime up to 10 years renewable.

The Company limited the extraction activities of fishery resources in each fishing season up to the LMCE amount that has been assigned, with the possibility to use one or more of the vessels with fishing licenses in force at the date of publication of the Law, which have also obtained a corresponding permit, for the extraction of fishery resources.

Management of the Company considers that it has complied with the rules and regulations that apply and no contingency might arise related to the enforcement of them.

(d) Operations

During 2011, the Company operated under the regime of the Law on Statutory maximum catch Limit per vessel (LMCE), by which each vessel was granted a fishing company owner or an aliquot to determine the amount of fish allowed per boat. As of December 31, 2011, the Company has had 160 days of production and 205 days stoppage of plant (128 of production days and 237 of stoppage days as of December 31, 2010). Also, the ban periods generated operating costs for the Company of US\$19,966 (US\$22,559 as of December 31, 2010) which is presented under "Ban period expenses" in the statement of comprehensive income.

Also during 2011, the Company and Subsidiaries were assigned the following quota for the extraction of anchovy:

- (a) In the Central – North 6.42% (5.23% as of December 31, 2010) of total country's quota amounting to 3.675 million metric tons (MT) in the first fishing season that began on April 1 and ended on 31 July 2011 and 6.41% (5.73% as of December 31, 2010) of the total country's quota amounting to 2.50 million metric tons (MT) during the second fishing season, which began on November 23 and ended on January 31, 2012.
- (b) In the South Region 4.28% (1.44% as of December 31, 2010) of total country's quota amounting to 0.4 million metric tons (MT) during the first fishing season which began on February 18 and ended on June 30 2011 and 4.28% (2.74% as of December 31, 2010) of total country's quota amounting to 0.4 million metric tons (MT) during the second fishing season which began on July 1 and ended on December 31, 2011.

After the evaluation of the tons of fish required to meet the 2011 projected sales, Management decided to increase the purchase of fish from others and to purchase fishing capacity from others, the Company signed contracts for assignment of LMCE for US\$3,585 (US\$3,367 in 2010), which were conducted in accordance with Legislative Decree No. 1084, the tons of fish transferred by these contracts was 0.31% (0.50% in 2010) of the country's quota, which were entirely captured as of 31 December 2011, during the second fishing season; as such the expenses for such transfer fee is included in the operating margin in the consolidated statement of comprehensive income.

According to Management, the change in legislation in 2009 allowed for, among other things, the production of fishmeal of higher quality with higher sales margins and; reduced maintenance costs for vessels, because it was no longer necessary for all vessels to be involved in the process of capture and removal the quota allocated to the Company; as a result, the Company nominated 23 vessels during the first season (19 vessels in 2010) and 22 vessels in the second season (20 vessels in 2010).

(e) Acquisition of companies

During 2011, the Company acquired the following companies:

(e.1) Walda S.A.C.

On April 25, 2011, the Company acquired 100% representative common shares of Walda S.A.C. The price paid was US\$22,132. The acquisition price exceeded the fair value of the identifiable net assets and originated goodwill, as follows:

	<u>US\$</u>	<u>US\$</u>
Acquisition price		22,132
Fair value of identifiable net assets at acquisition date		
Property, plant and equipment (net)	(1,480)	
Intangibles assets	(6,667)	
Provisions	82	
Other assets and liabilities (net)	(320)	
Deferred income tax	<u>(557)</u>	<u>(8,942)</u>
Goodwill as of December 31, 2011		<u><u>13,190</u></u>

(e.2) Inversiones Poas S.A.C.

On June 27, 2011, the Company acquired 100% representative common shares of Inversiones Poas S.A.C. The price paid was US\$16,379. The acquisition price exceeded the fair value of the identifiable net assets and originated goodwill, as follows:

	<u>US\$</u>	<u>US\$</u>
Acquisition price		16,379
Fair value of identifiable net assets at acquisition date		
Property, plant and equipment (net)	(526)	
Intangibles assets	(4,895)	
Provisions	1,134	
Other assets and liabilities (net)	397	
Deferred income tax	<u>(371)</u>	<u>(4,261)</u>
Goodwill as of December 31, 2011		<u><u>12,118</u></u>

(e.3) Pesquera del Sur S.R.Ltda.

On April 14, 2011, the Company acquired 100% representative common shares of Inversiones Poas S.A.C. The price paid was US\$13,746. The acquisition price exceeded the fair value of the identifiable net assets and originated goodwill, as follows:

	<u>US\$</u>	<u>US\$</u>
Acquisition price		13,746
Fair value of identifiable net assets at acquisition date		
Property, plant and equipment (net)	(503)	
Intangibles assets	(4,410)	
Provisions	869	
Other assets and liabilities (net)	(426)	
Deferred income tax	(233)	(4,703)
Goodwill as of December 31, 2011		<u>9,043</u>

(e.4) Inversiones Pesquera Valentina S.A.C.

On April 1, 2011, the Company acquired 100% representative common shares of Inversiones Poas S.A.C. The price paid was US\$5,350. The acquisition price exceeded the fair value of the identifiable net assets and originated goodwill, as follows:

	<u>US\$</u>	<u>US\$</u>
Acquisition price		5,350
Fair value of identifiable net assets at acquisition date		
Property, plant and equipment (net)	(913)	
Intangibles assets	(1,954)	
Other assets and liabilities (net)	140	
Deferred income tax	37	(2,690)
Goodwill as of December 31, 2011		<u>2,660</u>

(f) Environmental Regulation

The General Fishing Law requires an Environmental Impact Study prior to the initiation of any fishing activity.

Under Decree Law No. 25977 – General Fishing Law, Article 6 and its Regulations according to Supreme Decree No. 01-94-PE, protection and preservation of the environment is required and necessary measures should be adopted to prevent and reduce damages from pollution and risks to the maritime, land, and atmospheric environment.

The Company's operations are conducted protecting public health and the environment, and comply with all applicable regulations.

As of December 31, 2011, the Company has carried out some works in different locations related to environmental protection for US\$39 (US\$ 3,542 in 2010) such as the construction of solid waste collection centers, purchase of boilers, pumps and steam dryers. According to Management, there are no liabilities for environmental obligations as of December 31, 2011.

(g) Main Contracts and Agreements**(g.1) Credit Agreement WestLB AG, New York Branch.**

In October 2011, the Company and WestLB AG, New York Branch, as administrative agent, subscribe a Loan agreement for US\$140 million, US\$80 million was disbursed during this year as the prepayment of the

syndicated loan balance due as of that date and in investments to acquire quota and other investments. For the balance of US\$60 million, there is a period of availability until April 2012 that it would be for investments.

According to such contract, the Company has to comply with several covenants required by the financial institutions, as follows:

- (i) Maintaining a consolidated leverage index not greater than 1, during the term of the agreement.
- (ii) Maintain a consolidated ratio of total debt / EBITDA no greater than 3.
- (iii) Maintain a debt service coverage ratio not lower than 1.25.
- (iv) Maintaining a minimum collection ratio on 2.00.
- (v) Inform the creditors over any fact or circumstance that could affect significantly affect the Company's results.

As of December 31, 2011, the financial indicators obtained by the Company were as follows:

- (i) Consolidated leverage index is 0.619.
- (ii) Ratio of total debt / EBITDA is 1.331.
- (iii) Debt service coverage ratio is 3.59.
- (iv) Collection ratio is 4.85.

In Management's opinion, during 2011, the Company was in compliance with the restrictive covenants and responsibilities established in the contract.

(g.2) Deed of Trust in Warranty, Citibank – Peru.

On April 10, 2008, the Company signed a Deed of Trust in Warranty jointly with Citibank del Peru S.A., as fiduciary, and WestLB AG, New York Branch (as Administrative Agent and Warranty Agent), as trustee, whereby the Company will transfer in trust 16 vessels and 3 plants in guarantee of the loan. On October 27, 2011, the Company signed an addendum, by which 13 vessels and 3 plants are in guarantee to support the new loan agreement mentioned in the previous section.

Through this contract the fiduciary authorized exclusively the trustee to operate, manage and exploit economically the trusted assets.

Explanation added for translation into the English language of the original financial statements issued in Spanish.

The accompanying translated financial statements were originally issued in Spanish. In the event of a discrepancy, the Spanish language version prevails.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

(a) Adoption of International Financial Reporting Standards

By Resolution of the Securities Exchange Superintendence (SMV formerly CONASEV for its Spanish acronym) ruled that all companies under the scope of its supervision, are required to prepare financial statements with full observance of the International Financial Reporting Standards (IFRS) issued by the IASB in force internationally, showing in the notes to the financial statements an explicit statement and without reservation on compliance with those standards. Accordingly, in the case of the Company, the preparation and presentation of the first consolidated financial statements of full implementation of IFRS will be the annual audited financial information as of December 31, 2011, and shall be in accordance with IFRS 1 "First Time Adoption of International Financial Reporting Standards".

For purposes of the presentation of these consolidated financial statements in conformity with IFRS, January 1, 2010 was considered as the transition date for the preparation of the first set of consolidated financial statements as of December 31, 2010 under IFRS. Accordingly, the information contained in the consolidated financial statements and explanatory notes referred to 2010 are presented for comparative purposes with similar information related to 2011.

These standards involve, among others, the following aspects with respect to the prevailing standards at the date of issuance of the Company and Subsidiaries' 2010 consolidated financial statements:

- Some changes in accounting policies, valuation criteria and presentation of the financial statements included in the annual financial statements; and,
- Increase in the information disclosed in the annual financial statements.

Note 30 to the accompanying consolidated financial statements, shows the reconciliation of the consolidated statement of financial position as of 1 January 2010 and December 31, 2010, as well as the consolidated statements of comprehensive income for the year ended December 31, 2010, previously presented in conformity with accounting principles generally accepted in Peru (hereinafter referred to as Peru GAAP) and the corresponding consolidated financial statements determined in conformity with IFRS.

(b) New and revised IFRSs affecting amounts reported in the current year (and/or prior years)

To the date of issuance of these consolidated financial statements, the following standards and interpretations have been issued for application in accounting periods beginning on or after January 1, 2010:

- **Amendments to IAS 1 Presentation of Financial Statements (as part of Improvements to IFRSs published in 2010).** The amendments to IAS 1 clarify that an entity may choose to disclose an analysis of other comprehensive income by item in the statement of changes in equity or in the notes to the financial statements. In the current year, for each component of equity, the Company and Subsidiaries have chosen to present such an analysis in the notes to the consolidated financial statements, with a single-line presentation of other comprehensive income in the consolidated statement of changes in equity. Such amendments have been applied retrospectively, and hence the disclosures in these consolidated financial statements have been modified to reflect the change.

