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Counsel for Michael Foreman, Plan Administrator for CFG Peru Investments Pte. Limited (Singapore)

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	:	**Chapter 11**
CHINA FISHERY GROUP LIMITED (CAYMAN) *et al.*,	:	**Case No. 16-11895 (JLG)**
Debtors.[1]	:	**(Jointly Administered)**
In re:	:	**Chapter 11**
CFG Peru Investments Pte. Limited (Singapore), Debtor.	:	**Case No. 16-11914 (JLG)**
	:	**(Jointly Administered)**

[1] The Debtors are China Fishery Group Limited (Cayman), Pacific Andes International Holdings Limited (Bermuda), N.S. Hong Investment (BVI) Limited, South Pacific Shipping Agency Limited (BVI), China Fisheries International Limited (Samoa), CFGL (Singapore) Private Limited, Chanery Investment Inc. (BVI), Champion Maritime Limited (BVI), Growing Management Limited (BVI), Target Shipping Limited (HK), Fortress Agents Limited (BVI), Ocean Expert International Limited (BVI), Protein Trading Limited (Samoa), CFG Peru Investments Pte. Limited (Singapore), Smart Group Limited (Cayman), Super Investment Limited (Cayman), Pacific Andes Resources Development Limited (Bermuda), Nouvelle Foods International Ltd., Golden Target Pacific Limited, Pacific Andes International Holdings (BVI) Limited, Zhonggang Fisheries Limited, Admired Agents Limited, Chiksano Management Limited, Clamford Holding Limited, Excel Concept Limited, Gain Star Management Limited, Grand Success Investment (Singapore) Private Limited, Hill Cosmos International Limited, Loyal Mark Holdings Limited, Metro Island International Limited, Mission Excel International Limited, Natprop Investments Limited, Pioneer Logistics Limited, Sea Capital International Limited, Shine Bright Management Limited, Superb Choice International Limited, and Toyama Holdings Limited (BVI).

NOTICE OF FILING OF CFG INVESTMENT S.A.C. AND SUBSIDIARIES INDEPENDENT AUDITORS' REPORT REGARDING CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

PLEASE TAKE NOTICE that Michael Foreman, Plan Administrator for CFG Peru Investments Pte. Limited (Singapore) (the "Plan Administrator") in the above-captioned chapter 11 cases, by his attorneys, Skadden, Arps, Slate, Meagher & Flom LLP, hereby files the *CFG Investment S.A.C. And Subsidiaries Independent Auditors' Report Regarding Consolidated Financial Statements For The Years Ended December 31, 2020 And 2019* (the "2020 Audit").

Dated: June 21, 2021
New York, New York

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP

By: */s/ Lisa Laukitis*

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Counsel for Michael Foreman, Plan Administrator for CFG Peru Investments Pte. Limited (Singapore)

CFG Investment S.A.C. and Subsidiaries

(Majority-owned subsidiaries of 'Debtor-in-Possession')

Independent Auditors' Report

Consolidated Financial Statements
For the years ended
December 31, 2020 and 2019

CFG INVESTMENT S.A.C. AND SUBSIDIARIES

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INDEPENDENT AUDITORS' REPORT

To the Management and Trustee of
CFG Investment S.A.C and Subsidiaries

1. We have audited the accompanying consolidated financial statements of **CFG Investment S.A.C. and Subsidiaries** (majority-owned subsidiaries of 'Debtor-in-Possession'), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the years then ended, 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 issued by the International Accounting Standards Board, and for such internal control as management determines it is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 International Standards on Auditing approved by the Board of Directors of the Council of Deans of Public Accountants Association of Peru, for its application 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 CFG Investment S.A.C. 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.

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

Basis for a qualified opinion

6. As indicated in Note 30 to the accompanying consolidated financial statements, the audit confirmation response obtained from The Hong Kong and Shanghai Banking Corporation Limited (HSBC) includes a charge made to CFG Investment S.A.C. for (in thousands) US$16,809 related to -"indemnity for legal costs" that CFG Investment S.A.C. is disputing and has not recognized in the accompanying consolidated financial statements as of December 31, 2020 (US$16,719 as of December 31, 2019). As of the date of this report, CFG Investment S.A.C. has approved the consolidated financial statements prior to concluding the analysis and reconciliation of the audit confirmation response received from HSBC; therefore, we are not able to conclude if recognition of such liability is required or not in the consolidated financial statements of CFG Investment S.A.C. and Subsidiaries as of December 31, 2020 and 2019.

Deloitte se refiere a Deloitte Touche Tohmatsu Limited, sociedad privada de responsabilidad limitada en el Reino Unido, a su red de firmas miembro y sus entidades relacionadas, cada una de ellas como una entidad legal única e independiente. Consulte www.deloitte.com para obtener más información sobre nuestra red global de firmas miembro.

7. As indicated in Note 17 to the accompanying consolidated financial statements, the audit confirmation response obtained from Delaware Trust Company (Delaware), agent of the Senior Notes, includes a charge made to CFG Investment S.A.C. for (in thousands) US$76,482 related to "interest on overdue and unpaid principal", as well as other interests, for which the Company has not recognized any amount in the accompanying consolidated financial statements as of December 31, 2020. As of the date of this report, CFG Investment SAC approved the consolidated financial statements before completing the analysis and reconciliation of the audit confirmation response received from Delaware; therefore, we are not able to conclude if recognition of a such liability is required or not in the consolidated financial statements of CFG Investment S.A.C. and Subsidiaries as of December 31, 2020.

Qualified Opinion

8. In our opinion, except for the possible effect of the adjustments, that may result of the matters described in paragraphs 6 and 7 of Basis for a qualified opinion, the consolidated financial statements referred to above, present fairly, in all material aspects, the consolidated financial position of **CFG Investment S.A.C. and Subsidiaries** as of December 31, 2020 and 2019, their consolidated financial performance and consolidated cash flows for the years then ended, in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

Emphasis of matter

9. Without modifying our qualified audit opinion, as discussed in Notes 1(e) and 1(f) to the accompanying consolidated financial statements, CFG Peru Investments Pte. Limited has filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code, which disclose the process of restructuring before the New York Court and appointment of a Trustee together with the financial restructuring plan that involves CFG Investment S.A.C. and Subsidiaries. As stated in Notes 1(e) and (f), these conditions along with other matters set forth in said notes, indicate a material uncertainty that may cast significant doubt on CFG Investment S.A.C. and Subsidiaries' ability to continue as a going concern. The accompanying consolidated financial statements have been prepared by Management under the assumption that CFG Investment S.A.C. and Subsidiaries will remain as a going concern; additionally, the accompanying consolidated financial statements do not purport to reflect or provide for the consequences of the bankruptcy proceedings. In particular, such consolidated financial statements do not purport to show (1) as to assets, their realizable value on a liquidation basis or their availability to satisfy liabilities; (2) as to prepetition liabilities, the settlement amounts for allowed claims, or the status and priority thereof; (3) as to stockholder accounts, the effect of any changes that may be made in the capitalization of CFG Investment S.A.C. and Subsidiaries; or (4) as to operations, the effect of any changes that may be made in its business. Our opinion is not modified with respect to this matter.

Velásquez, Mazuelos y Asociados S. Civil de R.L.

Countersigned by:

_______________ (Partner)
Jessica León Vásquez
CPC Register No. 38675

June 7, 2021

CFG INVESTMENT S.A.C. AND SUBSIDIARIES
(Majority-owned subsidiaries of 'Debtor-in-Possession')

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020 AND 2019
(In thousands of US dollars (US$000))

	Notes	2020 US$000	2019 US$000
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	**5**	93,468	104,681
Trade accounts receivable	**6**	22,752	14,195
Accounts receivable from related entities	**7**	46,635	40,418
Other accounts receivable, net and prepayments	**8**	23,186	18,862
Inventories, net	**9**	116,598	60,010
Income tax receivable	**27 (d)**	5,271	11,417
Total current assets		307,910	249,583
NON-CURRENT ASSETS:			
Investment in associate	**10**	3,231	3,468
Property, vessels, plant and equipment, net	**11**	230,183	246,960
Accounts receivable from related entities	**7**	193,225	191,187
Goodwill	**12**	88,546	88,546
Fishing and plant permits	**13**	1,214,369	1,214,369
Intangible assets, net	**13**	1,911	2,203
Total non-current assets		1,731,465	1,746,733
TOTAL ASSETS		2,039,375	1,996,316

	Notes	2020 US$000	2019 US$000
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Financial loans	**14**	651,673	599,077
Trade accounts payable	**15**	36,946	29,799
Accounts payable to related entities	**7**	623	51
Other accounts payable	**16**	43,061	39,510
Senior notes	**17**	417,000	417,000
Provisions	**18**	10,164	11,063
Income tax payable	**27 (d)**	5,492	2,336
Total current liabilities		1,164,959	1,098,836
NON-CURRENT LIABILITIES:			
Accounts payable to related entities	**7**	60,884	469,306
Other accounts payable	**16**	152	14,127
Deferred income tax	**28**	211,197	230,340
Total non-current liabilities		272,233	713,773
TOTAL LIABILITIES		1,437,192	1,812,609
EQUITY			
Issued share capital	**19 (a)**	774,500	365,500
Cumulative translation adjustment		2,606	2,606
Accumulated losses	**19 (c)**	(174,923)	(184,399)
Total equity		602,183	183,707
TOTAL LIABILITIES AND EQUITY		2,039,375	1,996,316

The accompanying notes are part of these consolidated financial statements.

CFG INVESTMENT S.A.C. AND SUBSIDIARIES

(Majority-owned subsidiaries of 'Debtor-in-Possession')

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In thousands of US dollars (US$000))

	Notes	2020 US$000	2019 US$000
Net sales	**20**	297,070	400,782
Cost of sales	**21**	(200,820)	(306,805)
Distribution cost	**22**	(18,789)	(23,699)
Gross income		77,461	70,278
Selling expenses	**22**	(4,438)	(5,188)
Administrative expenses	**23**	(19,543)	(18,550)
Other income	**24**	5,114	3,865
Other expenses	**25**	(9,911)	(17,071)
Operating income		48,683	33,334
Financial income	**26**	3,544	3,509
Financial expenses	**26**	(60,008)	(83,986)
Exchange difference, net	**4 (a)**	3,178	(2,050)
Loss before income tax		(4,603)	(49,193)
Income tax credit	**27 (c)**	3,836	8,664
Loss for the year		(767)	(40,529)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		(767)	(40,529)

The accompanying notes are part of these consolidated financial statements.

CFG INVESTMENT S.A.C. AND SUBSIDIARIES
(Majority-owned subsidiaries of 'Debtor-in-Possession')

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 31,2019
(In thousands of US dollars (US$000))

	Issued share capital US$000 (Note 19 (a))	Cumulative translation adjustment US$000	Accumulated losses US$000	Attributable to owners of Company US$000
Balances as of January 1, 2019	365,500	2,606	(143,870)	224,236
Total comprehensive loss for the year	-	-	(40,529)	(40,529)
Balances as of December 31, 2019	365,500	2,606	(184,399)	183,707
Debt capitalization	409,000	-	-	409,000
Sale of shares in related entities (Note 2 (c (i))	-	-	10,243	10,243
Total comprehensive loss for the year	-	-	(767)	(767)
Balances as of December 31, 2020	774,500	2,606	(174,923)	602,183

The accompanying notes are part of these consolidated financial statements.

CFG INVESTMENT S.A.C. AND SUBSIDIARIES
(Majority-owned subsidiaries of 'Debtor-in-Possession')

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 31,2019
(In thousands of US dollars (US$000))

	2020 US$000	2019 US$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	(767)	(40,529)
Adjustments:		
Depreciation	28,412	41,353
Amortization	435	458
Write-off of obsolete property, vessels, plant and equipment	817	1,946
Write-off of property, vessels, plant and equipment for sale	34	38
Income tax	(19,143)	(26,436)
Financial income and expense, net	56,680	81,017
Others	(2,236)	2,640
Movements in working capital:		
(Increase) decrease inventory	(40,273)	53,647
(Increase) decrease trade accounts receivable	(8,557)	6,021
Decrease related entities, net	846	376
Increase other accounts receivable and prepayments	(21,049)	(10,071)
Increase trade accounts payable	7,148	1,637
Increase (decrease) other accounts payable	15,989	(3,734)
Interest paid	-	5
Income tax paid	(5,154)	(21,380)
Net cash generated by operating activities	13,182	86,988
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, vessels, plant and equipment	(18,502)	(23,203)
Proceeds from disposal of property, vessels, plant and equipment	-	17,011
Purchase of intangibles assets	(145)	(270)
Loans to related entities, net	(5,748)	(13,585)
Net cash used in investing activities	(24,395)	(20,047)
NET (DECREASE) INCREASE IN CASH	(11,213)	66,941
CASH AT THE BEGINING OF THE YEAR	104,681	37,740
CASH AT THE END OF THE YEAR	93,468	104,681

The accompanying notes are part of these consolidated financial statements

1. INCORPORATION, OPERATIONS, APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS, OPERATING REGULATION, RESTRUCTURING PROCESS AND NEGATIVE WORKING CAPITAL, AND ACCUMULATED DEFICIT

(a) Incorporation

CFG Investment S.A.C. (hereinafter "the Company" or "CFG") is a subsidiary of CFG Peru Investments Pte. Ltd. (incorporated in Singapore), which is a majority-owned subsidiary of China Fishery Group Limited ("CFGL" incorporated in the Cayman Islands) owning 99% of the Company shares. The Company was incorporated in Lima, Perú, on March 16, 2006.