(c) New and revised IFRSs applied with no material effect in the current year (and/or prior years)

The following interpretations and amendments to current standards have been published and are mandatory for the Company and Subsidiaries' accounting periods beginning on or after January 1, 2010, but are not relevant for Company and Subsidiaries' operations:

- **IAS 24 Related Party Disclosures (as revised in 2009).** IAS 24 (as revised in 2009) has been revised on the following two aspects: (a) the definition of a related party and (b) introduces a partial exemption from the disclosure requirements for government-related entities. The Company and Subsidiaries are not government-related entities. The application of the revised definition of related party set out in IAS 24 (as revised in 2009) in the current year has not resulted in the additional identification of related parties with respect to previous years.
- **Amendments to IFRS 3 Business Combinations.** As part of Improvements to IFRSs issued in 2010, IFRS 3 was amended to clarify that the measurement choice regarding non-controlling interests at the date of acquisition is only available in respect of non-controlling interests that are present ownership interests and that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other types of non-controlling interests are measured at their acquisition-date fair value, unless another measurement basis is required by other Standards. In addition, IFRS 3 was amended to provide more guidance regarding the accounting for share-based payment awards held by the acquiree's employees. The amendments specify that share-based payment transactions of the acquiree that are not replaced should be measured in accordance with IFRS 2 at the acquisition date. This pronouncement did not have significant effects for the Company and Subsidiaries due in 2011 and 2010.

- **Amendments to IAS 32 – Classification of right issues.** The amendments addressed the classification of certain rights issues denominated in foreign currencies as either equity instruments or as financial liabilities. Under the amendments, rights, options or warrants issued by an entity for the holders to acquire a fixed number of the entity's equity instruments for a fixed amount of any currency are classified as equity instruments in the financial statements of the entity provided that the offer is made pro rata to all of its existing owners of the same class of its non-derivative equity instruments. Before the amendments to IAS 32, rights, options or warrants to acquire a fixed number of an entity's equity instruments for a fixed amount in foreign currency were classified as derivatives. The amendments require retrospective application. The application of the amendments has had no effect on the amounts reported in the current and prior years because the Company and Subsidiaries have not issued instruments of this nature.
- **Amendments to IFRIC 14 Prepayments of a minimum funding requirement.** IFRIC 14 addresses when refunds or reductions in future contributions should be regarded as available in accordance with paragraph 58 of IAS 19; how minimum funding requirements might affect the availability of reductions in future contributions; and when minimum funding requirements might give rise to a liability. The amendments now allow recognition of an asset in the form of prepaid minimum funding contributions. The application of the amendments has not had material effect on the consolidated financial statements.
- **IFRIC 19 Extinguishing financial liabilities with equity instruments.** The interpretation provides guidance on the accounting for the extinguishment of a financial liability by the issue of equity instruments. Under IFRIC 19, equity instruments issued under such arrangement will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the consideration paid will be recognized in profit or loss. The application of IFRIC 19 has had no effect on the amounts reported in the current and prior years because the Company and Subsidiaries have not entered into any transactions of this nature.
- **Improvements to IFRSs issued in 2010.** Except for the amendments to IAS 1 earlier described, the application of Improvements to IFRSs issued in 2010 has not had any material effect on amounts reported in the consolidated financial statements.

(d) New and revised IFRSs in issue but not yet effective

The following standards and interpretations have been issued for application in accounting periods starting after the date of presentation of these consolidated financial statements:

- **Amendments to IFRS 7 disclosures – Transfer of Financial Assets.** Effective for annual periods beginning on or after July 1, 2011. The amendments to IFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures, when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.
- **IFRS 9 Financial Instruments.** Effective for annual periods beginning on or after January 1, 2013. IFRS 9 issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in October 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition. Key requirements of IFRS 9 are described as follows:

IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods.

Under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

- **IFRS 10 Consolidated Financial Statements.** Effective for annual periods beginning on or after January 1, 2013. IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. SIC-12 Consolidation – Special Purpose Entities has been withdrawn upon the issuance of IFRS 10. Under IFRS 10, there is only one basis for consolidation that is control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.
- **IFRS 11 Joint Agreements.** Effective for annual periods beginning on or after January 1, 2013. IFRS 11 replaces IAS 31 Interests in Joint Ventures. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers has been withdrawn upon the issuance of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting.
- **IFRS 12 Disclosure of Interests in Other Entities.** Effective for annual periods beginning on or after January 1, 2013. IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.
- **IAS 27 (as revised in 2011) Separate Financial Statements.** Effective for annual periods beginning on or after January 1, 2013. IAS 27 has the objective of setting standards to be applied in accounting for investments in subsidiaries, jointly ventures, and associates when an entity presents separate financial statements. IAS 27 requires that entities preparing separate financial statements record investments at cost or in accordance with IFRS 9.
- **IAS 28 (as revised in 2011) Investments in Associates and Joint Ventures.** Effective for annual periods beginning on or after January 1, 2013. The objective of IAS 28 is to prescribe the accounting for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.
- **IFRS 13 Fair Value Measurements.** Effective for annual periods beginning on or after January 1, 2013. IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances.
- **Amendments to IAS 1 – Presentation of items of other comprehensive income.** Effective for annual periods beginning on or after July 1, 2012. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive

statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

- **Amendments to IAS 12 – Deferred Tax – Recovery of Underlying Assets.** Effective for annual periods beginning on or after January 1, 2012. The amendments to IAS 12 provide an exception to the general principles in IAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Under the amendments, investment properties that are measured using the fair value model in accordance with IAS 40 Investment Property are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.
- **IAS 19 (revised 2011) Employee benefits.** Effective for annual periods beginning on or after January 1, 2013. The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the ‘corridor approach’ permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the statement of financial position to reflect the full value of the plan deficit or surplus.

Management has not conducted yet a detailed analysis of the impact of implementing the above standards and interpretations and therefore has not quantified the magnitude of the impact these might have on the consolidated financial statements for 2012 and beyond.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used by the Company and its Subsidiaries for the preparation and presentation of the consolidated financial statements are as follows:

(a) Statement of compliance and basis of preparation and presentation

The consolidated financial statements are presented and prepared in conformity with the Standards and Interpretations issued or adopted by the IASB (International Accounting Standards Board), which include International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), or the former Interpretations of the Standing Interpretations Committee (SIC) – adopted by the IASB.

In the preparation and presentation of the 2011 and 2010 consolidated financial statements, the Company and Subsidiaries have complied with the standards and interpretations referred to above.

(b) Responsibility for the information and estimates

The Company’s Management is responsible for the information contained in the consolidated financial statements. Certain estimates made to quantify some assets, liabilities, revenues, expenses and commitments recorded therein have been used based on the experience and other relevant factors. Final results could differ from those estimates.

These estimates are reviewed on an ongoing basis. Changes in accounting estimates are prospectively recognized by recording the effects of changes in the corresponding income accounts for the year in which the corresponding reviews are conducted.

The most important estimates related with the preparation of the Company's consolidated financial statements refer to:

- Determination of functional currency.
- Allowance for impaired receivables and other receivables.
- Allowance for devaluation of inventories.
- Useful life of buildings, vessels, machinery and equipment and intangible assets.
- Income tax.
- Goodwill.
- Provisions.
- Likelihood of contingencies

(c) Principles of consolidation and consolidated subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (Subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

As of December 31, 2011 and 2010, the Subsidiaries' names, domiciles, and the percentage of the Company's participation in the ownership of said Subsidiaries are as follows:

<u>Subsidiaries</u>	<u>Acquisition date</u>	<u>Participation in Ownership</u>		<u>Place</u>
		<u>2011</u>	<u>2010</u>	
		<u>%</u>	<u>%</u>	
Corporación del Mar S.A.	7/2/2008	50	50	Perú
Walda S.A.C.	25/4/2011	100	—	Perú
Inversiones Poas S.A.C.	27/6/2011	100	—	Perú
Pesquera del Sur S.R.L.tdas	14/4/2011	100	—	Perú
Inversiones Pesquera Valentina S.A.C.	1/4/2011	100	—	Perú
Negocios y Servicios Generales Antonia S.A.C.	23/3/2011	100	—	Perú
Pesquera Porto Novo S.A.C.	27/4/2011	100	—	Perú
Pesquera Statefuri S.A.C.	22/11/2011	100	—	Perú
Inversiones Pesquera Vimarot S.A.C.	18/3/2011	100	—	Perú
Pesquera Hades S.A.C.	29/3/2011	100	—	Perú
Pesquera Cabasoni S.A.C.	27/12/2011	100	—	Perú
Empresa Pesquera Caliche S.A.C.	17/3/2011	100	—	Perú

All intra-group transactions are eliminated in full on consolidation. When necessary, adjustments are made to the financial statements of certain subsidiaries to bring their accounting policies into line with those used by other members of the Company and Subsidiaries.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interests in subsidiaries that do not result a losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business.

(d) Functional and presentation currency

The Company prepares its financial statements in U.S. dollars and the Subsidiaries prepares their financial statements in nuevos soles, which is the functional currency determined by Management. The functional currency is the currency of the main economic environment in which an entity operates, which has an impact on the selling prices, among other factors. The Company has decided to present the consolidated financial statements in U.S. dollars and as a result of the above; the financial statements of Subsidiaries denominated in nuevos soles have been converted to U.S. dollars at the closing exchange rate as of December 31, 2011 and 2010 and January 1, 2010.

(e) Interests in joint ventures

Interests in joint ventures are recognized by the Company and its Subsidiaries through the application of the proportionate consolidation method whereby the venturer may combine its share of each of the assets, liabilities, income and expenses of the jointly controlled entity with the similar items, line by line, in its financial statements, as follows: the statement of financial position of the venture includes its share of the assets that it controls jointly and its share of the liabilities for which it is jointly responsible. The statement of comprehensive income of the venturer includes its share of the income and expenses of the jointly controlled entity. Balances and transactions between the Company and its Subsidiaries and joint ventures have been eliminated upon consolidation.

Corporación del Mar S.A. is an entity jointly controlled by an agreement signed by the Company with Austral Group S.A.A. The Company reports on their joint participation in jointly controlled entities using proportionate consolidation. The accounting policies of participation in joint ventures have been modified to the extent necessary to ensure consistency with the policies adopted by the Company.

(f) Financial Instrument

Financial instruments are contracts that give rise simultaneously to a financial asset in a company and a financial liability or equity instrument in another company.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that is directly attributable to the acquisition or issue of financial assets and financial liabilities, except for other than financial assets and financial liabilities at fair value through profit or loss. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

Financial assets held by the Company correspond to loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Financial liabilities

Debt and equity instruments issued by an entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial liabilities include: trade payables, other payables and financial obligation current and non-current, which are valued subsequently measured at amortized cost using the effective interest method to initial recognition, reflecting the results accrued interest to the over corresponding period.

(g) Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories shall comprise all costs of direct materials, direct labor, overhead expenses and other costs incurred in bringing the inventories to their present location and condition. Cost is determined by the average cost method; while inventory in transit is determined by the specific cost method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. A provision for stock devaluation is recorded due to reductions in the carrying value of stock at their net realizable value with charge to income for the period when such reductions occurred.

(h) Derivate financial instruments

The Company uses derivative financial instruments to reduce the risk of changes in the exchange rate of its accounts payable in foreign currencies and changes in variable interest rates on its financial obligations. Derivative financial instruments not designated for hedge accounting and changes in fair value recognized in profit or loss in accordance with IAS 39 “Financial Instruments Recognition and Measurement”.

(i) Investments

The consolidated financial statements include investments under the cost method. These assets are listed as non-current assets unless management has expressed its intention to sell the investment within 12 months from the date of the consolidated statements of financial position.

(j) Property, plant and equipment

Property, plant and equipment are recorded at cost and are presented net of accumulated depreciation. Initial disbursements as well as those subsequently incurred should be recognized as assets when it is probable that the future economic benefits associated with the asset will flow to the entity, and the cost of the asset can be measured reliably. Disbursements for maintenance and repairs are expensed during the period as incurred. The gain or loss arising on the sale or disposal of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the income statement upon realization of the sale.

Depreciation is determined by the straight-line method based on the useful life of assets, represented by equivalent depreciation rates. The annual depreciation is recognized as an expense and calculated considering the estimated useful lives of the different captions:

	<u>Years</u>
Buildings and other constructions	33
Vessels	1-29
Machinery and equipment	1-35
Vehicles	5
Furniture and fixtures	10
Miscellaneous equipment	10

The estimated useful lives, residual values and depreciation method are periodically reviewed by Management based on the economic results expected for the items comprising property, plant and equipment.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

(k) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases, where the Company acts as a lessee, are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. These assets are depreciated following the straight-line method based on the estimated useful life of similar own goods. Annual depreciation is recognized as an expense or cost of other asset. The total financial burden is distributed among the periods constituting the lease term. The corresponding obligations are recognized as a liability.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments, where the Company acts as a lessee, are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

(l) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives, represented by equivalent amortization rates.

Useful lives and amortization method are periodically reviewed to guarantee that the amortization method used reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity.

Intangible assets of indefinite useful life are not amortized, and their recoverability is periodically reviewed to determine if events, circumstances and flows do not require a provision for impairment.

(m) Impairment loss

The Company and Subsidiaries periodically review the carrying amounts of their tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company and Subsidiaries estimate the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

(n) Goodwill

Goodwill, resulting from the acquisition of business combination, is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is initially recognized at cost and subsequently presented at cost less any impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units that are expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in subsequent periods.

If the Company is in the measurement process of the business combination, during the measurement period, retroactively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances existing at the acquisition date and, if they were known, would have affected the measurement of the amounts recognized at that time. During the measurement period the Company also recognize additional assets or liabilities if new information about facts and circumstances that existed at the acquisition date and, if they had known, would have resulted in the recognition of those assets and liabilities at that date. The measurement period ends as soon as the Company receives the information it was seeking about facts and circumstances that existed at the acquisition date or learns that you can get more information. However, the measurement period shall not exceed one year from the acquisition date.

(o) Provisions

Provisions are recognized when the Company and Subsidiaries have a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed periodically, and adjusted to reflect the best estimate as of the balance sheet date. When the effect of the time value of money is material, the amount recorded as a provision is equal to the present value of future payments required to settle the obligation.

(p) Contingent assets and contingent liabilities

Contingent liabilities are not recognized in the consolidated financial statements, they are only disclosed in a note to the consolidated financial statements unless the possibility of an outflow of resources is remote.

Contingent assets are not recognized in the consolidated financial statements, they are only disclosed in a note to the consolidated financial statements when it is probable that an inflow of resources will take place.

Items previously treated as contingent assets or liabilities will be recognized in the consolidated financial statements of the period in which the change in probabilities occurs; that is, when in the case of liabilities it is determined as probable, or virtually certain in the case of assets, that an outflow or inflow of resources will take place, respectively.

(q) Employee benefits

Employee and workers benefits include, among other, short-term benefits, such as wages and salaries and social security contributions, annual vacations, sick leaves, profit sharing and bonuses, among other, paid within the term of twelve months after the closing of the period. These benefits are recognized as an expense when employees have rendered service entitling them to the contributions. The corresponding obligations payable are presented under provision for employee benefits in the consolidated statements of financial position.

(r) Recognition of revenues, costs and expenses

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

(r.1) Sales of goods

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- The Company and Subsidiaries have transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company and Subsidiaries retain neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company and Subsidiaries; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

(r.2) Interest

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and Subsidiaries and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(r.3) Costs and expenses

The cost of sales is recorded in profit or loss upon goods delivery and revenue recognition. Expenses are recorded in income for the period as incurred, irrespective of the date of payment.

(r.4) Ban period expenses

Ban period expenses are the fixed and maintenance costs of vessels, facilities and machinery and equipment incurred during fishing ban periods or in periods with a lack of raw material; these expenses are recognized as an expense in the period in which they are incurred. These costs affect the gross income in the consolidated statement of comprehensive income.

(s) Transactions in foreign currency

The Company's functional currency is U.S. dollars (US\$) and the Subsidiaries' functional currency is nuevos soles. Transactions in currencies other than the entity's functional currency "foreign currencies" are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the rates prevailing at that date.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

(t) Taxation

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Current income tax is calculated using tax rates that have been enacted by current tax laws to net taxable income for the year. Current income taxes are recognized as an expense for the period.

Deferred tax liabilities are recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit, without considering when those temporary differences will be reversed.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

(u) Earnings per share

Basic earnings per share were computed by dividing net income by the weighted-average number of ordinary shares outstanding during each year. Since the Company does not have financial instruments with diluting effects, basic and diluted earnings per share are the same.

(v) Cash and cash equivalents

Cash includes cash on hand and in banks. Cash equivalents comprise short-term highly liquid investments maturing in three months or less. These are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

4. FINANCIAL RISKS AND INSTRUMENTS

Categories of financial instruments

The financial assets and liabilities of the Company and Subsidiaries are comprised as follows:

	2011	2010	1/1/2010
	US\$000	US\$000	US\$000
Assets:			
Cash and cash equivalents	3,804	29,928	10,127
Trade receivables, net	14,764	7,714	4,657
Other receivables, net	23,603	17,720	5,868
Amounts due from related entities	3,097	1,294	128
Total	<u>45,268</u>	<u>56,656</u>	<u>20,780</u>
Liabilities:			
Financial obligations	133,298	60,889	122,192
Trade payables	31,504	12,789	15,567
Other payables	27,820	5,204	6,502
Amounts due to related entities	726	666	40
Total	<u>193,348</u>	<u>79,548</u>	<u>144,301</u>

Financial Risks

During the normal course of business, the Company and Subsidiaries are exposed to a variety of financial risks. The risk management program of the Company and Subsidiaries are mainly focused on financial markets and tries to minimize potential adverse effects on the financial performance of the Company and Subsidiaries. Ultimate responsibility for risk management rests with the Finances Management, which identifies, assesses and covers financial risks.

(a) Market risk

(i) Exchange rate risk

The Company and Subsidiaries mainly invoice the sale of their products in US dollars. The exchange rate risk arises from trade payables, other payables and other financial obligations in current nuevos soles.

As of December 31, 2011, balances of financial assets and liabilities denominated in foreign currency correspond to balances denominated in nuevos soles and they are expressed in US dollars at exchange rate published by the Superintendence of Banking, Insurance and AFP (SBS for its Spanish acronym) effective at that date, which was US\$0.370 sale and US\$0.371 purchase (US\$0.356 sale, and US\$0.346 purchase to December 31, 2010) by S/.1.00; a summary follows:

	<u>2011</u>	<u>2010</u>	<u>1/1/2010</u>
	<u>S/./000</u>	<u>S/./000</u>	<u>S/./000</u>
Assets:			
Cash and cash equivalents	1,699	37,379	846
Trade receivables (net)	997	1	1
Other receivables (net)	7,963	4,340	7,199
Amounts due from related entities	8,317	2,163	364
Total	<u>18,976</u>	<u>43,883</u>	<u>8,410</u>
Liabilities:			
Financial obligations	13,744	12,972	—
Trade payables	22,321	4,023	6,863
Other payables	67,316	20,413	8,186
Amounts due to related entities	1,725	341	19
Total	<u>105,106</u>	<u>37,749</u>	<u>15,068</u>
(Liabilities) asset position, net	<u>(86,130)</u>	<u>6,134</u>	<u>(6,658)</u>

The Company uses derivative financial instruments (forwards) to reduce the risk of changes in the exchange rate of its accounts payable in foreign currency forward contracts for operations conducted in 2011, the Company and Subsidiaries have recorded an income of US\$313 included in the consolidated statement of comprehensive income. As of December 31, 2011 and 2010, there are no open contracts.

The devaluation (revaluation) percentage of the Nuevo Sol regarding the U.S. dollar calculated based on the offer and demand-selling exchange rate, and inflation (deflation) percentages, based on the Nation-wide Wholesale Price Index (WPI) for the years 2011 and 2010, were as follows:

<u>Year</u>	<u>Revaluation</u>	<u>Inflation</u>
	<u>%</u>	<u>%</u>
2011	(3.99)	6.26
2010	(2.84)	4.57

(ii) Price risk

The Company and Subsidiaries are exposed to commercial risks from changes in the fishmeal and fish oil price (commodities) due to the price of those products is affected by the changes in the international market.