The main activity of the Company's and its subsidiary, Corporación Pesquera Inca S.A.C. (hereafter "Copeinca") (together "The Operating Entities") is anchovy fishing and its transformation into fishmeal and fish oil products for direct and indirect human consumption and the sale of these products mostly by exports to various worldwide markets, including China, Vietnam, Belgium, Chile, Japan, Taiwan, The Netherlands, among others.

The subsidiaries Copeinca AS and Copeinca Internacional S.A. are the shareholders of Copeinca; the subsidiaries Consorcio Vollmacht S.A.C., Inmobiliaria y Constructora PAHK S.A.C., and PFB Fisheries B.V, remain dormant (these, together with The Operating Entities conform "The Group").

The Company's legal address is Manuel Olguin Avenue No. 325, 15th floor, Santiago de Surco, Lima, Peru.

(b) Operations

The Operating Entities operate nine facilities to process fishmeal and fish oil located in Bayóvar, Chicama, Chimbote, Chancay, Pisco, Tambo de Mora, and Planchada, in the departments of Piura, La Libertad, Ancash, Lima, Ica, and Arequipa, respectively along the Peruvian coast. The plants produce fishmeal through steam-dried systems ("SD") (in a variety of qualities such as "Super Prime", "Prime", "Taiwan", "Thailand", and "Standard") as well as fish oil.

Additionally, as of December 31, 2020 and 2019, The Operating Entities own eight idle plants to process fishmeal and fish oil and one packaging plant, and their value, net of depreciation and impairment is US$10,217 (US$11,518 as of December 31, 2019).

In relation to the inoperative plants, based on appraisals of the land and buildings carried out in 2018 and 2019 the realizable fair value of these properties was US$12,309; the appraisals were performed by independent appraisers, who have the appropriate competencies and experience in the valuation of properties in the relevant locations. The realizable fair value was determined based on a comparative market approach, which reflects recent transaction prices for similar properties.

In relation to machinery and equipment of the inoperative plants, the Operating Entities have designed a relocation plan of the assets through the operating plants. Based on Management's assessment, it would not be necessary any additional impairment of the carrying book values of machinery and equipment.

As of December 31, 2020 and 2019, The Operating Entities own 50 fishing vessels for anchovy, mackerel, and jack mackerel fishing. The Operating Entities currently operate 47 fishing vessels, 34 are exclusive for anchovy fishing, and 13 vessels are used for anchovy, mackerel, and jack mackerel fishing indistinctively. Also, there are three non-operative fishing vessels. Additionally, The Operating Entities own a trawler vessel named "Westella".

In 2020, the total raw material (anchovy) extracted by its fleet was 691,828 metric tons ("MT") (551,750 MT in 2019), whereas it purchased 231,449 MT (199,680 MT in 2019) from third parties. As of December 31, 2020, there was 569 MT of stock of raw material used in the production of 2021 (0 MT in 2019). The Operating Entities processed 922,708 MT of raw material in 2020 (751,902 MT in 2019).

In 2020, The Operating Entities produced 225,315 MT of fishmeal SD and 43,144 MT of fish oil (183,335 MT of fishmeal SD and 29,763 MT of fish oil in 2019).

To produce at full capacity, The Operating Entities also purchase raw material from third parties. The capacity of the production lines of each fish processing plants is as follows:

	Plant	Plant type	Production capacity (MT/hour) 2020	Production capacity (MT/hour) 2019	Process type
	Northern Perú				
1	Bayovar Plant - Copeinca	Fishmeal and fish oil production	170	170	Steam dried
2	Chicama North Plant - CFG	Fishmeal and fish oil production	80	80	Steam dried
3	Chicama South Plant - Copeinca	Fishmeal and fish oil production	159	159	Steam dried
4	Chimbote North Plant - Copeinca	Fishmeal and fish oil production	250	250	Steam dried
5	Chimbote South Plant - CFG	Fishmeal and fish oil production	103	103	Steam dried
6	Chancay North Plant - CFG	Fishmeal and fish oil production	80	80	Steam dried
7	Chancay South Plant - Copeinca	Fishmeal and fish oil production	168	168	Steam dried
8	Tambo de Mora Plant - CFG	Fishmeal and fish oil production	177	177	Steam dried
9	Pisco Plant - CFG	Fishmeal and fish oil production	110	110	Steam dried
10	Chimbote Maru DHC Plant - CFG	Canned fish production (boxes)	2,631	2,631	
11	Huarmey Plant - Copeinca	Fishmeal and fish oil production	142	142	Flame Dried FAQ
12	Piangesa Plant - Copeinca	Fishmeal and fish oil production	101	101	Flame Dried FAQ
	Southern Perú				
1	Ilo North Plant - CFG	Fishmeal and fish oil production	50	50	Steam dried
2	Ilo South Plant - Copeinca	Fishmeal and fish oil production	90	90	Steam dried
3	Planchada Plant - CFG	Fishmeal and fish oil production	145	145	Steam dried

(*) As of December 31, 2020 and 2019, Chancay CFG, Huarmey CFG, Pilar, Chimbote Maru DHC, Huarmey Copeinca, Piangesa, Chimbote Maru IHC, Ilo CFG, and Ilo Copeinca plants were idle.

The plant capacity permit of CFG's plants Huarmey, Maru and Pilar (76 TM/Hour, 19 TM/Hour, and 42 TM/Hour, respectively) were transferred to the Tambo de Mora Plant, increasing its capacity from 40 to 177 MT/Hour according to Directorate Resolution 607-2019 Produce/DGPCHDI. The Tambo de Mora Plant began operating with this new capacity in May 2019.

(c) Approval of consolidated financial statements

The consolidated financial statements for the year ended December 31, 2020, prepared under International Financial Reporting Standards (hereinafter "IFRS") issued by the International Accounting Standards Board, were authorized for issuance by Management on March 19, 2021.

The consolidated financial statements for the year ended December 31, 2019, prepared under IFRS, were authorized for issuance by Management on March 30, 2020.

(d) Operating Regulation

The fishing industry is regulated in Peru by two primary laws:

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

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

Also, this law regulates the procedure for the installation and operation of industrial processing of fishery resources and the requirements for obtaining operating licenses, the same that will be obtained if specific basic requirements are met, such as:

(1) To have production systems to ensure the safe use of resources.

(2) To have suitable transportation and reception to avoid wastage and allow optimum preservation of the raw material.

(3) To have the equipment and electronic instruments, gravimetric weighing accuracy for detecting the weight of the landed catch, in the case of industrial fishing establishments and processing plants operating license for processing fish meal and oil.

(4) Minimize the risk of environmental pollution by implementing recovery systems and waste treatment.

(ii) Legislative Decree No. 1084 and its regulatory decree: Supreme Decree No. 021-2008-PRODUCE. They establish the Total Allowable Catch System (TAC) for the fishing of anchovy for Indirect Human Consumption.

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

The administration and control of the fishing activity nationwide are under the Ministry of Production's responsibility, who organizes and centralizes the statistical economic, and financial information following the National System of Statistics rules. It also establishes, during the year, fishing bans (or fishing time restrictions) to preserve the sea species, such as the anchovy. Fishing bans are fixed during the reproductive stage of species or when it reaches the annual fishing quota for the country.

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

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

The individual quota allocated to any vessel may be transferred to another vessel within the same company, known as "final assignment". This transfer is permanent. On the other hand, there is a procedure known as a "temporary partnership" that consists of a partnership agreement between two companies who will share their quota during a season. This association is temporary and must be agreed upon for a new season.

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

The Peruvian Fishing Law also establishes that in the event of a vessel sinking, destruction, export, or dismantling, its owner retains such vessel license rights.

In such event, the owner can request a new license that may be attached to another of his vessels or request the storage capacity increase of another of his vessels if this increase does not exceed the original vessel's storage capacity. Peruvian legislation contains no limitation for the exercise of this right.

Management of The Operating Entities considers that it complies with the fishing sector's operational and regulatory framework as of December 31, 2020 and 2019.

During the seasons 2020 and 2019, the TAC and Vessel Catch Limit (LMCE in Spanish) assigned to the Company for the extraction of anchovy were as follows:

	2020				2019			
	North		South		North		South	
	1st Season	2nd Season	1st Season	2nd Season	1st Season	2nd Season	1st Season	2nd Season
LMCE (MT)	407,813	469,838	-	64,259	354,914	470,852	79,769	79,769
TAC (MT)	2,413,000	2,780,000	-	435,000	2,100,000	2,786,000	540,000	540,000
% of TAC	16.901%	16.901%	0.000%	14.772%	16.901%	16.901%	14.772%	14.772%

North Zone:

In 2020, the first fishing season began in May and lasted approximately 3 months, and the second fishing season began in November and lasted approximately 3 months, and ended on January 25, 2021.

In 2019, the first fishing season began in April and lasted approximately 4 months and the second fishing season began in November and lasted approximately 3 months, and ended on January 14, 2020.

South Zone:

In 2020, there was only one season that began in August and lasted approximately 5 months, and ended on December 31, 2020.

In 2019, the first fishing season began in January and lasted approximately 6 months, and the second fishing season began in July and ended on December 31, 2019.

Subsequent events:

PRODUCE (Government entity that supervises the fishing industry) authorized the start of:

- the first 2021 south fishing season from March 10, 2021.
- the first 2021 north fishing season from April 23, 2021.

(iii) Health regulations and work care due to COVID-19

The main rules that regulate health issues in the fishing sector as a result of the pandemic are:

Ministerial Resolution No. 00370-2020-PRODUCE

Approves the Sanitary Protocols on Industrial Fishing (Indirect Human Consumption) carried out by the steel and wood fleet.

Ministerial Resolution No. 972-2020-MINSA

Approves the technical document "Guidelines for the surveillance, prevention, and control of workers' health at risk of exposure to SARS-CoV-2".

In this sense, the Company as part of the phase 1 of restarted activities (Note 1 (g)) implemented the health protocols to face the pandemic within the framework of the restart of activities.

(e) Process of restructuring before the New York Court and appointment of a Trustee

On June 30, 2016, one supplier of The Operating Entities requested to begin insolvency proceedings before Instituto Nacional de Defensa de la Competencia y de la Protección de la Propiedad Intelectual (Indecopi) under Peruvian Law 27809, “Ley General del Sistema Concursal” for CFG Investment S.A.C., Corporación Pesquera Inca S.A.C. and Sustainable Fishing Resources S.A.C., the later, a related entity. On the same day, certain related entities not domiciled in Peru filed under Chapter 11 of the Bankruptcy Code of the United States, at the Court of New York (hereinafter "Court"). Meanwhile, the Company, its subsidiary Corporación Pesquera Inca S.A.C. and Sustainable Fishing Resources S.A.C. companies domiciled in Peru, filed with the Court under Chapter 15, which allowed taking the bankruptcy process in the debtor's country.

On October 31, 2016, the Court of New York decided to appoint a Trustee to CFG Peru Investments Pte. Limited (Singapore), which is the intermediate holding company of the Group's Peruvian operating companies; the trustee is involved, as a third-party independent fiduciary, in the process of further developing a restructuring plan around the Peruvian assets and business in the context of the Chapter 11 reorganization. The Court mentioned that this appointment was not made in favor of the sale of the Peruvian business but to ensure the highest and best use of the assets in Peru.

On November 28, 2016, the Court approved an order presented by the Chapter 11 Trustee. Under the terms of the order, three of the debtor's Peruvian subsidiaries agreed to take the necessary steps to satisfy the claims of the creditors who initiated restructuring proceedings in Peru and to withdraw the Peruvian restructuring proceedings commenced by the Subsidiaries. Also, under the terms of the approved order, the trustee agreed the following: (i) to support the continued operations of the Peruvian entities until April 30, 2017, to the extent consistent with his fiduciary duties, and to allow normalization of the Peruvian operations; this period can be extended by mutual agreement; (ii) To work in good faith to secure adequate funding on commercially reasonable terms for the continued operations in Peru; (iii) To use his best efforts to protect the assets of the Peruvian subsidiaries; and (iv) To support an extension of the period during which the debtor (CFG Peru Investments Pte. Limited) had the exclusive right to file a restructuring plan until March 31, 2017. This extended period may be further extended by agreement and with the approval of the Court. Also, the order provided that following the disposition of the Peruvian restructuring proceedings, the Chapter 15 recognition requests will be withdrawn from the Court.

On December 5, 2016, Indecopi issued a resolution accepting the request for dismissal presented by the debtor´s Peruvian subsidiaries regarding the insolvency proceedings.

On April 24, 2017, the Trustee submitted its status report to the Court of New York, which included information about the operations of the Peruvian fishmeal and fish oil industry, business outcomes, and a summary of its activities. In particular, the report described three potential results that may arise from its appointment:

(i) The first result is to see whether the owners of Pacific Andes (ultimate Parent Company of CFG Peru Investments Pte. Limited) can achieve a successful refinancing and restructuring of the business.

(ii) The second result is whether the management of Peruvian operating companies can find and align with a "white knight" (new investor), and

(iii) The third possible result is an open sale to third parties.

On the same day, the Court approved an order that allows the Trustee to sell certain non-core assets, including non-operating vessels and some real estate in Peru. This order was initially extended until May 17, 2017, a period in which the debtor had the exclusive right to submit a reorganization plan to the Court. Later on June 8, 2017, this term was extended until November 1, 2017. On September 29, 2017, in accordance with the exclusivity protocol, China Fishery Group Limited (parent of CFG Peru Investments Pte. Limited) filed the Disclosure Statement and the Restructuring Plan before the Court.