Legislative Decree N° 1084, establishing a system of individual quotas per vessel, constituted a significant change in the way fishmeal and fish oil are commercialized, enabling companies to increase their future commitments (pre-sales) as the Ministry of Production (PRODUCE for its Spanish acronym) determines the annual fishing quota, each company can determine its minimum production of fishmeal. This fact has allowed the Company not only to maintain its price in 2011 but to increase it, as it occurred in the months of February, March and April 2011. This improved production management meant that for most of the year 2011, the price of fishmeal was maintained within the range of US\$1,140/ MT – US\$1,650 / MT (in the range of US\$1,350 / MT – US\$1,700 / MT in 2010).

(iii) Interest rate risk

The Company and Subsidiaries do not have significant assets that generate interest; revenues and operating cash flows are independent of changes in interest rates in the market, except for amounts due from related entities, bearing an interest rate fixed.

The Company and Subsidiaries' policy is to maintain financing, mainly with fixed interest rates and variable rates. Management considers the risk that the fair value of interest rates is not important because the interest rates on its financing agreements do not differ significantly from the market interest rate that is available to the Company and Subsidiaries for similar financial instruments.

The long-term debt is mainly at fixed rates that represents 60% of total financial debt as of December 31, 2011 (19% in 2010).

For the purpose of limiting exposure to fluctuations in variable interest rates, the Company maintains a swap contract of interest rate with a foreign financial institution (Note 1). The fair value of interest swap contracts at the end of the period, in which it is reported, is determined by discounting future cash flows using the rate curves at the end of the reported period and credit risk inherent in the contract.

During 2011, the Company recorded a loss of US\$718 (US\$912 in 2010), for the adjustment to fair value of the financial instrument, which is presented in the consolidated statement of comprehensive income.

A summary of the effects of a reasonable variation in variable rates (3-month Libor) on the Company's finance expenses is as follows:

	<u>Increase / decrease in libor rates</u>	<u>Effect on finance expenses</u> US\$000
2011		
Libor (3 months)	+1 %	420
Libor (3 months)	-1 %	(420)

(b) Credit risk

The credit risk of the Company and Subsidiaries arise from the inability of debtors to meet their obligations, to the extent that the obligations have become due. Management believes that the Company and Subsidiaries mitigate credit risk due to periodic credit evaluation. Additionally, customers presented an average collection period of 45 days and related entities had an average collection period of 30 days, no significant problems of doubtful account have arisen.

The Company and Subsidiaries place their cash in well-known financial institutions; establish conservative credit policies and constantly assess the conditions of the market they operate. Consequently, the Company and Subsidiaries do not expect significant losses in this regard.

(c) Liquidity risk

A reasonable management of liquidity risks implies maintaining sufficient cash and cash equivalents, and the possibility of obtaining and/or having obtained financing through an adequate number of sources of credit. The Company and Subsidiaries have appropriate levels of cash and cash equivalents and available credit facilities.

An analysis of the financial liabilities of the Company and Subsidiaries classified based on their maturity date and considering the period left to reach that due date at the consolidated statement of financial position is as follows:

	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 3 years</u>	<u>Between 3 and 5 years</u>	<u>Total</u>
	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>
As of December 31, 2011					
Financial obligations	52,898	400	21,250	58,750	133,298
Trade payables	31,504	—	—	—	31,504
Other payables	27,820	—	—	—	27,820
Amounts due to related entities	726	—	—	—	726
Total	<u>112,948</u>	<u>400</u>	<u>21,250</u>	<u>58,750</u>	<u>193,348</u>
	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 3 years</u>	<u>Between 3 and 5 years</u>	<u>Total</u>
	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>
As of December 31, 2010					
Financial obligations	19,643	19,468	21,778	—	60,889
Trade payables	12,789	—	—	—	12,789
Other payables	5,204	—	—	—	5,204
Amounts due to related entities	666	—	—	—	666
Total	<u>38,302</u>	<u>19,468</u>	<u>21,778</u>	<u>—</u>	<u>79,548</u>
	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 3 years</u>	<u>Between 3 and 5 years</u>	<u>Total</u>
	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>
As of January 1, 2010					
Financial obligations	61,832	21,506	38,854	—	122,192
Trade payables	15,567	—	—	—	15,567
Other payables	6,502	—	—	—	6,502
Amounts due to related entities	40	—	—	—	40
Total	<u>83,941</u>	<u>21,506</u>	<u>38,854</u>	<u>—</u>	<u>144,301</u>

The Company manages the risk associated with the amounts included in each of the above mentioned categories, which includes keeping good relationships with local financial institutions to ensure sufficient credit facilities at all times, as well as keeping its working capital solvent with cash flows provided by its operating activities.

(d) Capital risk management

The Company and Subsidiaries' capital risk management is aimed at safeguarding its ability to continue as a going concern in order to generate returns for its shareholders, benefits for other groups of interest and maintain an optimal capital structure to minimize the cost of capital.

According to the industry, the Company and Subsidiaries monitor their capital based on the leverage ratio. Such ratio is calculated by dividing net debt by total equity. Net debt corresponds to total financial debt (including current and noncurrent debt) less cash and cash equivalents.

The leverage ratio was as follows:

	<u>2011</u>	<u>2010</u>	<u>1/1/2010</u>
	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>
Financial obligations	133,298	60,889	122,192
Less: Cash and cash equivalents	(3,807)	(29,928)	(10,127)
Net debt	<u>129,491</u>	<u>30,961</u>	<u>112,065</u>
Total equity	<u>224,395</u>	<u>228,967</u>	<u>127,048</u>
Leverage ratio	<u>0.58</u>	<u>0.14</u>	<u>0.88</u>

(e) Fair value of financial instruments

Management of the Company and Subsidiaries considers that the carrying amounts of financial assets and financial liabilities approximate their fair values.

In the case of long-term debt, Management believes that book value is similar to fair value due to the fact that it accrues interest with rates similar to market rates.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are as follows:

	<u>2011</u>	<u>2010</u>	<u>1/1/2010</u>
	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>
Cash and checking accounts (a)	3,807	21,870	10,127
Time deposits (b)	—	8,058	—
Total	<u>3,807</u>	<u>29,928</u>	<u>10,127</u>

(a) Cash and checking accounts mainly comprise checking accounts in local banks, denominated in Peruvian nuevos soles and US dollars, and are of free availability.

(b) As of December 31, 2010, time deposits corresponded to funds in a local bank that earned interest at 2.65%, had maturity in January 2011.

6. TRADE RECEIVABLES (NET)

Trade receivables (net) are as follows:

	<u>2011</u>	<u>2010</u>	<u>1/1/2010</u>
	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>
Invoices	14,777	7,727	4,671
Allowance for impaired receivables	(13)	(13)	(14)
Total	<u>14,764</u>	<u>7,714</u>	<u>4,657</u>

The average credit period granted to local clients ranges between 3 and 7 days, while for foreign clients it ranges between 30 and 90 days. Thereafter, interest is charged at 7% per annum on the outstanding balance, which will be coordinated in advance with Financial Management.

The Company and Subsidiaries consider the internal data from credit history in order to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. 57.52% of the trade receivables that are neither past due nor impaired have the best credit scoring attributable under the external credit scoring system used by the Company. Of the trade receivables balance at the end of the year, 86.97% is concentrated in 7 major customers. There are no other customers who represent more than 10% of the total balance of trade receivables.

Allowance for doubtful debts is determined in accordance with the policies established by Management and recognized considering, among other factors, balances with receivable older than 360 days and your chances of being recovered, and evidence of debtor's financial difficulties which increase beyond normal the risk of uncollectible receivable balances, so that the amount has a level that Management considers adequate to cover possible losses on accounts receivable from the date of the consolidated statements of financial position. The amount of the allowance is recorded in income statement for the period. Subsequent amounts recovered are recognized as credit in income for the period. Basic criteria to write-off impaired financial assets against the referred to valuation account are as follows: (i) collection procedures have been exhausted, including the execution of warranties; and (ii) financial issues of the counterparty evidencing the inability to collect the debt.

The accounts receivable are current maturity. The aging summary of such balances is as follows:

	<u>2011</u>	<u>2010</u>	<u>1/1/2010</u>
	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>
Within maturity periods	14,340	7,651	4,643
Overdue up to 60 days	115	40	1
Overdue from 61 days to 180 days	305	9	9
Overdue from 181 days to 360 days	2	3	1
Overdue over 360 days	15	24	17
Total	<u>14,777</u>	<u>7,727</u>	<u>4,671</u>

As of December 31, trade receivables include amounts that are past due at the end of the reporting period for which the Company and Subsidiaries have not recognized an allowance for doubtful debts because there has not been a significant change in credit quality and Management considers that the amounts are still considered recoverable. The Company and Subsidiaries do not have any guarantee on such pending balance, except the overseas accounts receivable, which are mostly guaranteed by export notes of credit.

The Company and Subsidiaries maintain an allowance for doubtful accounts at a level that is considered by Management as in line with the potential risk of bad debts. Aging of accounts receivable and clients' conditions are constantly monitored to ensure fairness of the allowance in the consolidated financial statements. Consequently, Management considers that no further provisions in excess of the allowance for doubtful accounts are required as of December, 31, 2011 and 2010.

7. OTHER RECEIVABLES (NET)

Other receivables (net) are as follows:

	<u>2011</u>	<u>2010</u>	<u>1/1/2010</u>
	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>
Advances to shipowners (a)	18,819	10,465	1,555
Tax credit – VAT (b)	9,134	6,747	7,687
Personnel and shareholders	3,118	2,287	388
Claims to third parties	843	4,360	2,309
Income tax credit	—	—	1,145
Miscellaneous	1,281	1,111	973
Total	33,195	24,970	14,057
Allowance for impaired receivables	(179)	(503)	(502)
Total	<u>33,016</u>	<u>24,467</u>	<u>13,555</u>

- (a) As of December 31, 2011, it corresponds to advance payments to ship-owners for extraction of hydro biological resources in favor of the Company.
- (b) Tax credit from VAT corresponds to the credit balance of the Value Added Tax (VAT) paid for the acquisition of goods and services, deductible from the VAT to be applied to the Company and Subsidiaries' future sale of goods and services provided, and by requesting a refund of the Balance in Favor of the Exporter. As of December 31, 2011, the Company has recovered US\$15,579 for this concept.