This Plan contemplates a financial and operational restructuring of the companies included in Pacific Andes Resources Development Group (hereinafter "PARD") and China Fishery Group Limited Group (hereinafter, "CFGL").

The Plan proposes the restructuring of all financial debts at the level of the CFGL Group and the PARD Group. It allows creditors to recover their demands based on the value of available assets of the Group. The Plan provides two options: i) the restructuring of the assets of PARD and CFGL groups, giving rise to a "reorganized CFGL" that would continue with its operations in Peru with no significant changes, and ii) the sale of these Peruvian companies to a third party. The Court is currently reviewing this Plan.

Likewise, in August 2017, the Court approved the schedule and procedures for the sale of CFG Investment S.A.C., Corporación Pesquera Inca S.A.C., and Sustainable Fishing Resources S.A.C. whose result will be informed by the Court when it is carried out. This procedure is carried out in parallel with the restructuring plan mentioned in the previous paragraph.

Since then, China Fishery Group Limited has held discussions with creditors, bondholders, and potential investors to present improvements to the financing plan submitted to the Court. While those discussions have been constructive and are continuing, the economic consequences of the global COVID-19 pandemic have slowed progress with potential investors. Nonetheless, China Fishery Group Limited continues to work towards the filing of an amended plan as soon as possible.

On November 16, 2017, the Chapter 11 Trustee notified the Court that the dates for the Bid Deadline, Auction, and Sale Hearing, previously approved as part of his bidding procedures, had been adjourned. The Trustee has advised that he will file a further notice when rescheduled dates are established.

On December 20, 2017, the Court approved the extension of the exclusivity protocol period until February 28, 2018; although this date was not extended, CFGL is still evaluating an addendum to this plan.

On April 26, 2018, the Court issued an order approving the “Settlement Agreement Netting Intercompany Claims” between CFG Peru Investment Pte. Limited, and related entities, including CFG Investment S.A.C., Corporación Pesquera Inca S.A.C., Sustainable Fishing Resources S.A.C., among other subsidiaries. This order will allow the Company to offset the intercompany accounts receivable and payable maintained with its related entities.

As of December 31, 2020 and 2019, the balances with related entities included in such offsetting order are indicated below:

- Accounts receivable from China Fisheries International Limited for US$179,110 in 2020 (US$176,853 in 2019)
- Accounts receivable from South Pacific Shipping Agency Ltd. for US$501 in 2020 (US$2,931 in 2020)
- Accounts receivable from Qingdao Pacific Andes for US$594 in 2020 and 2019
- Accounts payable to China Fisheries International Limited for US$57,250 in 2020 (US$466,250 in 2019)
- Accounts payable to CFGL (Singapore) Private Limited for US$841 in 2020 and 2019

As of December 31, 2020, such “Settlement Agreement Netting Intercompany Claims” has been executed partially due to the fact that during 2020 the debt capitalization was formalized with CFG Peru Investments Pte. Ltd. (Note 7 (b) and Note 19 (a)). Likewise, it is estimated that the compensation agreement will be carried out in its entirety when the Company defines the opportunity and the best strategy to carry it out in coordination with the Trustee. At such a moment, the balances with related entities will be updated.

As of December 31, 2020, there are no more significant Court events and transactions than those stated above.

Due to the aforementioned, the Company´s shareholder is under the condition of “Debtor-in-Possession” that is, a corporation that has filed for Chapter 11 bankruptcy protection, but still holds property of its assets and may continue to do business using those assets, but is required to seek court approval for any actions that fall outside of the scope of regular business activities. Therefore, Management of The Operating Entities maintains control of the business and considers that the development of the operations will not be affected by the restructuring process considering the sector's perspectives for the upcoming years. This factor, together with the result of the financial restructuring process, will allow the Company and its Subsidiaries to generate sufficient long-term cash flows to propose to the creditors alternatives that satisfy their interests.

The accompanying consolidated financial statements have been prepared under the assumption that The Operating Entities will continue as a going concern, and do not include any adjustment related to the recoverability and classification of its assets, or the classification or amounts of its liabilities, that may be necessary in the event that the Company is unable to continue its operations.

(f) Negative working capital and accumulated deficit

As of December 31, 2020, the accompanying consolidated financial statements show negative working capital for US$857,049 (US$849,253 as of December 31, 2019), mainly due to the presentation as current liabilities of financial obligations and senior notes on default. Management of the Company expects to revert the negative working capital, subject to the effects of the restructuring proceedings mentioned in section (e).

As of December 31, 2020, the consolidated financial statements show an accumulated deficit of US$174,923 (US$184,399 as of December 31, 2019), mainly due to financial expenses accrued related to financial obligations and senior notes maintained by the Company.

Management estimates that fishing quotas and the restructuring process results, described in section (e), will allow the Company and its Subsidiaries to generate sufficient profits and cash flows to reverse the accumulated losses and negative working capital in the mid and long-term.

Section (e) describes the restructuring process filed before the Court, considered by the Trustee and the economic group to which The Operating Entities belongs.

These conditions, along with other matters outlined in section (e), indicate a material uncertainty and significant doubt about The Operating Entities' ability to continue as a going concern; however, Management considers the execution of the restructuring plan described in this section as viable. The consolidated financial statements as of December 31, 2020 and 2019, have been prepared under the assumption that The Operating Entities will continue as a going concern, and do not include any adjustments that might be required in case The Operating Entities would not be able to continue their operations, settle their liabilities, or that the financial restructuring plans do not succeed.

(g) COVID-19 Pandemic and impact on the Company´s consolidated financial statements

The health crisis caused by the outbreak and advance of COVID-19 in early 2020 has affected commercial and economic activity worldwide, with significant effects in Peru. To contain the spread of Covid-19 in Peru, the Peruvian government declared a state of emergency as of March 16, 2020, per Supreme Decree No. 044-2020, initiating a quarantine protocol, which included mandatory social isolation, measures applied to all industries. Only companies in the healthcare, finance, and essential goods or services industries could continue their operations. Subsequently, on May 3, 2020, Supreme Decree No. 080-2020-PCM was published approving the resumption of economic activities gradually and progressively within the declaration of sanitary emergency. Said norm established 27 economic activities that restarted operations grouped in Mining and Industry, Construction, Service and Tourism and Commerce.

During these restrictions, considering that the Company provides essential services, on May 4, 2020, it continued to operate with relative normality under the implementation of preventive measures to reduce the risk of spreading COVID-19 and guarantee workers and communities' safety. In that sense, the COVID-19 pandemic did not have an adverse effect on the results of operations and financial condition for the year ended December 31, 2020, compared to the year ended December 31, 2019.

Due to the global economic impact of the COVID-19 pandemic, Management reviewed certain accounting estimates, judgments used and the main factors that could affect the business's functioning and processes as of December 31, 2020, considering that there is no material uncertainty that raises substantial doubts about its ability to continue as a going concern.

Given that the pandemic is still ongoing, Management continues to monitor the Government's measures to guarantee its operations cycle.

Besides, during 2021 the Peruvian State, through Supreme Decree No. 008-2021-PCM, dated January 26, 2021, extended the State of National Emergency for a period of twenty-eight (28) calendar days as of February 1, 2021. Subsequently, on March 26, 2021, Supreme Decree No. 058-2021-PCM entered into force, extending the state of emergency from April 1 to May 1, 2021, due to the severe circumstances that affect the people's lives as a result of COVID-19.

Also, on March 5, 2021, Emergency Decree No. 026-2021 entered into force, which establishes economic and financial measures for the reprogramming of credits guaranteed with the "Reactiva Peru" program, created by Legislative Decree No. 1455. This program is to ensure continuity in the payment chain in the face of the impact of COVID-19. The maximum acceptance period for rescheduling is July 15, 2021. In 2020, the Company did not access the "Reactiva Peru" program.

The Company's Management, based on the analysis carried out considering the current context, has no material uncertainty related to the Company's ability to continue as a going concern.

2. BASIS OF PREPARATION, PRINCIPLES AND ACCOUNTING POLICIES

The significant accounting policies used by the Group for the preparations of the consolidated financial statements are summarized as follows:

(a) Statement of compliance and basis of preparation and presentation

The accompanying consolidated financial statements were prepared in compliance with IFRS, issued by the IASB (International Accounting Standards Board) effective as of December 31, 2020 and 2019.

These consolidated financial statements have been prepared on historical cost basis. The historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received when selling an asset, or paid when transferring a liability in an orderly transaction between market participants at a measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. When assessing the fair value of an asset or liability, the Company considers the characteristics of said asset or liability if market participants would want to consider them when setting a price as of measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined over said basis, except measurements somehow like fair value, but not fair value, such as net realizable value in IAS 2, or value in use in IAS 36.

Additionally, for financial reporting purposes, fair value measurements are categorized in three levels: 1, 2 or 3; depending on the degree in which the information for fair value measurements are observable and their significance to fair value measurement in its entirety, as described below:

Level 1: Information is quoted prices (unadjusted) in active markets for identical assets or liability the Company and its subsidiaries may access as of the measurement date.

Level 2: Information is different from quoted prices included in Level 1, which are observable for the asset or liability, whether directly or indirectly.

Level 3: Information is not observable for the asset or liability.

(b) Responsibility for information, critical accounting judgments, and estimates

In applying the accounting policies, which are described in Note 2, Management of the Group should apply judgements, estimates, and assumptions on the carrying amount of assets and liabilities on these financial statements. These estimates and associated assumptions are based on experience and other relevant factors. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions in accounting estimates are prospectively recognized by recording the effects of changes in the corresponding consolidated statement of profit or loss and comprehensive income of the year in which the reviews are conducted.

Estimates and Critical judgements in applying the accounting policies

The most significant estimates and critical judgments for the preparation of the Company and its Subsidiaries' consolidated financial statements refer to:

- Determination of functional currency and recording of transactions in foreign currency (Note 2 (d) and (e)).
- Revenue recognition criteria (Note 2 (r)).
- Impairment of certain long-lived assets, for which the Company estimates the economic value in use from projected cash flows and a terminal value by using the perpetuity method (Note 2 (n)).
- Useful life of property, vessels, plants, equipment, and intangibles assets (Note 2 (j) and (m)).
- Impairment of Goodwill (Note 2 (k)).
- Fair value, classification, and risk of financial assets and liabilities (Note 4).
- Criteria considered for the determination of current and deferred income taxes (Note 2 (t)).
- Determination of a cash generating unit (Note 2 (n)).
- Criteria considered for the probability assessment on the outcome of contingencies (Note 2 (p)).

Key sources of estimation uncertainty

The most relevant sources of uncertainty considered in the preparation of the consolidated financial statements of the Group were the following:

- Assumptions to determine the recovery of financial assets and inventories.
- Assumptions to determine the recoverable value of long-term assets. Relevant assumptions for the calculation of the value in use of the cash-generating unit are:

  In 2020: (i) post-tax discount rate of 6.17% and annual long-term growth rate of 2%; (ii) total annual quota for both fishing seasons and zones between 3.5 MMT and 5.1 MMT and (iii) fishmeal and fish oil average selling price of US$1,517 and US$1,950 per MT, respectively.

  In 2019: (i) post-tax discount rate of 7.74% and annual long-term growth rate of 2%; (ii) total annual quota for both fishing seasons and zones between 3.5 MMT and 5.1 MMT and (iii) fishmeal and fish oil average selling price of US$1,520 and US$1,900 per MT, respectively.

(c) Basis of consolidation and consolidated subsidiaries

The accompanying consolidated financial statements include the Company's accounts and those entities controlled by the Company (Subsidiaries). The Company considers that control of an entity is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its control to affects its returns.

As of December 31, 2020, the consolidated financial statements include the consolidated accounts of CFG Investment S.A.C. and its Subsidiaries, as follows:

Subsidiary	Participation in owership 2020	2019	Domicile	Economic activity
	%	%		
Corporación Pesquera Frami S.A.C. (i)	-	100	Peru	Holding
Inmobiliaria y Constructora PAHK S.A.C.	100	100	Peru	Holding
Consorcio Vollmacht S.A.C.	100	100	Peru	Holding
Inversiones Pesqueras West S.A.C. (i)	-	100	Peru	Holding
J. Wiludi & Asociados Consultores en Pesca S.A.C. (i)	-	100	Peru	Holding
Copeinca AS	100	100	Norway	Holding
Subsidiaries of Copeinca AS:				
Copeinca Internacional S.A.	100	100	Spain	Holding
Corporación Pesquera Inca S.A.C.	100	100	Peru	Fishmeal production
PFB Fisheries B.V.	100	100	Netherlands	Holding

(i) On June 3rd, 2020, the Company sold its shares in Corporación Pesquera Frami S.A.C. (990 shares), Inversiones Pesqueras West S.A.C. (999 shares), and J. Wiludi & Asociados Consultores en Pesca S.A.C. (1,999 shares) to its related entity Sustainable Fishing Resources.

(d) Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in United States Dollar, which is the Company and its Subsidiaries' functional and presentation currency.

(e) Foreign exchange transactions

Operations in currencies different from the functional currency are considered to be denominated in foreign currency and recognized using the exchange rate prevailing on the date of transactions. At the end of the reporting period, the balances of the monetary items denominated in foreign currency are translated using the exchange rate prevailing at that date. The balances of the non-monetary items recorded at fair value that are denominated in foreign currency are translated using the exchange rate prevailing at the date of determination of such fair value. The balances of the non-monetary items that are recognized at historical cost in foreign currency are translated using the exchange rate prevailing at the transaction date.

(f) Financial instruments

Financial assets and financial liabilities are recognized when the Company and its Subsidiaries become a part of the corresponding instrument's contractual agreements.

Financial assets and financial liabilities are initially valued at fair value. Transaction costs directly attributable to the acquisition or issuance of financial assets and liabilities (other than financial assets at fair value through profit or loss) are added to or reduced from the fair value of financial assets or financial liabilities, if applicable on initial recognition. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are immediately recognized in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on the trade date basis. Regular purchases or sales are purchases or sales of financial assets that require the delivery of assets within the term established by regulation or customary market practices.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, based on the classification of financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding amount.

This category includes trade accounts receivable, accounts receivable from related entities, and other accounts receivable.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise, on specific dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has not designated any financial asset under this classification as of December 31, 2020 and 2019.

By default, all other financial assets are measured subsequently at fair value through profit or loss.

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- The Company may irrevocably elect to present subsequent changes in the fair value of an equity investment in other comprehensive income if certain criteria are met; and
- May irrevocably designate a debt instrument that meets the criteria of amortized cost or fair value through other comprehensive income if doing so eliminates or significantly reduces an accounting mismatch.

The Company has not designated any financial asset under this classification as of December 31, 2020 and 2019.

Amortized cost and effective interest method

The effective interest method is a method for calculating the amortized cost of a debt instrument and for allocating interest income during the relevant period.

For financial assets that were not purchased or originated by credit-impaired financial assets, the effective interest rate is the rate that exactly discounts the expected future cash inflows (including all commissions and points paid or received that are an integral part of the effective interest rate, transaction costs, and other premiums or discounts) excluding expected credit losses, over the expected life of the debt instrument or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting estimated future cash flows, including expected credit losses, at the debt instrument's amortized cost on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured on initial recognition minus repayments of principal, plus the accumulated amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss. A financial asset's gross book value is the amortized cost of a financial asset before adjusting any provision for losses.

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on trade receivables, and other accounts payable. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group permanently recognizes lifetime expected credit losses ("ECL") for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions, and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money, when appropriate.

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is likely to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Write-off policy

The Company writes-off a financial asset when there is information that indicates that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. For example, when the counterparty has been placed in liquidation or has entered bankruptcy or in the case of trade accounts receivable, the balances have completed a judicial stage. Derecognized financial assets may still be subject to compliance activities following the Company's recovery procedures, taking legal advice where appropriate. Any recovery is recognized in results.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. Besides, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in an equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at fair value through profit or loss (FVTPL). The Group determines the classification of financial liabilities at amortized cost.

As of December 31, 2020 and 2019, the Group maintains financial loans, senior notes, trade accounts payable, accounts payable to related entities, and other accounts payable in this category.

Financial liabilities subsequently measured at amortized cost

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

Financial liabilities at Fair Value Through Profit or Loss (FVTPL)

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally to sell or repurchase it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

The Company and its Subsidiaries did not designate any financial liabilities under this classification.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, following the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

The Company and its Subsidiaries' did not designate any financial liabilities under this classification.

Derecognition of financial liabilities

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

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognized in profit or loss as the modification gain or loss within other gains and losses.

(g) Inventories

Inventories are valued at the lower of acquisition cost and production or net realizable value. The cost includes the cost of direct materials and, where appropriate, the costs of direct labor and manufacturing overhead, including those costs incurred in bringing the inventories to their present location and condition. Cost is determined using the weighted average method; the cost of inventory in transit is determined using the specific cost method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to put inventories in a condition of sale and trade. When reductions of the carrying value of inventories to net realizable value are required, an inventories impairment loss is recognized in profit or loss in the period in which such decrease occurs.

An estimate for obsolescence of spare parts is determined based on slow-moving items for 24-months or more and other qualitative factors.

(h) Deferred Cost

Indirect costs that will be allocated to the production as maintenance expenses and overhead costs incurred before the fishing seasons are deferred and then assigned to the production cost of the next fishing season of the year based on current standard operating capacity and taking into consideration the corresponding assigned quota, granted by the Peruvian regulator, to The Operating Entities. The allocation of non-fishing period cost into the inventories is limited to the amount of their net realizable value. These costs are included in inventories, net of the consolidated statements of financial position.

(i) Investment in associate

The Company maintains an investment in an associate.

An associate is an entity over which the Group has significant influence, which is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the investee's financial and operating policy decisions, but it is not control or joint control over those policies.

The existence of significant influence by an entity is usually evidenced in one or more of the following ways:

(a) representation on the board of directors or equivalent governing body of the investee;
(b) participation in the policy-making process, including participation in decisions about dividends or other distributions;
(c) material transactions between the entity and the investee;
(d) sharing of managerial personnel; or
(e) rendering of essential technical information

Income, assets, and liabilities of the associate are accounted for using the equity method. Under this method, the investment in associate is initially recognized at cost in the consolidated statement of financial position and is then adjusted to recognize the interest in profit or loss and other comprehensive income of the associate. Allocations received from the associate, such as dividends, will reduce the carrying amount of the investment. Losses of the associate over the interest of the Company in such associate are recognized to the extent that the Company has incurred on any legal or constructive obligation or if it has made payments on behalf of the associate.

(j) Property, vessels, plants, and equipment

Property, vessels, plants, and equipment are stated at historical cost less depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with such items will flow to the Group and the cost of such items can be measured reliably. The carrying amount of a replaced part is derecognized. All other repairs and maintenance are recognized in the consolidated statements of profit or loss during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, and each part of an item of property, vessels, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, as follows:

	Years
Buildings and premises	33 years
Plant and equipment	Between 4 and 25 years
Vehicles	5 years
Furniture and fixtures	Between 5 and 10 years
Vessels	Between 2* and 50 years
Nets	Between 3 and 4 years
Miscellaneous equipment	Between 4 and 10 years

*Only Overhauls

Depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

Estimates of useful life, residual values, as the case may be, and depreciation methods are periodically reviewed in order to ensure that the depreciation method and period are consistent with the intended pattern of economic benefits of property, vessels, plant, and equipment.

Items of property, vessels, plants, and equipment under construction or acquisition are presented at cost, less any recognized impairment loss. Cost of these assets in progress includes professional fees and, for qualifying assets, borrowing costs. Such assets are subsequently classified into their appropriate category of property, vessels, plants, and equipment once the construction process is completed, and they are ready for their intended use. Such assets are depreciated beginning at this moment, similarly to the rest of assets.

(k) Goodwill

The goodwill in business combination corresponds to the excess of the sum of the consideration transferred, the value of any non-controlling interest and the fair value of any prior investment held over the net fair value of assets, liabilities and contingent liabilities recognized at the date of acquisition. Goodwill is initially recognized as an asset as such residual amount and subsequently presented at cost less any accumulated impairment losses.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(l) Licenses

Separately acquired licenses are shown at historical cost. Licenses acquired in a business combination are recognized at fair value at the acquisition date. Fishing and plant licenses have an indefinite useful life; other licenses have a finite useful life and are carried at cost less accumulated amortization.

(m) Intangible assets

Computer software

Costs associated with maintaining computer software programs are recognized as an expense as incurred.

Development costs directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognized as intangible assets after specific criteria are met.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overhead.

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

Acquired computer software licenses are capitalized based on the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of ten (10) years.

(n) Impairment of non-financial assets

The Operating Entities periodically review the carrying amounts of its tangible assets to determine whether there is any indication that they have suffered an impairment loss. If any such indication exists, the asset's recoverable amount is estimated to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, The Operating Entities estimate the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation is identified, corporate assets are also distributed to individual cash-generating units; otherwise, to the smallest group of cash-generating units for which a consistent basis and reasonable distribution is identified.

Although each of the Group’s subsidiaries is operated as separate independent businesses with their own books and records, vessels and fishing plants, given the synergies and integrated nature of the Company and Copeinca’s businesses, Management regards the Group’s collectively as one cash generating unit (to prepare these audited financial statements)

Goodwill impairment test is undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is first distributed to reduce the carrying amount of any purchased goodwill distributed to the cash-generating unit, and to the other assets of the unit, prorated according to the carrying amount of each one of the assets of the unit. Any impairment is recognized immediately as an expense and is not subsequently reversed.

Assets with an indefinite useful life – such fishing and plant licenses – are not subject to amortization and are tested for impairment annually. Assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The recoverable amount is the highest value between fair value, less cost to sell, and value in use. The value in use is determined based on future estimated cash flows discounted to their present value by applying a discount rate before taxes, reflecting current market assessments regarding the value of money over time and the asset's specific risks.

If it is estimated that the recoverable amount of an asset (or cash-generating unit) is 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 immediately recognized as an expense in the consolidated statement of profit or loss and other comprehensive income.

Except for goodwill, an impairment loss can be reversed in a subsequent period and recorded in profit or loss for the period, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss value would have been recognized for the asset (cash-generating unit) in prior years.

(o) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation due to past events, an outflow of resources will probably be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate, as of the date of the statement of financial position, of the necessary expenditure to settle the present obligation, considering risks and uncertainties surrounding most of the events and circumstances concurrent to its valuation. When the provision is measured using estimated cash flows for settling the obligation, the carrying amount is the present value of the corresponding expenditures.

In case that the expenditure for settling the provision is entirely or partially expected to be refunded by a third party, the receivable portion is recognized as an asset when its recovery is virtually certain, and its amount can be determined reliably.

(p) Contingent liabilities and assets

Contingent assets and liabilities are not recognized in the consolidated financial statements but only disclosed in the notes to the consolidated financial statements.

Items previously treated as contingent liabilities will be recognized in the consolidated financial statements for the period in which a change in probability assessment occurs when it is determined that an outflow of resources to settle said liabilities would arise. Items previously treated as contingent assets will be recognized in the consolidated financial statements of the period in which it is determined as virtually certain that an inflow of resources will take place, respectively.

(q) Employees' benefits

Benefits to employees and workers include, among others, short-term benefits, such as wages, salaries, and social security contributions, annual vacations, sick leaves, profit and sharing, and profit share and bonuses, paid within twelve months after the date in which employees had rendered services. These benefits are recognized in profit or loss for the period when employees have performed service entitling them to the rights. The corresponding obligations payable are presented as liabilities in other payables.

(r) Revenue recognition

Revenue is recognized when the delivery of the goods agreed in the contracts with the customers is made, and the determination and allocation of the transaction price reflect the consideration to which The Operating Entities are entitled in exchange for the products.

(r.1) Sale of products

Revenue from the sale of finished goods and other products are recognized, taking into account the following steps:

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

The revenue from the sale of finished goods is recognized by The Operating Entities when the goods are delivered to the customers, and there is no unfulfilled obligation that may affect the acceptance of the goods.

(r.2) Interest

Revenue from interest is recognized when it is probable that the Group obtain the rewards associated with the interest transactions, and the amount of the income may be reasonably measured. These interests are accrued in a periodic manner taking as reference the principal amount and the effective interest rate.

(s) Recognition of costs and expenses

Cost of sales, including non-fishing deferred expenses, is recorded in profit or loss when the goods are delivered simultaneously with revenue recognition. Expenses are recorded in the periods they relate to and are recognized in the profit and loss when incurred, regardless of when they are paid.

(t) Income Tax

Income tax expense for the period comprises current income tax and deferred income tax.

Current income tax

The current income tax is determined by applying the tax rate established in the current tax period to the year's net taxable income.

Current income tax is payable on the tax base for the year. Taxable income differs from net income as reported in profit or loss. It excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liabilities for current income taxes are calculated using the tax rates decreed at the end of the reporting period.

A provision is recognized for those matters for which the tax's determination is uncertain. Still, it is considered probable that there will be a future outflow of funds for a tax authority. Provisions are valued at the best amount expected to become payable. The evaluation is based on the judgment of management´s tax experts supported by the Company's previous experiences in this type of activity and, in some cases, based on an independent tax specialist's consultation.

Deferred income tax

Deferred income taxes are recognized on the temporary differences between the book value of the assets and liabilities included in the financial statements and the corresponding tax bases used to determine the tax result. The rate corresponding to these differences contains the benefits of tax loss carryforwards and some tax credits. The deferred income tax asset or liability is generally recognized for all temporary tax differences. A deferred tax asset will be recognized for all temporary deductible differences, to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. These assets and liabilities are not recognized if the temporary differences arise from goodwill or the initial recognition (other than the business combination) of other assets and liabilities in an operation that does not affect the tax or accounting results.

A deferred tax liability is recognized for temporary taxable differences associated with investments in subsidiaries and associates and interests in joint ventures, except when the Company can control the reversal of the temporary difference and when it is probable that the temporary difference will not be reversed in the foreseeable future. Deferred tax assets arising from temporary differences associated with such investments and participations are recognized only to the extent that it is probable that there will be sufficient future tax earnings against which those temporary differences will be used, and it is expected that they will be reversed in the near future.

The carrying amount of a deferred tax asset should be reviewed at the end of each reporting period. It should be reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or a portion of an asset to be recovered.

Deferred tax assets and liabilities are valued using the tax rates expected to apply in the period in which the liability is paid, or the asset is realized, based on the rates (and tax laws) that have been approved or substantially approved at the end of the reporting period.