8. RELATED ENTITIES BALANCES AND TRANSACTIONS

During 2011 and 2010, the Company and Subsidiaries entered into the following trading transactions with related parties, during the normal course of operations:

	<u>2011</u> US\$000	<u>2010</u> US\$000
Loans granted	2,929	1,155
Insurance	45	34
Invoicing of network services and other	386	1,199
Administrative and common services	—	23
Loan interest gain	93	—
Expenses for office rental and others	(100)	(83)
Loan interest paid	—	(49)

As a result of these transactions, the following balances receivable and payable were generated:

	<u>2011</u> US\$000	<u>2010</u> US\$000	<u>1/1/2010</u> US\$000
Receivables:			
Corporación Exalmar S.A.	1,967	929	8
Complejo Agroindustrial Beta S.A.	667	220	68
Compañía Hotelera El Sausal S.A.	395	97	10
Comercializadora Global S.A.	26	18	21
Inmobiliaria Seville S.A.	19	8	—
C.M.V. Servicios Ejecutivos S.A.	15	14	14
Other related entities	8	8	7
	<u>3,097</u>	<u>1,294</u>	<u>128</u>
	<u>2011</u> US\$000	<u>2010</u> US\$000	<u>1/1/2010</u> US\$000
Payables:			
Austral Group S.A.A.	611	590	—
Complejo Agroindustrial Beta S.A.	76	35	10
C.M.V. Servicios Ejecutivos S.A.	32	39	27
Other related entities	7	2	3
	<u>726</u>	<u>666</u>	<u>40</u>

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

As of December, 31, 2011 and 2010, the Company and Subsidiaries have not granted any guarantee to financial entities on behalf of related entities.

The remuneration paid to key management as of December 31, 2011 was US\$2,169 (US\$839 in 2010). The remuneration paid to Directors for per diem as of December 31, 2011 was US\$113 (US\$224 in 2010).

9. INVENTORIES (NET)

Inventories are as follows:

	<u>2011</u>	<u>2010</u>	<u>1/1/2010</u>
	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>
Fishmeal and fish oil (CHI)	38,792	9,219	32,335
Supplies	6,943	4,780	4,120
Finished goods (CHD) (a)	2,204	—	—
Raw material	340	—	—
Packages and packing	470	319	182
Inventory in transit	—	—	15
Total	48,749	14,318	36,652
Allowance for devaluation	(373)	(373)	(373)
Total	<u>48,376</u>	<u>13,945</u>	<u>36,279</u>

- (a) During 2011, the Company entered into the field of human consumption through the production of frozen, fresh or preserved.

Management estimates that inventories will be shortly realized or utilized.

The allowance for inventory devaluation was determined based on evaluation of operational areas, which details the materials that are obsolete. In Management's opinion, this estimate adequately covers the risk of impairment as of December 31, 2011 and 2010.

10. PREPAID EXPENSES

Prepaid expenses are as follows:

	<u>2011</u>	<u>2010</u>	<u>1/1/2010</u>
	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>
Insurances	1,153	907	915
Prepaid expenses	493	137	90
Others	41	880	44
Total	<u>1,687</u>	<u>1,924</u>	<u>1,049</u>

11. FINANCIAL INVESTMENTS

Financial investments are as follows:

	<u>N°</u>	<u>Percentage</u>	<u>Book Values</u>		
	<u>actions</u>	<u>participation</u>	<u>2011</u>	<u>2010</u>	<u>1/1/2010</u>
		<u>in the</u>			
		<u>Share capital</u>	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>
Associate companies:					
Pesquera Surja S.A.C.	1,279,829	5.00%	400	400	400
CMV	181,287	5.42%	55	55	55
Promotora Club Empresarial	9	—	9	9	9
Total			<u>464</u>	<u>464</u>	<u>464</u>

12. PROPERTY, PLANT AND EQUIPMENT

For the years ended December 31, 2011 and 2010, property, plant and equipment are as follows:

	Land	Buildings and other constructions	Vessels	Machinery and equipment	Furniture and fixtures	Miscellaneous equipment	Work in Progress	Total
	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
Cost:								
Balances as of January 1, 2010	8,797	11,465	133,989	73,817	341	3,074	5,516	236,999
Additions	—	—	—	—	—	—	15,060	15,060
Disposals	—	—	(3,331)	(1,066)	—	(98)	—	(4,495)
Merged companies equity block	—	—	9,871	—	1	—	—	9,872
Transfers	—	558	3,749	4,013	29	381	(8,730)	—
Balances as of December 31, 2010	8,797	12,023	144,278	76,764	371	3,357	11,846	257,436
Additions	—	8	1,026	—	—	78	29,520	30,632
Disposals	—	—	(213)	(3,467)	(1)	(69)	—	(3,750)
Transfers	62	178	3,300	13,137	(9)	(140)	(16,528)	—
Additions due to business combination	48	43	3,325	3	—	—	3	3,422
Reclassifications	—	—	3	(3)	—	—	—	—
Total	110	229	7,441	9,670	(10)	(131)	12,995	30,304
Balances as of December 31, 2011	8,907	12,252	151,719	86,434	361	3,226	24,841	287,740
Accumulated Depreciation:								
Balances as of January 1, 2010	—	2,302	63,627	23,404	339	2,553	—	92,225
Additions	—	482	10,304	4,754	2	111	—	15,653
Disposals	—	—	(3,326)	(848)	—	(97)	—	(4,271)
Merged companies equity block	—	—	3,941	—	—	—	—	3,941
Balances as of December 31, 2010	—	2,784	74,546	27,310	341	2,567	—	107,548
Additions	—	494	11,297	4,920	4	134	—	16,849
Disposals	—	—	(7)	(3,069)	(1)	(67)	—	(3,144)
Reclassifications	—	—	148	176	(8)	(316)	—	—
Balances as of December 31, 2011	—	3,278	85,984	29,337	336	2,318	—	121,253
Net Cost:								
As of December 31, 2011	8,907	8,974	65,735	57,097	25	908	24,841	166,487
As of December 31, 2010	8,797	9,239	69,732	49,454	30	790	11,846	149,888
As of January 1, 2010	8,797	9,163	70,362	50,413	2	521	5,516	144,774

The depreciation of property, plant and equipment is distributed as follows:

	2011 US\$000	2010 US\$000
Cost of sales	6,147	3,559
Ban period expenses	10,524	11,820
Administrative expenses	178	274
Total	16,849	15,653

Property, plant and equipment include assets acquired under finance leases as follows:

	<u>2011</u>	<u>2010</u>	<u>1/1/2010</u>
	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>
Buildings	2,248	2,248	2,248
Machinery and equipment	27,574	27,574	23,152
Vessels	19,902	19,902	19,902
Others	791	791	617
	<u>50,515</u>	<u>50,515</u>	<u>45,919</u>
Accumulated depreciation:	<u>(24,417)</u>	<u>(21,602)</u>	<u>(17,428)</u>
Total	<u>26,098</u>	<u>28,913</u>	<u>28,491</u>

As of December 31, 2011 and 2010, the Company owns 13 (16 in 2010) vessels for US\$29,515 (US\$24,279 in 2010) and 3 plants for US\$28,932 (US\$12,449 in 2010), net of accumulated depreciation, which constitute the Guarantee Trust with Citibank, made in support of the loan contracted with WestLB AG, New York Branch.

The Company and Subsidiaries have insurance contracts to cover potential risks related to property, plant and equipment, as well as potential claims that might arise in the normal course of business, in the understanding that such policies sufficiently cover their inherent risks.

Additions related to acquisitions as of December 31, 2011 are mainly (i) machinery and equipment for the Paita plant of frozen products for US\$6,688, improvement work on the Huacho plant for the production process transformation of fish meal with an investment is US\$4,135, and (ii) vessels for US\$685 through purchase of companies considered purchase of property, plant and equipment; and as of December 31, 2010 correspond to vessels for US\$3,365 and other equipment for US\$353.

The transfers in 2011 are mainly related to machinery and equipment used in the CHD Paita plant for US\$3,742 (US\$2,058 used in the Chimbote plant in 2010), the purchase of machinery and equipment used in Chimbote plant for US\$ 3,206 (US\$738 used in the Huacho plant in 2010) and improvement work on vessels for US\$3,045 (US\$2,144 in 2010).

Management has reviewed the projections of the expected results for the remaining useful life of fixed assets, and in its opinion the recoverable value of its property, vessels, machinery and equipment as of December 31, 2011 and 2010, is higher than their book values, thus it is not necessary to record any provision for impairment loss for these assets at the date of the consolidation financial statements.

13. INTANGIBLE ASSETS

For the years ended December 31, 2011 and 2010, intangible assets are as follows:

	<u>SAP Software</u> <u>US\$000</u>	<u>License</u> <u>US\$000</u>	<u>Total</u> <u>US\$000</u>
Cost:			
Balances as of January 1, 2010	1,085	46,488	47,573
Additions	<u>73</u>	<u>18,067</u>	<u>18,140</u>
Balances as of December 31, 2010	1,158	64,555	65,713
Additions	<u>—</u>	<u>15,250</u>	<u>15,250</u>
Additions due to business combination	<u>—</u>	<u>17,926</u>	<u>17,926</u>
Balances as of December 31, 2011	<u>1,158</u>	<u>97,731</u>	<u>98,889</u>
Amortization:			
Balances as of January 1, 2010	1,083	—	1,083
Additions	<u>74</u>	<u>—</u>	<u>74</u>
Balances as of December 31, 2010	1,157	—	1,157
Additions	<u>—</u>	<u>—</u>	<u>—</u>
Balances as of December 31, 2011	<u>1,157</u>	<u>—</u>	<u>1,157</u>
Net Cost:			
As of December 31, 2011	<u>1</u>	<u>97,731</u>	<u>97,732</u>
As of December 31, 2010	<u>1</u>	<u>64,555</u>	<u>64,556</u>
As of January 1, 2010	<u>2</u>	<u>46,488</u>	<u>46,490</u>

Licenses correspond to vessels and plants permits acquired either by purchase or business combinations.

In Management's opinion, the recoverable value of intangible assets is higher than its book value, thus it is not necessary to record any provision of impairment loss for those assets at the date of the consolidated financial statements.

14. GOODWILL

For the years ended December 31, 2011 and 2010, the movement goodwill is as follows:

	<u>31/12/2011</u> <u>US\$000</u>	<u>31/12/2010</u> <u>US\$000</u>
Cost:		
Balance at beginning of year	51,708	46,737
Increase for business combinations occurring during the year	37,011	3,656
Adjustment for deferred income tax	<u>—</u>	<u>1,315</u>
	<u>88,719</u>	<u>51,708</u>

The increase in 2011 corresponds to goodwill for the acquisition and subsequent merger of the following companies: Walda S.A.C., Inversiones Poas S.A.C., Pesquera del Sur S.R.Ltda., Inversiones Pesquera Valentina S.A.C. (Note 1).

The increase in 2010 corresponds to goodwill for the acquisition and subsequent merger of the following companies: Pesquera Ollanta S.A.C., Pesquera Mar Adentro S.A.C., Pesquera San Martín de Porras S.A.C. y Pesquera Virgen de las Peñas S.A.C.

The generation of economic benefits to the Company for each of the acquired companies is supported by the increased catch volumes and the production that the assets of each company will generate.

Management has reviewed the projections of the expected results and in its opinion the recoverable value of goodwill as of December 31, 2011 and 2010, is higher than their book values, thus it is not necessary to record any provision for impairment loss for those assets at the date of the consolidated financial statements. The assessment of recoverability of the carrying value of goodwill includes: forecasted cash flows calculated using the perpetuity on the average ten-year operational flows, projected annual growth rate of 3.5% until 2015 and the use of a discount rate of 9.6%.

15. FINANCIAL OBLIGATIONS

Financial obligations are comprised as follows:

	Current			Non current		
	2011 US\$000	2010 US\$000	1/1/2010 US\$000	2011 US\$000	2010 US\$000	1/1/2010 US\$000
Bank overdrafts	4,912	175	—	—	—	—
Promissory notes	44,721	—	38,670	—	—	—
Long-term bank loans	—	15,516	15,796	75,997	34,436	49,953
Finance lease liabilities	2,948	3,875	7,294	4,403	6,783	10,306
Others	317	77	72	—	27	101
Total	<u>52,898</u>	<u>19,643</u>	<u>61,832</u>	<u>80,400</u>	<u>41,246</u>	<u>60,360</u>

Bank overdrafts

As of December 31, 2011 and December 31, 2010, bank overdrafts comprise balances payable to local banks in Nuevos soles and U.S. dollars for US\$4,912 and US\$175, respectively. The overdrafts accrue interest at an annual interest rate of 3.30% (9.00% for 2010) and have no specific guarantees.

Promissory notes

As of December 31, 2011 and January 1, 2010, promissory notes comprise bank notes in U.S. dollars obtained to finance working capital, with an effective interest annual rate of 1.5% and 3.0% (4.48% and 6.07% as of January 1, 2010), secured by assets of the Company with maturity periods not exceeding five years.

Long-term bank loans

As of December 31, 2011, 31 December 2010 and January 1, 2010, long-term bank loans includes loans in U.S. dollars, obtained for working capital, with an effective interest annual rate between 4.31% and 4.34% (2.59% and 5.40% in 2010 and January 1, 2010), secured by assets of the Company with maturity periods not exceeding five years (Note 1).

Finance lease liabilities

Financial leasing contracts established in U.S. dollars to finance acquisitions of fixed assets, with an effective interest annual rate between 5.27% and 9.23%, secured by the same assets, the Company granted an option to purchase of the asset at the end of and with maturity periods not exceeding five years.

The due date of financial obligation is as follows:

<u>Year</u>	<u>2011</u>	<u>2010</u>	<u>1/1/2010</u>
	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>
2010	—	—	61,832
2011	—	19,643	21,506
2012	52,898	18,848	19,711
2013	1,794	16,771	15,333
From 2014 to 2017	78,606	5,627	3,810
Total	<u>133,298</u>	<u>60,889</u>	<u>122,192</u>

The present value of finance lease payments included in other long-term financial liabilities is as follows:

	<u>2011</u>	<u>2010</u>	<u>1/1/2010</u>
	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>
Up to one year	3,297	4,602	8,100
More than one year	4,998	7,543	11,679
Total payable including finance charges	8,295	12,145	19,779
Finance charges pending to be applied in future period income	(944)	(1,487)	(2,179)
Total	<u>7,351</u>	<u>10,658</u>	<u>17,600</u>

16. TRADE PAYABLES

Trade payables are as follows:

	<u>2011</u>	<u>2010</u>	<u>1/1/2010</u>
	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>
Third parties	<u>31,504</u>	<u>12,789</u>	<u>15,627</u>

Trade payables are denominated in nuevos soles and U.S. dollars and have no specific due date, do not bear interests and have not specific guarantees.

17. OTHER PAYABLES

Other payables are comprised as follows:

	<u>2011</u>	<u>2010</u>	<u>1/1/2010</u>
	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>
Dividends declared (Nota 20 (c))	21,117	—	—
Accounts payable merged companies (a)	2,032	2,490	1,208
Pesquera San Francisco S.A.	799	714	966
Taxes	710	710	235
Fishing permits and FONCOPEs	565	58	310
Pacifico Peruano Suiza	498	306	941
Sigma Investment Fund	285	—	—
Fishers' Benefits Funds	151	310	—
Austral Group S.A.A. (b)	—	—	1,612
Others	1,663	616	1,230
Total	<u>27,820</u>	<u>5,204</u>	<u>6,502</u>

- (a) These accounts correspond to the outstanding balance of the acquired shares from the merged companies from Queirolo Group, that were held to cover potential labor, tax and Ministry of

Production contingencies, which were originally held by the acquired companies as of the merger date, for US\$37 and the unpaid balance of the shares acquired from Pesquera San Martin de Porras S.R.L. for US\$1,293, Pesquera Ollanta S.A.C. for US\$324, Virgen de las Peñas S.A.C. for US\$287 and others for US\$91, which were retained to cover potential labor, tax and the Ministry of Production.

- (b) Accounts payable to Austral Group S.A.A. correspond to the transfer of 2,330 shares of Corporacion del Mar S.A., at a price per share of S/.2,000 each. The debt was fully canceled in March 2010.

18. PROVISION FOR EMPLOYEE BENEFITS

Provision for employee benefits is as follows:

	<u>2011</u>	<u>2010</u>	<u>1/1/2010</u>
	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>
Employees' profit sharing	5,428	2,522	1,221
Vacations	771	697	390
Remuneration	369	8	160
National Pension Fund and ESSALUD	359	133	242
Employees' severance payments	228	110	154
Total	<u>7,155</u>	<u>3,470</u>	<u>2,167</u>

19. PROVISIONS

The movement of provisions is as follows:

	<u>Opening balances</u>	<u>Additions</u>	<u>Closing balances</u>
	<u>US\$000</u>	<u>US\$000</u>	<u>US\$000</u>
<u>2011</u>			
Administrative and labor proceedings	<u>2,312</u>	<u>2,638</u>	<u>4,950</u>
<u>2010</u>			
Administrative and labor proceedings	<u>2,030</u>	<u>282</u>	<u>2,312</u>

20. EQUITY

(a) Issued capital

As of December 31, 2011 and 2010, issued capital is represented by 296,996,557 authorized, issued and paid ordinary shares at a par value of S/.1.00 each.

(a.1) Outstanding ordinary shares and equity interest

The movement of outstanding ordinary shares is as follows:

	<u>31/12/2011</u>	<u>31/12/2010</u>
	<u>US\$000</u>	<u>US\$000</u>
Outstanding at beginning of the year	90,336	69,752
Issued by:		
Increase for public offering of shares	<u>—</u>	<u>20,584</u>
Outstanding at the end of the year	<u>90,336</u>	<u>90,336</u>

The shareholder structure was as follows:

Shareholders	2011		2010		1/1/2010	
	Shares	Percentage	Shares	Percentage	Shares	Percentage
Caleta de Oro Holding S.A.	180,048	60.62%	180,048	60.62%	180,048	75.18%
Caleta de Oro Holding del Perú S.A.C.	25,000	8.42%	—	—	—	—
Stafedouble S.L. Sociedad Unipersonal	15,000	5.05%	40,000	13.47%	54,390	22.71%
Banchile Corredores de Bolsa S.A.	14,903	5.02%	23,303	7.85%	—	—
HG22 Smallcap World Fund INC	7,050	2.37%	7,050	2.37%	—	—
RI – Fondo 3	6,941	2.34%	6,975	2.34%	—	—
Mediterráneo Fondo de Inversión Privada	5,175	1.74%	5,175	1.74%	—	—
Silk Holding Management LTD	5,058	1.70%	5,058	1.70%	5,059	2.11%
Others Shareholders	37,822	12.74%	29,388	9.91%	—	—
	<u>296,997</u>	<u>100.00%</u>	<u>296,997</u>	<u>100.00%</u>	<u>239,497</u>	<u>100.00%</u>

As of December 31, 2011 and 2010, the movement of outstanding shares was as follows:

	Outstanding shares		
	Type A	Type B	Total
As of January 1, 2010	185,107	54,390	239,497
Conversion of shares	54,390	(54,390)	—
Increase from public offering	57,500	—	57,500
Sub-Total	296,997	—	296,997
Conversion of shares	(25,000)	25,000	—
Balances as of December 31, 2010	271,997	25,000	296,997
Conversion of shares	25,000	(25,000)	—
Balances as of December 31, 2011	<u>296,997</u>	<u>—</u>	<u>296,997</u>

During 2011, all of the type “B” shares at a par value of S/. 1.00 each, were exchanged for the same number of type “A” at the same value. The exchange did not modify the preexisting rights and obligations.

(a.2) Share premium

On November 4, 2010, the Company issued and placed in the local and international market 57,500,000 shares of Class “A” with a nominal value of S/.1.00 each. The position on the local and international market of 57,500,000 shares were incorporated to equity of the Company for a market value of S/.4.75 each, which represented an increase in share premium of US\$20,584 and the recognition of an additional capital of US\$70,137, net of issuance associated costs for US\$7,051.

(b) Other capital reserves – Legal reserve

According to the General Law of Companies in Peru, the legal reserve is created by transferring 10%, as a minimum, of the net income for each period, after deducting accumulated losses, until reaching an amount equivalent to a fifth of capital. In the absence of undistributed earnings or freely available reserves, the legal reserve shall be used to offset losses, and subsequently replaced. The legal reserve may be capitalized, in which case, it shall also be subsequently replaced.