The valuation of deferred tax liabilities and assets reflects the tax consequences that would arise from how the Company expects to recover or settle the book value of its assets and liabilities at the end of the reporting period.

Current and deferred income taxes for the year

Income taxes, both current and deferred, are recognized as an expense or income and are included in determining the net profit or loss for the period, except if such taxes are related to items recognized in other comprehensive income or directly in equity in which case, current or deferred income tax is also recognized in other comprehensive income or directly in equity, respectively.

(u) Operating segments

The chief operating decision-maker, responsible for allocating resources and assessing the performance of the operating segments, has been identified as the Chief Executive Officer (CEO) who makes strategic decisions. The Company and Copeinca operate as an integrated business, sharing the same management teams; they own and operate their own vessels and processing plants; additionally, the Company and Copeinca each keep their own separate ledgers and records system including recording any intercompany payables and receivables that arise between them.

CEO manages the Company's resources and Copeinca's business from a production point of view, including transactions by which the Company's fishing vessels offload fish at Copeinca's processing plants, and vice versa and reflecting such transaction as an intercompany transaction. Management evaluates the performance of fishmeal and fish oil as a unique segment.

(v) Distribution of dividends

The distribution of dividends to the Group's shareholders is recognized as a liability in the consolidated financial statements in the period in which the General Shareholders' Meeting approves the dividends, before approval of the Trustee.

(w) Cash and cash equivalents

Cash and cash equivalents presented in the consolidated statement of the Group's financial position correspond to cash in banks and term deposit investments with maturities of less than three (3) months since the acquisition date.

(x) Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case an adjusted discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a class inside the Property Plant and Equipment section.

The Group applies IAS 36 – *"Impairment of Assets"* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Vessels, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss (see Note 25).

3. ADOPTION OF NEW AND REVISED STANDARDS

(a) New and modified IFRS effective for the reporting periods beginning from 1 January 2020.

In the current year, the Group has applied a number of amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7.

In September 2019, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms (Libor rate).

These modifications are relevant for the Company since it maintains financial obligations at a variable interest rate of 3.5% plus Libor.

Due to the Company is in the process of restructuring (note 1 (e)), it has not been possible to determine the impacts of the changes in the reference interest rate in the consolidated financial statements.

Impact of the initial application of COVID-19-Related Rent Concessions Amendment to IFRS 16

In May 2020, the IASB issued COVID-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the CoVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

(a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and

(c) There is no substantive change to other terms and conditions of the lease.

The adoption has not had any material impact on the disclosures or amounts of these consolidated financial statements.

Impact of the initial application of other new and amended IFRS Standards that are effective for the current year

In the current year, the Group has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to References to the Conceptual Framework in IFRS Standards	The Group has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed

in the revised Conceptual Framework.

The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Amendments to IFRS 3 Definition of a business

The Group has adopted the amendments to IFRS 3 for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.

Amendments to IAS 1 and IAS 98 Definition of material

The Group has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term ‘material’ to ensure consistency.

(b) New and revised IFRS Standards in issue but not yet effective

At the date of authorization of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

IFRS 17	*Insurance Contracts*
IFRS 10 and IAS 28 (amendments)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current.*
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	*Property, Plant and Equipment—Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual improvements to IFRS Standards 2018 – 2020 Cycle	*Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture*

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except as noted below:

- ***IFRS 17 Insurance Contracts***

  IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

  IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

  The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

  In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.

  IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

  For the purpose of the transition requirements, the date of initial application is the start if the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

- ***Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture***

  The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

  The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

- ***Amendments to IAS 1 – Classification of Liabilities as Current or Non-current***

  The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

  The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

- ***Amendments to IFRS 3 – Reference to the Conceptual Framework***

  The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

  Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

  The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

- ***Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use***

  The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

  The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

  If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

  The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

  The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

  The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

- ***Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract***

  The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

  The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

  The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

- ***Annual Improvements to IFRS Standards 2018–2020***

  The Annual Improvements include amendments to four Standards.

  IFRS 1 First-time Adoption of International Financial Reporting Standards

  The amendment provides additional relief to a subsidiary which becomes a first time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

  The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

  IFRS 9 Financial Instruments

  The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

  The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

  The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

  IFRS 16 Leases

  The amendment removes the illustration of the reimbursement of leasehold improvements.

  As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

  IAS 41 Agriculture

  The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

4. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The financial assets and liabilities of the Group comprised the following:

	2020	2019
	US$000	US$000
Cash and cash equivalents	93,468	104,681
Financial assets (At amortized cost)		
Trade accounts receivable	22,752	14,195
Accounts receivable from related entities (current and non current)	239,860	231,605
Other accounts receivable, net	12,032	12,499
Total	368,112	362,980
Financial liabilities (At amortized cost)		
Financial obligations	651,673	599,077
Trade accounts payable	36,946	29,799
Accounts payable to related entities (current and non current)	61,507	469,357
Other accounts payable (current and non current)	19,908	31,505
Senior notes	417,000	417,000
Total	1,187,034	1,546,738

(b) Financial risks

During the ordinary course of its activities, the Group is exposed to market risks, liquidity risks, and credit risks arising from the variation in the exchange rate, prices, and interest rates.

The Group’s administration program is mainly focused on financial markets and intends to minimize potential adverse effects in the Company and its Subsidiaries' financial performance. Financial Management is in charge of administering risks; it identifies, evaluates, and covers financial risks.

(i) Market risks

Exchange risk

As of December 31, 2020 and 2019, the Group does not have significant exposure to the risk of fluctuations in the exchange rate because they do not hold a substantial position of financial instruments in foreign currency. Management has not made derivative transactions for its coverage.

As of December 31, 2020, balances of financial assets and liabilities in foreign currency are expressed in Peruvian Soles and in Norsk Krone at bid and ask exchange rate. Those rates were US$0.2764 and US$0.2759, respectively for S/1.00 (US$0.3020 and US$0.3015, respectively for S/1.00 in 2019) and US$0.1172 for each kr (Norsk Krone - NOK) 1.00 for assets and liabilities (US$0.1139 for kr1.00 in 2019).

The balances in foreign currencies (S/ and kr) as of December 31 are summarized as follows:

	2020	2019
	S/000	**S/000**
Assets:		
Cash and cash equivalents	9,709	6,859
Accounts receivable from related entities (current and non current)	3,334	3,817
Other accounts receivable, net	61,085	23,825
Total	74,128	34,501
Liabilities:		
Trade accounts payable	(72,646)	(49,552)
Accounts payable to related entities (current and non current)	-	(36)
Other accounts payable (current and non current)	(42,207)	(2,317)
Total	(114,853)	(51,905)
Net liability position	(40,725)	(17,404)

	2020	2019
	kr000	**kr000**
Assets:		
Accounts receivable from related entities (non current)	682,760	682,760
Net asset position	682,760	682,760

As of December 31, 2020, the Company and its Subsidiaries recorded exchange difference gain totaling US$3,178 (Loss US$2,050 in 2019), which is included in exchange difference, net in the consolidated statement of profit or loss and other comprehensive income.

Management considers a reasonable rate of 10% of sensitivity in the assessment of the exchange risk. The chart below presents a sensitivity analysis assuming a devaluation of the United States dollar (US Dollars), equivalent to the rate as mentioned earlier, exclusively over balances of monetary assets and liabilities reflected above:

	Increase / decrease in exchange rate	Effect on the profit/loss for the year before taxes
		US$000
2020		
US dollars / Soles	+ 10%	(1,120)
US dollars / Soles	- 10%	1,120
2019		
US dollars / Soles	+ 10%	(523)
US dollars / Soles	- 10%	523

	Increase / decrease in exchange rate	Effect on the profit/loss for the year before taxes
		US$000
2020		
US dollars / NOK	+ 10%	8,002
US dollars / NOK	- 10%	(8,002)
2019		
US dollars / NOK	+ 10%	7,777
US dollars / NOK	- 10%	(7,777)

Price risk

The Company and its Subsidiaries are exposed to commercial risks from changes in the fishmeal and fish oil prices because those products depend on shifts in the international market. The Company and its Subsidiaries hold supply contracts with key customers to agree on volumes and prices. This strategy allows the Company to mitigate the effects on their income from unexpected price fluctuations. However, the Company has no financial instruments exposed to price risk.

The sensibility analysis below has been determined based on the exposure to fishmeal and fish oil price risk at the end of 2020 and 2019.

	Increase/decrease in international prices of fishmeal and fish oil	Effect on the profit/ (loss) for the year before income tax
		US$000
2020		
Fishmeal	+ 10%	23,771
Fishmeal	- 10%	(23,771)
Fish oil	+ 10%	5,446
Fish oil	- 10%	(5,446)

	Increase/decrease in international prices of fishmeal and fish oil	Effect on the profit/ (loss) for the year before income tax
		US$000
2019		
Fishmeal	+ 10%	32,760
Fishmeal	- 10%	(32,760)
Fish oil	+ 10%	7,031
Fish oil	- 10%	(7,031)

Interest rate risk

The Company and its Subsidiaries policy maintains financial obligations and senior notes mainly with fixed interest rates. In this regard, the Company and its Subsidiaries' Management consider that the risk of the fair value of interest rates is limited because the Company is in a financial restructuring process.

(ii) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a financial loss to the Company and its Subsidiaries. The Company and its Subsidiaries' financial assets potentially exposed to credit risk concentrations consist mainly of deposits in banks, and financial institutions, accounts receivable, other accounts receivable, and accounts receivable from related entities.

To mitigate the exposure to credit risk in cash, the Company and its Subsidiaries have the policy of carrying out its operations with entities of recognized solvency in the domestic and international markets.

The Company and its Subsidiaries have the policy of constantly evaluating its customers' credit rating and its financial condition to comply with their obligations, recording impairment when necessary.

The accounts receivable aging and its situations are continuously evaluated to ensure the correct impairment estimate in the consolidated financial statements.

In Management's opinion, the Company and its Subsidiaries have no credit risk as of December 31, 2020, because the outstanding trade receivable balance has already been collected in January 2021.

Regarding accounts receivable from related entities, Management estimates that the balances held as of December 31, 2020 and 2019 will be recovered once completed the restructuring process (Note 1 (e)).

(iii) Liquidity risk

To manage liquidity risk prudently, the Company and its Subsidiaries shall maintain sufficient cash and cash equivalents and the possibility of commit and/or have committed financing through an adequate source of credit. The Company and its Subsidiaries control enough levels of cash.

The consolidated table below presents an analysis of the financial assets and liabilities classified according to their remaining contractual cash flows:

	Less than 1 year	Between 1 and 2 years	More than 2 years	Total
	US$000	US$000	US$000	US$000
As of December 31,2020				
Financial assets				
Cash and cash equivalents	93,468	-	-	93,468
Trade accounts receivable	22,752	-	-	22,752
Accounts receivable from related entities	46,635	-	193,225	239,860
Other accounts receivable, net	12,032	-	-	12,032
Total	174,887	-	193,225	368,112
Financial liabilities				
Financial obligations	651,673	-	-	651,673
Trade accounts payable	36,946	-	-	36,946
Accounts payable to related entities	623	-	60,884	61,507
Other accounts payable	19,908	-	-	19,908
Senior notes	417,000	-	-	417,000
Total	1,126,150	-	60,884	1,187,034
As of December 31,2019				
Financial assets				
Cash and cash equivalents	104,681	-	-	104,681
Trade accounts receivable	14,195	-	-	14,195
Accounts receivable from related entities	40,418	-	191,187	231,605
Other accounts receivable, net	12,499	-	-	12,499
Total	171,793	-	191,187	362,980
Financial liabilities				
Financial obligations	599,077	-	-	599,077
Trade accounts payable	29,799	-	-	29,799
Accounts payable to related entities	51	-	469,306	469,357
Other accounts payable	31,505	-	-	31,505
Senior notes	417,000	-	-	417,000
Total	1,077,432	-	469,306	1,546,738

As of December 31, 2020, the Group has negative working capital of US$857,049 (US$849,253 as of December 31, 2019). Management considers that liquidity risk is mitigated considering what is mentioned in Note 1 (f).

(iv) Capital risk management

As noted above, the Company and Copeinca are managed as an integrated business. Given the business's integrated nature, capital risk management is assessed at the consolidated level of the Parent Company.

The Group, together with the Trustee, manages its capital to ensure that entities in the Group will continue as going concern. The Group’s overall strategy remains unchanged from 2017.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are as follows:

	2020 US$000	2019 US$000
Bank checking accounts (a)	33,364	63,444
Time deposits (b)	60,000	41,117
Cash	104	120
Total	93,468	104,681

(a) Bank checking accounts are held at local and foreign banks, mainly in U.S. dollars and Peruvian soles, do not earn interest and are available on-demand.

(b) As of December 31, 2020, time deposits comprise three deposits of US$45,000, US$8,000, and US$7,000, which are held in a local bank in dollars and earn interest at annual rates of around 0.33%.

As of December 31, 2019, time deposits comprised two deposits of US$20,000, each one held in a local bank in dollars and earned interest at annual rates of 2.15%.

6. TRADE ACCOUNTS RECEIVABLE

Trade accounts receivables are as follows:

	2020 US$000	2019 US$000
Trade accounts receivable from foreign clients	21,317	14,195
Trade accounts receivable from local clients	1,435	-
Total	22,752	14,195

Management considers that the carrying amount of the trade accounts receivable is its fair value because of its short-term maturity.

This account comprises receivables from export sales, which are denominated in U.S. dollars, have current maturities, and earn no interest. As of December 31, 2020 and 2019, 100% of the trade accounts receivable correspond to customers with balances not overdue.