On March 19, 2010, the General Shareholders’ Meeting approved the transfer of retained earnings to legal reserve for an amount of US\$3,249, corresponding to the net income for the years 2007 to 2009.

As of December 31, 2011, a minimum of US\$4,054, which corresponds to 10% of net profit of 2010 and 2011, will be transferred to the legal reserve in the year 2012 when the consolidated financial statements will be approved by the General Shareholders' Meeting, as such the amount of retained earnings is not freely available.

(c) Retained earnings

(c.1) Regulatory framework

Pursuant to Legislative Decree N° 945, dated December 23, 2003, domiciled legal entities that agree to allocate dividends or any other type of profit sharing shall withhold 4.1% on the amount to be allocated, except if any such dividends or profit sharing will be allocated to domiciled legal entities.

There are no restrictions for dividends remittances or for the capital repatriation to foreign investors.

(c.2) Payment of dividends

On March 29, 2011, the General Shareholders' Meeting agreed to distribute dividends from retained earnings as of December 31, 2010, up to an amount of US\$7,706, and delegated to the Board of Directors the power to approve an additional dividend for US\$21,117. By Meeting held on December 20, 2011 it was agreed the distribution of dividends for that amount.

On October 4, 2010, the General Shareholders' Meeting agreed to distribute dividends from retained earnings as of December 31, 2009, up to an amount of US\$4,000, and delegated to the Board of Directors the power to approve an additional dividend for US\$4,500. By Meeting held on October 20, 2010 it was agreed the distribution of dividends for that amount.

21. NET PROFIT FOR THE YEAR

For the years ended December 31, net profit for the year of the Company includes the following debit balances:

	<u>2011</u>	<u>2010</u>
	<u>US\$000</u>	<u>US\$000</u>
Depreciation of property, plant and equipment	16,849	15,653
Amortization of intangible assets	—	74
	<u>16,849</u>	<u>15,727</u>
Employee benefits	<u>7,155</u>	<u>3,470</u>

22. OTHER INCOME AND EXPENSES

For the years ended December 31, other income and expenses include the following concepts:

	<u>2011</u>	<u>2010</u>
	<u>US\$000</u>	<u>US\$000</u>
Other Income:		
Regularization of provisions	235	315
Income from loss recovery	16	—
Net gain arising on sales of available for sale investments	—	478
Others	892	1,372
Total	<u>1,143</u>	<u>2,165</u>
Other expenses:		
Employees' participation in previous years (Note 26)	2,345	—
Tax penalties and fees incurred	1,907	860
Indemnity under the Legislative Decree No. 1084	1,040	1,897
Net cost from disposal of assets	1,037	354
Others	393	1,771
Total	<u>6,722</u>	<u>4,882</u>

23. FINANCE INCOME

For the years ended December 31, finance income is as follows:

	<u>2011</u>	<u>2010</u>
	<u>US\$000</u>	<u>US\$000</u>
Interest on loans and receivables	583	—
Interest on bank deposits	81	94
Total	<u>664</u>	<u>94</u>

24. FINANCE EXPENSES

For the years ended December 31, finance expenses are as follows:

	<u>2011</u>	<u>2010</u>
	<u>US\$000</u>	<u>US\$000</u>
Interest on loans and bank overdrafts	4,338	4,837
Loss on derivative financial instruments	1,031	912
Interest on finance lease liabilities	714	1,325
Other interest	418	658
Total	<u>6,501</u>	<u>7,732</u>

25. INCOME TAXES

(a) Income tax regime

(i) Income tax rates

The corporate income tax rate for domiciled legal entities is 30%.

Legal entities domiciled in Peru are subjected to an additional rate of 4.1% on any amount that may be considered indirect income, including, among others, amounts charged to expenses and unreported income, expenses which may have benefited the shareholders or workers, among others, outside business expenses or shareholders participation, which are assumed by the legal entity.

(ii) Transfer pricing

For the purposes of income tax calculation and General Tax on Sales in Peru, legal entities engaged in transactions with related companies or with companies resident in territories with low or no taxation, shall: (a) file an annual affidavit for transfer pricing information when the amount of their transactions with related parties being greater than S/.200,000 (b) have a Transfer Pricing Technical Study, including the supporting documentation for this study. This formal obligation arises when the amount of accrued income exceeds S/.6,000,000, and the entity has conducted transactions with related companies for an amount over S/.1,000,000.

Both formal obligations will also be payable in the event that at least one transaction to, from or through countries with low or no taxation had been made.

The Company conducted the corresponding Transfer Pricing Study for 2010 and it is conducting the corresponding study for 2011.

In Management opinion, no significant liabilities will be generated for the consolidated financial statements as of December, 31, 2011 and 2010, in connection with transfer pricing.

(iii) Significant amendments to the income tax regulations in Peru

As at December, 31, 2011, no new regulations significantly amending Income Taxes effective January 1, 2012 have been enacted.

- (b) The income tax expense is comprised as follows:

	<u>2011</u>	<u>2010</u>
	<u>US\$000</u>	<u>US\$000</u>
Current tax	14,984	6,461
Adjustment of prior year income tax	19	(187)
Deferred tax – income	<u>(1,858)</u>	<u>(1,089)</u>
Total	<u>13,145</u>	<u>5,185</u>

- (c) Current income tax expense corresponds to the income tax payable, calculated at a rate of 30% on taxable income, after deducting a 10% employees' profit sharing as per Legislative Decree 892.

- (d) Tax situation

Income tax returns of the Company and Subsidiaries that are pending for review by the tax administration, which is authorized to perform reviews within four years following the year of submittal of the corresponding income tax return, are following:

Pesquera Exalmar S.A.A.	2008 al 2011
Corporación del Mar S.A.	2008 al 2011
Walda S.A.C.	2011
Inversiones Poas S.A.C.	2011
Pesquera del Sur S.R.Ltda.	2007 al 2011
Inversiones Pesquera Valentina S.A.C.	2011
Negocios y Servicios Generales Antonia S.A.C.	2011
Pesquera Porto Novo S.A.C.	2011
Pesquera Statefuri S.A.C.	2011
Inversiones Pesqueras Vimarot S.A.C.	2011
Pesquera Hades S.A.C.	2011
Pesquera Cabasoni S.A.C.	2011
Empresa Pesquera Caliche S.A.C.	2011

Due to possible interpretations that tax authorities may make on legal regulations in force, it is not possible to determine whether liabilities for the Company will result from future reviews, so that any eventual higher tax or charge that might result from fiscal reviews will be charged to the net income for the year in which they are determined. The Company and Subsidiaries were notified by the tax administration to conduct the audit of income tax for some years. In Management's opinion there is no potential additional settlement of taxes would be significant for the consolidated financial statements as of December, 31, 2011 and 2010.

(e) The reconciliation of the effective income tax rate is as follows:

	2011		2010	
	\$	%	\$	%
	US\$000		US\$000	
Profit before income taxes	37,812	100.00	24,883	100.00
Income tax calculated at the tax rate	11,344	30.00	7,465	30.00
Tax effect over additions (deductions):				
Permanent items	1,801	4.76	(2,280)	(9.16)
Income tax expense and tax rate applicable to book income	<u>13,145</u>	<u>34.76</u>	<u>5,185</u>	<u>20.84</u>

(f) Income tax recoverable and payable

Income tax debit and credit balances with the tax administration are as follows:

	2011	2010	1/1/2010
	US\$000	US\$000	US\$000
Recoverable:			
Excess income taxes paid	<u>—</u>	<u>—</u>	<u>1,145</u>
Payable:			
Income tax payable	<u>9,350</u>	<u>2,618</u>	<u>—</u>

26. DEFERRED INCOME TAXES

The movement of deferred income tax liability, net and the description of temporary differences that originated them are as follows:

At December 31, 2011		Additions		(deductions)	
Temporary differences		Opening balances	Income/loss for the period	Other changes	Closing balances
		US\$000	US\$000	US\$000	US\$000
Assets:					
Provision for vacation payable		136	84	—	220
Other provisions		809	19	1,124	1,952
Liabilities:					
Future repairs		(20,780)	956	7,040	(12,784)
Incremental deemed cost		(7,090)	1,008	—	(6,082)
Deductions of fixed assets on exchange difference		(1,345)	(241)	—	(1,586)
Insurance compensation		(703)	32	—	(671)
Deferred liabilities (net)		<u>(28,973)</u>	<u>1,858</u>	<u>8,164</u>	<u>(18,951)</u>

At December 31, 2010

Temporary differences	Additions		(deductions)	
	Opening	Income/loss	Other	Closing
	balances	for the period	changes	balances
	US\$000	US\$000	US\$000	US\$000
Assets:				
Provision for vacation payable	101	35	—	136
Other provisions	764	45	—	809
Liabilities:				
Future repairs	(18,474)	(958)	(1,348)	(20,780)
Incremental deemed cost	(7,894)	804	—	(7,090)
Deductions of fixed assets on exchange difference	(802)	(543)	—	(1,345)
Depreciation in ban period	(1,095)	1,095	—	—
Insurance compensation	(1,314)	611	—	(703)
Deferred liabilities (net)	(28,714)	1,089	(1,348)	(28,973)

Other changes in 2011 correspond to US\$6,333 paid on November 24 to Tax Authorities with presentation of tax returns to modify the income tax previously filed for 2007 to 2010, as a result of the resolution issued by the Tax Authorities which determined that the license for plant operations and fishing permit for the operation of fishing vessels are intangible assets of undetermined useful life. Therefore, the price paid may not be deductible for income tax calculation purposes. In addition, the Company paid employees' profit sharing for those years for US\$2,345 and recorded it in the statement of comprehensive income (Note 22).

27. NET EARNINGS PER SHARE

The net basic and diluted earnings per share were calculated by dividing net income attributable to the shareholders by the weighted average number of outstanding ordinary shares during the period.