As of December 31, 2020, three customers' trade accounts receivable balance concentrates more than 65% of the total balance (75% as of December 31, 2019). No other customers represent more than 35% of the overall balance of trade receivables (25% in 2019).
The aging of trade accounts receivable is as follows:

	2020 US$000	2019 US$000
Less than 30 days	22,752	14,195
Total	22,752	14,195

As of December 31, 2020 and 2019, no impairment loss reserve is required in Management's opinion.

7. TRANSACTIONS AND BALANCES WITH RELATED ENTITIES

During the years ending as of December 31, the principal transactions with related entities were as follows:

	Sales of anchovy, services offered and others		Purchase of anchovy, services received and others	
	2020	2019	2020	2019
	US$000	US$000	US$000	US$000
Aproferrol S.A. (ii)	-	-	550	549
Grand Success Investmet Private Limited (ii) (iv)	-	382	-	-
Sustainable Fishing Resources S.A.C. (ii) (iv)	4	4	-	-
Sustainable Pelagic Fishery S.A.C. (ii) (iv)	3	2	-	-
Inversiones Pesqueras West S.A.C. (ii) (iv)	2	-	-	-
Corporacion Pesquera Frami S.A.C. (ii) (iv)	2	-	-	-
J. Wiludi & Asociados Consultores En Pesca S.A.C. (ii) (iv)	2	-	-	-
Others (ii) (iv)	-	4	-	-
Total	13	392	550	549

	Interest income	
	2020	2019
	US$000	US$000
CFG Peru Investment Pte. Ltd. (i) (iii)	2,665	1,648
Aproferrol S.A. (ii)	18	266
Total (Note 28)	2,683	1,914

As a result of these transactions, the following balances receivable and payable are recognized as of December 31:

	Loans granted		Loans received	
	2020	2019	2020	2019
	US$000	US$000	US$000	US$000
CFG Peru Investment Pte. Ltd. (i) (iii) (a)	38,609	29,995	-	-
Total current	38,609	29,995	-	-
China Fisheries International Ltd. (ii) (iii) (b)	160,302	158,045	57,250	466,250
Inmobiliaria Gainesville S.A.C. (ii) (iv) (c)	3,825	3,830	-	-
Aproferrol S.A. (ii)	490	855	-	-
South Pacific Shipping Agency Ltd. (ii) (iii)	425	437	-	-
Sustainable Pelagic Fishery S.A.C. (ii) (iv)	166	8	-	-
Inversiones Pesqueras West S.A.C. (ii) (iv)	6	-	-	-
Sustainable Fishing Resources S.A.C. (ii) (iv)	-	-	2,784	2,195
China Fishery Group Limited (i) (iii)	-	-	9	9
Others (ii) (iv)	6	7	-	-
Total non-current	165,220	163,182	60,043	468,454

	Accounts receivable		Accounts payable	
	2020	2019	2020	2019
	US$000	US$000	US$000	US$000
Protein Trading Limited (ii) (iii) (d)	6,821	6,821	-	-
South Pacific Shipping Agency Ltd. (ii) (iii)	76	2,494	-	-
Qingdao Pacific Andes International (ii) (iv)	594	594	-	-
Grand Success Investmet Private Limited (ii) (iv) (f)	407	407	-	-
Sustainable Pelagic Fishery S.A.C. (ii) (iv)	43	41	-	-
Inversiones Pesqueras West S.A.C. (ii) (iv)	33	-	-	-
Corporacion Pesquera Frami S.A.C. (ii) (iv)	25	-	-	-
J. Wiludi & Asociados Consultores En Pesca S.A.C. (ii) (iv)	25	-	527	-
Aproferrol S.A. (ii)	-	-	95	48
Sustainable Fishing Resources S.A.C. (ii) (iv)	2	-	1	3
Others (ii) (iv)	-	66	-	-
Total current	8,026	10,423	623	51
China Fisheries International Ltd. (ii) (iii) (e)	18,808	18,808	-	-
Grand Success Investmet Private Limited (ii) (iv) (f)	8,953	8,953	-	-
CFG Peru Investment Pte. Ltd. (i) (iii)	244	244	-	11
South Pacific Shipping Agency Ltd. (ii) (iii)	-	-	-	-
CFGL (Singapore) Private Limited (ii) (iii)	-	-	841	841
Total non-current	28,005	28,005	841	852
Total current	46,635	40,418	623	51
Total non-current	193,225	191,187	60,884	469,306

(i) Parent Company.
(ii) Related entity.
(iii) Entity under Chapter 11 of the Bankruptcy Code of the United States.
(iv) Entity whose ultimate parent company is under Chapter 11 of the Bankruptcy Code of the United States.

(a) The balance receivable from CFG Peru Investments Pte. Ltd. in 2020 corresponds to loans for US$33,300 (US$27,350 in 2019) and interests for US$5,309 (US$2,645 in 2019).

(b) In 2020, the current accounts receivable to China Fisheries International Ltd. correspond to a principal of US$130,220 (US$128,281 in 2019) and accrued interests of US$18,794 (US$18,794 in 2019) at a rate of 8% and US$11,288 (US$10,970 in 2019) at a rate of 5%; the accounts receivable have no contractual term, guarantees, and earned interests until December 31, 2016. Management agreed with its related entity the elimination of the interests as of January 1, 2017.

On the other hand, accounts payable on December 31, 2020, comprise US$33,798 for working capital, US$22,188 to pay the Rabobank loan and US$1,264 for interest on previous loans.

On December 31, 2019, the accounts payable comprised funds obtained from that entity that were rendered to Corporación Pesquera Inca S.A.C. for US$261,875 for early redemption of their bonds, US$135,006 to pay the Rabobank loan, and US$61,510 for working capital. These accounts payable also comprises US$6,595 for accrued interest as of 2015 and US$1,264 for interest on previous loans.

The decrease in accounts payable is due to a partial execution of "Intercompany debt compensation agreement" (Note 1 (e)). This implementation was an assignment of debts agreement signed on August 13, 2020, in which China Fisheries International Limited assigned its credits for US$409,000 to its related entity CFG Peru Investments PTE LTD. Later, on September 17, 2020, CFG Peru Investments PTE LTD exchanged its account receivable with shares increasing its participation in CFG Investment S.A.C. (Note 19).

(c) The amount corresponds mainly to loans granted in cash for the acquisition of property for US$3,200, operating expenses, consulting services, registration expenses, and others. They do not earn interest, and there are no specific guarantees.

(d) The balances correspond to sales of fishmeal and fish oil.

(e) The balance of the account receivable as of December 31, 2020 and 2019 for US$18,808 correspond to an agreement for the transfer of rights in which the trade account receivable from Qingdao Deep Sea Fishing Co Ltd. (third) was transferred to China Fisheries International Limited. This account receivable was originated by the sales of fishmeal made by The Operating Entities during June and July 2015 to Qingdao Deep Sea Fishing Co Ltd.

(f) The balance of the account receivable from Grand Success Investment Private Limited in 2020 and 2019 for US$8,953 corresponds to the payment made by the Company to a third party on its behalf.

The Group holds accounts receivable from China Fisheries International Limited for US$179,110 (US$176,853 in 2019), Protein Trading Ltd. for US$6,821 (US$6,821 in 2019), South Pacific Shipping Agency Ltd. for US$501 (US$2,931 in 2019), and CFG Peru Investments Pte. Ltd. for US$38,853 (US$30,239 in 2019). These entities are under Chapter 11 of the Bankruptcy Code of the United States before the Court of New York as of December 31, 2020 and 2019.

Management estimates to recover the balances receivable from related entities as of December 31, 2020. Therefore, it has not recognized any impairment of accounts receivable from related entities and estimates that the account receivable from China Fisheries International Limited for US$179,110 will be offset against the respective liabilities to related entities (Note 1 (e)).

Remuneration of key personnel

The remuneration for salaries and other benefits received by the key personnel of The Operating Entities during 2020 is US$3,006 (US$3,153 during 2019).

8. OTHER ACCOUNTS RECEIVABLE, NET AND PREPAYMENTS

Other receivables are as follows:

	2020	**2019**
	US$000	**US$000**
VAT tax credit (a)	10,567	4,762
Advance to personel (b)	6,678	5,371
Loans and accounts receivable from vessels owners (c)	3,578	5,780
Claims to third parties (d)	3,015	2,500
Advance to suppliers	583	115
Insurances and operating expenses paid in advance	4	66
VAT return requests	-	1,420
Others	319	203
Sub total	24,744	20,217
Less: Estimate for impairment of other accounts receivable	(1,558)	(1,355)
Total	23,186	18,862

(a) Corresponds to the tax credit in favor of the Company. It arises from local purchases of goods, services, construction contracts, and imports, which exceed the amount of the VAT to be paid by the Company for its domestic sales. The Company is entitled to request the refund of exceeding VAT until the limit of 18% of sales made in foreign markets that exceeds its obligation for this tax, which was submitted during the first quarter of 2021.

(b) Accounts receivable from personnel include loans to employees amounting to US$6,182 (US$5,016 in 2019), and remunerations paid in advance and others for US$496 (US$313 in 2019). (Vacations paid in advance US$42 in 2019),

(c) Accounts receivable from vessel owners mainly correspond to funds provided to maintain and repair these vessels and loans for working capital. Mortgages or pledges secure such funds in favor of The Operating Entities as it is established in contracts signed between Copeinca S.A.C., CFG Investment S.A.C., and the vessel owners. These accounts receivable do not earn interests (except one owner with a monthly interest rate of 0.8%) and are offset with the invoices from the acquisition of raw material delivered to Copeinca S.A.C. and CFG Investment S.A.C. plants during fishing periods.

(d) Claims to third parties include VAT deductions for US$1,393 (US$501 in 2019), subsidies for US$302 (US$508 in 2019), judicial withholding for US$120 (US$89 in 2019), security deposits for US$858 (US$862 in 2019) and others for US$342 (US$540 in 2019).

Estimate for impairment of other accounts receivable activity is as follows:

	2020	**2019**
	US$000	**US$000**
Opening balance	1,355	1,506
Additions	226	-
Deductions	(23)	(151)
Closing balance	1,558	1,355

In Management's opinion, as of December 31, 2020 and 2019, the estimate of impairment for other accounts receivable covers the impairment risk.

9. INVENTORIES, NET

Inventories, net are as follows:

	2020	**2019**
	US$000	**US$000**
Fishmeal (a)	73,972	42,128
Fish oil (a)	17,812	5,111
Spare parts and supplies	13,311	14,021
Deferred cost (b)	12,868	-
Packages and packing material	305	534
Anchovy	101	-
Sub total	118,369	61,794
Estimate for obsolescence of spare parts and supplies (c)	(1,771)	(1,784)
Total	116,598	60,010

(a) On December 31, 2020, the stock of fishmeal and fish oil was 84,901 MT and 21,220 MT, respectively (40,836 MT and 5,262 MT, respectively, in 2019).

(b) Deferred cost of the 2020 second season of the northern zone amounted to US$55,517, from which US$41,939 were applied to inventory already produced, US$147 applied to the cost of quota sold (2,756MT), and US$13,131 are deferred and will be allocated to the production in January 2021 thus completing the 2020 second season.

Since The Operating Entities finished the 2019 second fishing season in December, no costs were unallocated at the end of such period.

Deferred costs comprise the following:

	2020	2019
	US$000	US$000
Other operation expenses	3,255	-
Depreciation (Note 11 (b))	2,976	-
Maintenance	2,755	-
Employee expenses	2,622	-
Other indirect costs	1,259	-
Amortization (Note 13)	1	
Total	12,868	-

(c) The estimate for obsolescence of inventories mainly covers slow-moving spare parts, supplies, packages, and packaging material. The activity for the period ended December 31 is as follows:

	2020	2019
	US$000	US$000
Opening balance	1,784	1,988
Additions	55	-
Disposal	(68)	(204)
Closing balance	1,771	1,784

In Management's opinion, the estimate for impairment of inventories adequately covers the risk of loss from the obsolescence of inventories as of December 31, 2020 and 2019.

As of December 31, 2020 and 2019, there is no stock pledged as collateral to secure inventory loans, neither fishmeal nor fish oil.

10. INVESTMENT IN ASSOCIATE

This item comprises:

Entity	Number of shares		Participation on capital		Carrying amount	
	2020	2019	2020	2019	2020	2019
	N°	N°	%	%	US$000	US$000
Associate						
Aproferrol S.A.	12,438,555	12,438,555	33.75%	34.08%	3,231	3,468

Participation in this associate is as follows:

	Number of shares		Participation on capital		Carrying amount	
	2020	2019	2020	2019	2020	2019
	N°	N°	%	%	US$000	US$000
Copeinca	7,511,205	7,511,205	20.44%	20.58%	1,957	2,103
CFG	4,927,350	4,927,350	13.31%	13.50%	1,274	1,365
Total	12,438,555	12,438,555	33.75%	34.08%	3,231	3,468

Aproferrol S.A. is engaged in the processing of wastewater from companies that produce fishmeal and fish oil in Chimbote, Perú.

As of December 31, 2020 and 2019, the financial statements of the associate are as follows:

December 31, 2020:	Total current assets	Total non-current assets	Total current liabilities	Total non-current liabilities	Equity	Profit (Loss) net
	US$000	US$000	US$000	US$000	US$000	US$000
Aproferrol S.A.	1,431	9,302	92	1,065	9,576	364

December 31, 2019:	Total current assets	Total non-current assets	Total current liabilities	Total non-current liabilities	Equity	Profit (Loss) net
	US$000	US$000	US$000	US$000	US$000	US$000
Aproferrol S.A.	1,051	10,870	56	1,878	9,987	(134)

Based on Management´s evaluation, there is no impairment in the investment in associate carrying value.