- (a) The weighted average number of outstanding shares during 2011 was 296,997 (249,080 in 2010), par valued at S/.1.00 each.
- (b) As of December, 31, 2011 and 2010, the calculation of the net basic and diluted earnings per share is as follows:

	As of december 31, 2011		
	Earnings	Number of	Earnings per
	(numerator)	shares	share
	US\$000	(denominator)	US\$000
Basic and diluted earnings per ordinary shares	<u>24,667</u>	<u>296,997</u>	<u>0.083</u>

	As of december 31, 2010		
	Earnings	Number of	Earnings per
	(numerator)	shares	share
	US\$000	(denominator)	US\$000
Basic and diluted earnings per ordinary shares	<u>19,698</u>	<u>249,080</u>	<u>0.079</u>

28. LEASING ARRANGEMENTS

As of December 31, the Company has contracted the following minimum lease payments with lessees:

	2011	2010
	US\$000	US\$000
Less than one year	216	255
Between one (1) and five (5) years	432	510
Total	<u>648</u>	<u>765</u>

Lease expenses recognized in the consolidated statement of comprehensive income is US\$264 in 2011 (US\$246 in 2010).

29. NON-CASH TRANSACTIONS

For the years ended December 31, the Company and Subsidiaries entered into the following non-cash investing and financing activities which are not reflected in the consolidated statement of cash flows:

	<u>2011</u>	<u>2010</u>
	<u>US\$000</u>	<u>US\$000</u>
Finance lease of property, plant and equipment	—	6,060
Valuation of property, plant and equipment	—	26,314
Effect of change in useful lives building, machinery and equipment	—	4,639
Dividends payable	21,117	—

30. CONTINGENCIES

The Company and Subsidiaries face certain possible contingencies from labor and civil lawsuits against the Company and Subsidiaries for US\$ 2,495. The Company and Subsidiaries as well as their legal advisors consider that there are sufficient merits to argue these claims and that their final resolution will not have any significant effect on the consolidated financial statements.

The Company and Subsidiaries present probable contingencies for US\$4,950 including in Provisions (Note 19).

31. RECONCILIATION OF 2010 BEGINNING AND CLOSING BALANCES

The International Financial Reporting Standard (IFRS) N° 1 “First-time adoption of International Financial Reporting Standards” requires first-time adopters to present the main effects of such standard on previously presented consolidated financial statements.

The Company has for the first time presented their consolidated financial statements under IFRS for the year ended December, 31, 2011. The last consolidated financial statements of the Company presented under Peruvian GAAP were those for the year ended December, 31, 2010, consequently, transition date to IFRS is January 1, 2010.

(a) Transition effect on the consolidated statement of financial position as of 1 January 2010:

	As per Peruvian GAAPs US\$000	Effect of transition to IFRS US\$000	As per IFRSs US\$000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	10,127	—	10,127
Trade receivables (net)	4,657	—	4,657
Other receivables (net)	13,555	—	13,555
Amounts due from related entities	128	—	128
Inventories (net)	36,279	—	36,279
Prepaid expenses	1,049	—	1,049
Total current assets	<u>65,795</u>	<u>—</u>	<u>65,795</u>
NON-CURRENT ASSETS			
Investments	464	—	464
Property, plant and equipment (net)	118,460	26,314	144,774
Intangible assets (net)	46,490	—	46,490
Goodwill	46,737	—	46,737
Total non-current assets	<u>212,151</u>	<u>26,314</u>	<u>238,465</u>
TOTAL ASSETS	<u>277,946</u>	<u>26,314</u>	<u>304,260</u>
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Financial Obligations	61,832	—	61,832
Trade payables	15,567	—	15,567
Other payables	6,502	—	6,502
Amounts due to related entities	40	—	40
Current tax liabilities	2,167	—	2,167
Total current liabilities	<u>86,108</u>	<u>—</u>	<u>86,108</u>
NON-CURRENT LIABILITIES			
Financial obligations	60,360	—	60,360
Deferred tax liabilities	20,820	7,894	28,714
Provisions	2,030	—	2,030
Total non-current liabilities	<u>83,210</u>	<u>7,894</u>	<u>91,104</u>
Total liabilities	<u>169,318</u>	<u>7,894</u>	<u>177,212</u>
EQUITY			
Issued capital	69,752	—	69,752
Other capital reserve	360	—	360
Retained earnings	38,516	18,420	56,936
Total Equity	<u>108,628</u>	<u>18,420</u>	<u>127,048</u>
TOTAL LIABILITIES AND EQUITY	<u>277,946</u>	<u>26,314</u>	<u>304,260</u>

In caption (e) is described the adjustments made by the Company IFRS adoption.

(b) Transition effect on the consolidated statement of financial position as of December, 31, 2010:

	As per Peruvian GAAPs US\$000	Effect of transition to IFRS US\$000	As per IFRSs US\$000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	29,928	—	29,928
Trade receivables (net)	7,714	—	7,714
Other receivables (net)	24,467	—	24,467
Amounts due from related entities	1,294	—	1,294
Inventories (net)	13,945	—	13,945
Prepaid expenses	1,924	—	1,924
Total current assets	<u>79,272</u>	<u>—</u>	<u>79,272</u>
NON-CURRENT ASSETS			
Investments	464	—	464
Property, plant and equipment (net)	121,615	28,273	149,888
Intangible assets (net)	64,556	—	64,556
Goodwill	51,708	—	51,708
Total non-current assets	<u>238,343</u>	<u>28,273</u>	<u>266,616</u>
TOTAL ASSETS	<u>317,615</u>	<u>28,273</u>	<u>345,888</u>
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Financial obligations	19,643	—	19,643
Trade payables	12,789	—	12,789
Other payables	6,152	—	6,152
Amounts due to related entities	666	—	666
Provision for employee benefits	5,140	—	5,140
Total current liabilities	<u>44,390</u>	<u>—</u>	<u>44,390</u>
NON-CURRENT LIABILITIES			
Financial obligations	41,246	—	41,246
Deferred tax liabilities	21,883	7,090	28,973
Provisions	2,312	—	2,312
Total non-current liabilities	<u>65,441</u>	<u>7,090</u>	<u>72,531</u>
Total liabilities	<u>109,831</u>	<u>7,090</u>	<u>116,921</u>
EQUITY			
Issued capital	90,336	—	90,336
Share premium	70,137	—	70,137
Other capital reserve	3,609	—	3,609
Retained earnings	43,702	21,183	64,885
Total Equity	<u>207,784</u>	<u>21,183</u>	<u>228,967</u>
TOTAL LIABILITIES AND EQUITY	<u>317,615</u>	<u>28,273</u>	<u>345,888</u>

In caption (e) is described the adjustments made by the Company IFRS adoption.

(c) Transition effect on the consolidated statement of comprehensive income as of December 31, 2010:

	As per Peruvian GAAPs	Effect of transition to IFRS	As per IFRSs
	US\$000	US\$000	US\$000
Operating revenue	182,992	—	182,992
Cost of sales	(117,112)	1,959	(115,153)
Ban period expenses	(22,559)	—	(22,559)
GROSS PROFIT	43,321	1,959	45,280
Selling expenses	(5,740)	—	(5,740)
Administrative expenses	(4,986)	—	(4,986)
Other income	2,165	—	2,165
Other expenses	(4,882)	—	(4,882)
OPERATING INCOME	29,878	1,959	31,837
Finance income	94	—	94
Finance expenses	(7,732)	—	(7,732)
Exchange differences, net	684	—	684
PROFIT BEFORE TAX	22,924	1,959	24,883
Income tax expense	(5,989)	804	(5,185)
NET PROFIT	16,935	2,763	19,698

(d) Impact of the transition on the consolidated statement of cash flows for the year ended December 31, 2010:

The adoption of IFRS had no effect on the Company and Subsidiaries' consolidated cash flow statements.

(e) Notes to the reconciliation of 2010 beginning and closing balances

1. As a result of first time IFRS adoption, the Company has applied the option allowed by IFRS 1 for deemed cost of certain components of property, plant and equipment based on a valuation report performed by an independent expert. The assets correspond to all machinery, equipment and vessels. As a result, the Company recorded an increase in the property, plant and equipment as of January 1, 2010 for US\$26,314 and deferred income taxes for US\$7,894.
2. Due to the reassessment of useful lives and the deemed cost recorded in property, plant and equipment described in the previous point, a decrease in depreciation expense was recorded for US\$1,959 and corresponding impact on deferred income tax for US\$804 in 2010.

32. SUBSEQUENT EVENTS

We are not aware of any subsequent events, having occurred from the consolidated financial statements closing date to date of this report, which could significantly affect the consolidated financial statements, except for:

- Dividends for an amount of S/.56,910 (equivalent to US\$21,117) were approved by the General Shareholders' Meeting on December 20, 2011 which were paid on January 5, 2012.
- On January 26, 2012, the Company took a hedge instrument to set the variable interest rate for the disbursed amount of the new syndicated loan (US\$80 million), in order to fix the effective annual rate at 5.075% (swap rate 1.175% + Spread of 3.90%). The previous swap operation with BNP Paribas was canceled. The ISDA (International Swaps and Derivatives Association, Inc.) contract with HSBC New York branch is pending to close (Note 4 (a) (iii)).

ISSUER

Pesquera Exalmar S.A.A.
Av. Paz Soldán 170 – 701
Lima 27, Peru

TRUSTEE AND PRINCIPAL PAYING AGENT

The Bank of New York Mellon
Global Americas
101 Barclay Street, Floor 4E
New York, New York
USA

LUXEMBOURG LISTING AGENT

The Bank of new York Mellon (Luxembourg) S.A.
Vertigo Building – Polaris
2-4 rue Eugène Ruppert L-2453
Luxembourg

LEGAL ADVISERS

*to the issuer
as to United States law*

White & Case LLP
1155 Avenue of the Americas
New York, NY 10036
United States

*to the issuer
as to Peruvian law*

Miranda & Amado Abogados
Av. Larco 1301– 20th Floor
Lima 18, Peru

*to the initial purchasers
as to United States law*

Skadden, Arps, Slate, Meagher & Flom LLP
4 Times Square
New York, NY 10036
United States

*to the initial purchasers
as to Peruvian law*

Rubio Leguía Normand
Av. Dos de Mayo 1321
Lima 27, Peru

INDEPENDENT AUDITORS

to the issuer

Beltrán, Gris y Asociados S. Civil R.L.
Av. Las Begonias 441– 6th Floor
Lima 27, Peru

U.S.\$ 200,000,000

Pesquera Exalmar S.A.A.

7.375% Senior Notes due 2020



OFFERING MEMORANDUM

February 1, 2013

Citigroup

Santander