11. PROPERTY, VESSELS, PLANTS AND EQUIPMENT, NET

The activity in the cost and accumulated depreciation for property, vessels, plants, and equipment, net during the years ended December 31, 2020 and 2019, were as follows:

	Land	Buildings and premises	Machinery and equipment	Vehicles (a)	Furniture and fixtures	Vessels	Nets	Miscellaneous equipment	Machinery	Right of use asset Vehicles	Buildings	Work in progress	Total
	US$000	US$000	US$000	US$000	US$000	US$000	US$000	US$000	US$000	US$000	US$000	US$000	US$000
COST:													
Balance at January 1, 2019	24,664	68,749	278,161	1,392	2,369	198,189	36,892	6,892	-	-	-	851	618,159
Additions for the period (b)	-	-	-	-	-	-	-	-	199	1,094	-	22,799	24,092
Transfers for the period	-	1,476	7,433	-	9	7,183	928	478	-	-	-	(17,507)	-
Disposal (d)	-	(592)	(12,529)	(505)	(117)	(2,662)	-	(445)	-	-	-	-	(16,850)
Other reclassification	-	528	(528)	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2019	24,664	70,161	272,537	887	2,261	202,710	37,820	6,925	199	1,094		6,143	625,401
Additions for the period (b)	-	-	-	-	-	-	-	-	21	116	214	18,152	18,503
Transfers for the period	3,173	4,764	4,823	-	486	8,455	3,992	934	-	-	-	(26,627)	-
Disposal (d)	-	-	(6,297)	(28)	(478)	(1,955)	-	(348)	-	(372)	-	-	(9,478)
Other reclassification	-	41	(41)	-	(136)	4	-	136	-	-	-	21	25
Balance at December 31, 2020	27,837	74,966	271,022	859	2,133	209,214	41,812	7,647	220	838	214	(2,311)	634,451
ACCUMULATED DEPRECIATION:													
Balance at January 1, 2019	-	33,449	162,175	738	2,084	113,815	31,506	5,485	-	-	-	-	349,252
Additions for the period (a)	-	3,875	16,637	159	47	12,671	2,013	325	77	327	-	-	36,131
Disposal	-	(174)	(11,257)	(53)	(113)	(2,216)	(440)	(388)	-	-	-	-	(14,641)
Other reclassification	-	188	(188)	-	-	0	-	-	-	-	-	-	0
Balance at December 31, 2019	-	37,338	167,367	844	2,018	124,270	33,079	5,422	77	327		-	370,742
Additions for the period (a)	-	4,055	15,350	38	62	12,383	2,025	399	81	424	5	-	34,822
Disposal	-	-	(5,650)	(27)	(454)	(1,544)	-	(312)	-	(351)	-	-	(8,338)
Other reclassification	-	6	(6)	-	(10)	-	-	10	-	-	-	-	-
Balance at December 31, 2020	-	41,399	177,061	855	1,616	135,109	35,104	5,519	158	400	5	-	397,226
Impairment													
Balance at January 1, 2019	25	5,263	1,859	-	-	1,407	-	-	-	-	-	-	8,554
Disposal (d)	-	-	(24)	-	-	(173)	-	-	-	-	-	-	(197)
Other adjustments	-	(233)	(275)	-	-	(150)	-	-	-	-	-	-	(658)
Balance at December 31, 2019	25	5,030	1,560	-	-	1,084	-	-	-	-	-	-	7,699
Disposal (d)	-	-	(6)	-	-	(17)	-	-	-	-	-	-	(23)
Other adjustments	-	(229)	(283)	-	-	(122)	-	-	-	-	-	-	(634)
Balance at December 31, 2020	25	4,801	1,271	-	-	945	-	-	-	-	-	-	7,042
Net cost:													
At December 31, 2020	27,812	28,766	92,690	4	517	73,160	6,708	2,128	62	438	209	(2,311)	230,183
At December 31, 2019	24,639	27,793	103,610	43	243	77,356	4,741	1,503	122	767	-	6,143	246,960

(a) Depreciation of property, vessels, plants, and equipment in 2020 amounts to US$34,559 (US$36,131 in 2019), as follows:

	2020	2019
	US$000	US$000
Cost of sales (Note 21)	29,675	32,863
Selling expenses and Distribution cost (Note 22)	40	36
Administrative expenses (Note 23)	347	98
Deferred cost (Note 9 (b))	2,976	-
Other expenses (Note 25)	1,784	3,134
Total	34,822	36,131

(b) For the year ended December 31, 2020, the additions correspond to overhaul of fishing vessels for US$7,131, overhauls of nets for US$3,153 (which increase the useful life of the related assets), overhauls of equipment of other plants for US$1,889 (which increase the useful life of the related assets), purchase of plants equipment for US$1,838, acquisition of furniture and adaptation of the new Headquarter Surco for US$ 1,382, purchase of fishing equipment for US$1,007, improvement of infrastructure of plants for US$762, overhaul of plant facilities for US$535, improvement of vessels for an amount of US$406, right of use leases of buildings for US$214, right of use leases of vehicles for US$116, investments in equipment by programs of environmental adequacy for US$50, right of use leases of machinery for US$20.

For the year ended December 31, 2019, the additions correspond to the new headquarter Surco for US$ 6,903, overhaul of fishing vessels for US$5,172, overhauls of equipment of other plants and nets for US$ 5,088, improvement of vessels for US$1,364, improvement of infrastructure of plants for US$910, increase of capacity of fishmeal production process in Pisco for an amount of US$404, overhaul of plants facilities for US$472, purchase of plants equipment for US$1,543, purchase of fishing equipment for US$743, the right of use on machinery asset - IFRS 16 for US$199, the right of use on vehicles asset - IFRS 16 for US$1,094, investments in equipment by programs of environmental adequacy for US$156 and various equipment for US$44.

(c) In 2020 and 2019, there were no impairment. In 2020 adjustments to impairment include: (i) reversal of impairment due to the update of the net book value of non-operating plants for US$634 (in 2019 US$ 658), and (ii) disposal of obsolete vessels and equipment for US$17 (in 2019 US$ 173) and Machinery for US$ 7 (in 2019 US$ 24).

(d) Net impairment disposals of the year 2020 are related to (i) disposals of obsolescence of machinery, equipment, and furniture from operating plants for US$4,332, (ii) disposals for sale of plant machinery for US$1,894, (iii) Disposals of obsolete machinery and equipment of non-operating plants for US$1,386, (iv) Disposals for loss of machinery and equipment for US$1,416, (v) disposals for obsolescence of fishing vessel equipment for US$427.

Net impairment disposals of the year 2019 are related to (i) disposals for obsolescence of fishing vessel equipment for an amount of US$1,300, (ii) disposals for sale of plant machinery for US$3,504, (iii) disposals of obsolescence of machinery and equipment from operating plants for US$7,511 and non-operating plants for US$4,191, (iv) Disposals for sinister of vessels for US$57 and machinery and equipment for US$90.

(e) The Company and its Subsidiaries have insurance policies to cover possible risks to all the elements of property, fishing vessels, plants, and equipment, and potential claims that the exercise of their activity might file and understand that such policies sufficiently cover the risks to which they are subject.

(f) Based on discounted cash flows, Management considers that the carrying amounts of property, vessels, plants, and equipment can be recovered through future operations, and no additional impairment in carrying values would be necessary (Note 2 (b) and (n)).

12. GOODWILL

Goodwill for US$88,546 represents the excess of the consideration paid over the net fair value of acquired assets, assumed liabilities, and contingent liabilities recognized at the date of acquisition of businesses in previous years (11 enterprises from the fishing industry). These were the result of businesses merger by absorption up until December 2011.

As of December 31, 2020 and 2019, Management believes that any reasonably possible change in the key assumptions applied is not likely to cause that the recoverable amounts are below the carrying amount of goodwill. Based on the discounted cash flows, approved by Management and Trustee of the Company, Management believes that the carrying amount of goodwill can be recovered through future operations and that no additional impairment is required (Note 2 (b)).

Due to the interrelation between the Group's subsidiaries and given that the Group manages the operation as a single business unit, for valuation, it has been decided to consider the Group as a single CGU.

Sensitivity analysis

The Company and its Subsidiaries have conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for the CGU for which goodwill is allocated. Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the related CGU (Note 2(b)).

The key assumptions used in the value-in-use calculations for the cash-generating unit are as follows:

Post-tax discount rate and long-term annual growth	Average market share for the period immediately prior to the budget period, plus a 2% growth in market share per year. The values assigned to the assumption reflect past experience, except for the factor, which is consistent with management's plans to focus its operations on such market. The discount rate is determined considering the opportunity costs of both types of financing (the cost of the shareholder and the cost of the debt), which are weighted according to the financial structure of the Company.
Total annual quota for both seasons	The average annual fishing quota for both seasons (north and south zones) has been budgeted between 3.5 MMT and 5.1 MMT. The values assigned to the assumption reflect the past experience of the last ten years.
Annual average selling price fishmeal and fish oil.	The projected consumer price index during the countries' budget period to which fishmeal and fish oil are sold. The values assigned to the key assumption are consistent with external information sources.

13. FISHING, PLANT LICENSES, AND INTANGIBLE ASSETS, NET

The activity in the cost and accumulated amortization for intangibles assets, net as of December 31, 2020 and 2019, are as follows:

2020	**Beginning balances**	**Additions for the period**	**Transfers for the period**	**Reclassifications for the period**	**Ending balances**
	US$000	**US$000**	**US$000**	**US$000**	**US$000**
Cost:					
Fishing licenses	1,077,761	-	-	-	1,077,761
Plant licenses	136,608	-	-	-	136,608
Software	10,183	22	(21)	55	10,239
PNIPA Project	76	(9)	-	-	67
Other	182	156	(4)	(55)	279
Total	1,224,810	169	(25)	-	1,224,954
Accumulated amortization:					
Software (a)	8,238	436	-	-	8,674
Total	8,238	436	-	-	8,674
Net cost	1,216,572				1,216,280

2019	**Beginning balances**	**Additions for the period**	**Transfers for the period**	**Reclassifications for the period**	**Ending balances**
	US$000	**US$000**	**US$000**		**US$000**
Cost:					
Fishing permits	1,077,761	-	-	-	1,077,761
Plant permits	136,608	-	-	-	136,608
Software	9,929	7	-	247	10,183
PNIPA Project	-	76	-	-	76
Other	242	187	-	(247)	182
Total	1,224,540	270	-	-	1,224,810
Accumulated amortization:					
Software (a)	7,780	458	-	-	8,238
Total	7,780	458	-	-	8,238
Net cost	1,216,760				1,216,572

(a) Amortization expense is as follows:

	2020	**2019**
	US$000	**US$000**
Cost of sales (Note 21)	4	5
Non-fishing season deferred expenses	1	-
Administrative expenses (Note 23)	431	453
Total	436	458

According to current legislation, the Ministry of Production grants fishing licenses to specific vessels. The Ministry of Production issues the resolution that results in the fishing license and finishes (for reasons other than the vessel is removed or destroyed) if the holder fails to submit specific documentation required at the beginning of each calendar year. Provided that the Company meets presenting the required documentation, the fishing license shall continue in force indefinitely. Besides, it is prohibited to transfer to third parties the fishing licenses separately from the respective vessels that were granted.

Management has evaluated the impact of quota allocation under the TAC system and included such consideration in estimating the value in use. Based on these evaluations, in Management's opinion, the carrying amounts of fishing licenses are realizable through future operations, so there is no impairment to record in the book value of intangible assets (Note 2 (b)).

Plant licenses are ruled by Decree-Law No.25977 - General Fisheries Act and its regulations, Supreme Decree No.012-2001-PE. These laws set the procedure for the installation and operation of industrial processing establishment of fishery resources and the requirements for obtaining operating licenses (Note 1 (d) (i)).

14. FINANCIAL LOANS

Financial obligations as of December 31, comprise the following (Note 1 (e)):

Creditors	interest rate	Maturing until	Currency	2020	2019
FINANCIAL OBLIGATIONS					
Facilty Agreement - Madison Pacific Trust Limited					
Loan for working capital Facility A2		December 2017	US$	318,181	318,181
Loan for working capital Facility B		December 2017	US$	99,482	99,482
Interest	3.5% + Libor + 2%		US$	188,167	148,188
Penalty	2.00%		US$	45,843	33,226
Total				651,673	599,077

Facility Agreement – Madison Pacific Trust Limited

On March 20, 2014, the Company signed a "Facility Agreement" with a foreign financial entities group formed by Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank), DBS Bank (Hong Kong) Limited, The Hong Kong and Shanghai Banking Corporation Limited (HSBC), Standard Chartered Bank (Hong Kong) Limited and China CITIC Bank International Limited. This facility agreement was represented by Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International) as Facility Agent. The total amount of this facility was US$549,481 (US$350,000 Facility A2, US$100,000 Facility A1 and US$99,481 Facility B) with a variable interest rate of 3.5% + Libor.

Facility A1 was fully amortized between 2014 and 2015; facility A2 for US$31,818 was amortized in 2015. As of December 31, 2020, a balance of facility A2 and facility B is pending amortization for US$417,663, which corresponds to overdue installments.

Due to the default in the payment of the installments that expired after 25 September 2015, the Company has calculated additional accrued interests and penalties according to the contract terms and legal accrued expenses. In this regard, China Fishery Group Limited (CFGL), as guarantor, received a letter from HSBC on December 2, 2015, which demanded the immediate payment of its proportional part of the installment that expired on September 25, 2015 (23%). Subsequently, the remaining banks that participated in the "Facility Agreement" demanded the immediate payment of their installment's proportional part. Based on the preceding and in compliance with presentation standards of financial statements, the Company classified the financial obligation (capital and interests) as current liability.

In 2020 the total accrued interests and penalties totaled US$52,595 (In 2019, US$56,676). (Note 26)

On March 6, 2020, Rabobank transferred the Agency role to Madison Pacific Trust Limited.

According to the income tax system applicable in Peru, the Company shall withhold 4.99% of the interest paid as income tax non-domiciled. Since the loan agreement does not obligate the lenders to pay the withholding tax by lenders, the Company assumed the withholding tax and records it as an expense. From the year 2019 onwards, the Company is obligated to pay the Tax Authority the withholding tax only if the Company pays interests to the lenders.

15. TRADE ACCOUNTS PAYABLE

Trade accounts payable are composed as follows:

	2020	2019
	US$000	US$000
Invoices payable	36,946	29,799
Total	36,946	29,799

Trade accounts payable mainly comprise payables to local and foreign suppliers to acquire goods and services for the Company's operations and its Subsidiaries, are denominated in local and foreign currency, have current maturities, and accrue no interests.

16. OTHER ACCOUNTS PAYABLE

Other accounts payable are composed as follows:

	2020	2019
	US$000	US$000
Legal expenses - Facility Agreement (a)	11,846	11,846
Taxes payable (b)	10,109	10,397
Accounts payable to third parties	7,371	5,169
Workers' profit sharing	6,742	6,958
Payroll, social security	5,790	3,842
Right of use provision	664	935
Loans granted from third parties	244	97
Morskoy Veter (c)	-	14,000
Others	447	393
Total	43,213	53,637
Non current portion	(152)	(14,127)
Current portion	43,061	39,510

(a) Corresponds to legal expenses incurred by financial entities due to the procedures followed by the Company before the Court due to non-compliance of payment (Note 14).

(b) Mainly corresponds to withholding taxes generated by the presumptive interest payable to non-domiciled related entity and interest owed to foreign financial entities.

(c) In 2019, Morskoy Veter corresponded to a debt related to the Sheriff vessel's acquisition by the subsidiary J. Wiludi & Asociados Consultores en Pesca S.A.C. As mentioned in Note 2 (c-i), the shares in this subsidiary were sold in 2020.

17. SENIOR NOTES

As of December 31, the balance of Senior Notes is as follows:

	2020	2019
	US$000	US$000
Senior notes	300,000	300,000
Interests	117,000	117,000
Total	417,000	417,000

On July 30, 2012, the Company issued bonds of US$300,000 with a maturity date on July 30, 2019. The interest rate was at 9.75% per annum and was payable semi-annually in installments. The principal would be payable on maturity in 2020. They are unsecured and guaranteed by the parent company and certain related entities. The guarantees are effectively subordinated to secure obligations of each guarantor to the extent of the value of assets serving as collateral.

Copeinca and its parent entities, Copeinca AS and Copeinca Internacional S.A., are not guarantors on the bonds.

Due to non-payment of the installment that expired on January 31, 2016, the Company recognized in 2016 the following effects:

- Expenses for commissions previously deferred under the effective rate method.
- Also, as a result of the non-compliance, it presents the total financial obligation (principal and interest) as current liabilities.

The Company received a letter dated July 8, 2016, from TMF Trustee Limited (TMF), (former manager of the bond), by which communicated and referred to the default clause, accelerating hundred percent of principal and interest and declaring them automatically expired on June 30, 2016 (Note 1 (e)).

In 2019, according to communications with TMF, the interest was recorded until the maturity date on July 30 2019, for US$17,063. (Note 26)

On May 21, 2020, TMF resigned to be the Senior Notes trustee, and in its place, the newly elected trustee was Delaware Trust Company (Delaware).

As of December 31, 2020, the Company has learned, through the request for confirmation of balances sent by the external auditors, that Delaware maintains balances in its favor and charged to the Company for (in thousands) US$76,482 related to ”interest on overdue and unpaid capital”, as well as other default interest that was capitalized for each day that the interest payment is overdue”, for which the Company has not recognized any amount in its consolidated financial statements. The Company's Management is analyzing this situation.

18. PROVISION

The activity of provisions during the years ended December 31, was as follows:

	2020	2019
	US$000	US$000
Opening balance	11,063	15,394
Provision of the year (Note 25 (b))	2,787	4,345
Payments for the year	(1,727)	(7,577)
Reversal (a) (Note 24)	(1,116)	(1,103)
Exchange difference	(843)	4
Closing balance (Note 30)	10,164	11,063

(a) According to the Supreme-Decree N° 006-2019, the Company received a discount of 59% on the amount to be paid for fines issued for administrative sanctions; therefore, it reduced the provision's balance.

19. EQUITY

(a) Issued share capital

As of December 31, 2020 the share capital is represented by 2,477,858,000 common shares (1,028,771,000 as of December 31, 2019) of S/1 nominal value each one, authorized equivalently to US$774,500 (US$365,500 as of December 31, 2019) fully subscribed and paid.

According to a General Meeting held on September 17, 2020, an increase of the share capital was approved to capitalize the accounts payable to CFG Peru Investments Pte. Ltd., amounting to US$409,000 (equivalent to S/1,449,087). The origin of this account payable is due to the partial execution of the "Intercompany debt compensation agreement" (Note 1 (e)).

(b) Share structure

The share participation structure as of December 31, 2020 and 2019 were as follows:

Individual participation in capital	Shareholders	Common shares
(in %)	N°	N°
To 10.00	1	10
From 90.01 to 100.00	1	2,477,857,990
Total	2	2,477,858,000

The movement of the number of common shares is as follows:

	2020	2019
	No.	No.
In circulation at the openning period	1,028,771,000	1,028,771,000
Capitalization of debt	1,449,087,000	-
In circulation at the closing period	2,477,858,000	1,028,771,000

(c) Tax on dividends

As stated in Legislative Decree 945 of December 23, 2003, those domiciled legal entities that agree on the distribution of dividends or any other form of profit distribution, shall withhold 5% of the amount to be distributed, except when the distribution is made to domiciled legal entities (Note 1 (f)).

20. NET SALES

The Group's revenue results mainly from the sale of fishmeal and fish oil. The Company and its Subsidiaries' sales by product are shown below:

	2020	2019
	US$000	US$000
Exports:		
Fishmeal	237,708	327,586
Fishoil	46,595	56,353
Total exports	284,303	383,939
Domestic sales:		
Fishmeal	2	12
Fishoil	7,874	13,961
Mackerel/jack mackerel	2,790	2,655
Canned fish	-	4
Others	2,101	211
Total domestic sales	12,767	16,843
Total sales	297,070	400,782

Sales by geographic area for the years ended December 31, were:

	2020	2019
	US$000	US$000
Exports:		
China	226,125	286,909
Europe	18,133	33,652
East Asia	14,648	36,842
South America	9,380	4,673
Japan	8,399	19,623
North America	4,420	1,532
Oceania	3,198	708
Total exports	284,303	383,939
Domestic sales	12,767	16,843
Total	297,070	400,782

The corresponding quantities (Metric Tons) shipped and sold for the years ended December 31, were:

	2020	2019
	MT	**MT**
Fishmeal	181,504	232,466
Fish oil	25,806	35,956
Mackerel/jack mackerel	7,687	8,482
Total	214,997	276,904

21. COST OF SALES

For the years ended December 31, the cost of sales is as follows:

	2020	2019
	US$000	**US$000**
Opening balance of finished products (Note 9)	47,239	96,336
Production cost:		
Raw materials and supplies used	92,092	90,165
Depreciation of previous year	-	1,961
Depreciation (Note 11 (a))	29,675	32,863
Amortization (Note 13 (a))	4	5
Employee benefits	68,194	71,812
Maintenance and overhauling	21,097	26,677
Other indirect costs	13,508	8,572
Plants and vessels operating costs	20,795	25,653
Closing balances of finished products (Note 9)	(91,784)	(47,239)
Total	200,820	306,805

22. DISTRIBUTION COST AND SELLING EXPENSES

For the years ended December 31, distribution cost and selling expenses are as follows:

	2020			2019		
	Total	**Plant expenses**	**Distribution Cost**	**Total**	**Plant expenses**	**Distribution Cost**
	US$000	**US$000**	**US$000**	**US$000**	**US$000**	**US$000**
Freights, duties and other customs expenses	17,268	624	16,644	21,550	316	21,234
Services received from third parties	2,603	1,439	1,164	3,675	2,258	1,417
Employee benefits	2,449	1,568	881	2,491	1,611	880
Other administrative charges	867	774	93	1,135	976	159
Depreciation (Note 11 (a))	40	33	7	36	27	9
Total	23,227	4,438	18,789	28,887	5,188	23,699

23. ADMINISTRATIVE EXPENSES

For the years ended December 31, administrative expenses are as follows:

	2020 US$000	2019 US$000
Employee benefits	9,927	9,723
Services received from third parties	7,892	7,239
Sundry management charges	926	986
Amortization (Note 13 (a))	431	453
Depreciation (Note 11 (a))	347	98
Taxes	20	51
Total	19,543	18,550

24. OTHER INCOME

For the years ended December 31, other income are as follows:

	2020 US$000	2019 US$000
Reversion of provisions	1,542	30
Insurance reimbursement	1,301	855
Reversion of administrative penalties and fines (Note 18)	1,116	1,103
Profit in sale of fuel and supplies	551	37
Reversion of impairment	81	-
Renting, other sales and service	44	82
Income for the sale of property, vessels, plant and equipment	4	39
Reimbursement of related entities expenses	4	5
Other operating income	471	1,714
Total	5,114	3,865

25. OTHER EXPENSES

For the years ended December 31, other expenses are as follows:

	2020 US$000	2019 US$000
Expenses for legal claims and administrative proceeding (Note 18) (a)	2,787	4,345
Depreciation on inoperative units and trawler vessels (Note 11 (a))	1,784	3,134
Expenses related to inoperative units and trawler vessels (b)	1,401	2,205
Write-off of obsolete property, vessels, plant and equipment (c)	817	1,946
Fines and sanctions	794	769
Employee severance	790	1,685
Impairment of investment in associate	237	-
Taxes from prior years	215	261
Loss expenses (insurance)	39	1,004
Other operating expenses	1,047	1,722
Total	9,911	17,071

(a) Comprises legal claims for US$1,926 (US$3,838 in 2019) and administrative processes for US$861 (US$507 in 2019) (Note 18).

(b) Comprises expenses related to inoperative units and vessels US$1,271 (US$2,042 in 2019) and US$130 to trawler vessels (US$163 in 2019).

(c) In 2020, it comprises write-off of plants for US$271 (US$1,704 in 2019), write-off of vessels for US$131 (US$242 in 2019), and write-off of others for US$415 (US$0 in 2019)

26. FINANCIAL INCOME AND EXPENSES

For the years ended December 31, financial income and expenses are as follows:

	2020 US$000	2019 US$000
Interests receivable from related entities (Note 7)	2,683	1,914
Interests of short-term deposits	799	1,552
Others	62	43
Total finance income	3,544	3,509
Interest on Rabobank loan (Note 14)	39,978	45,224
Penalty on Rabobank loan (Note 14)	12,617	11,452
Withholding tax of foreign payable interests	6,750	9,179
Interest on senior notes (Note 17)	-	17,063
Others	663	1,068
Total financial expenses	60,008	83,986

27. INCOME TAX

(a) Income tax regime

(i) Income tax rates

The income tax rate for legal entities domiciled in Peru will be determined by applying the rate of 29.5% on their net taxable income from the taxable period 2017 onwards.

Legal entities domiciled in Peru are subject to an additional rate of 5% from the taxable period 2017 onwards on any amount that may be considered as indirect disposal of profit, including amounts charged to expenses and unreported income; that is, expenses which may have benefited shareholders, interest holders, other expenses not related to the business, expenses of shareholders, among others, which are assumed by the legal entity.

(ii) Transfer pricing

The formal obligations regarding transfer pricing regulations are summarized in the following information affidavits:

Tax return	Minimum annual income	Assumption	Details	Effective from
Local report	S/9,890 (US$2,997)	Operations with related entities	Transactions that give rise to taxable income or deductible expense	2017
Master report	S/86,000 (US$26,000)	Taxpayers that are part of a Group	Organizational structure, description of the business, transfer pricing policies, financial and tax position	2018
Report per country	S/2,700,000 (US$818,182)	Taxpayers that are part of a Multinational Group	Global revenue distribution paid taxes and activities of each entity of the multinational group	2018

The Company and its subsidiary Corporación Pesquera Inca S.A.C., have presented the local report for 2019, and they are now reviewing the new requirements established in the local report for 2020. Management believes that no significant liabilities will arise for the consolidated financial statements as of December 31, 2020 and 2019 concerning transfer pricing.

(iii) Significant amendments to the income tax regulations in Peru

After December 31, 2020, no significant changes have been made to Peru's income tax regime, which may affect these consolidated financial statements. The standards and interpretations effective as of December 31, 2020, have been considered by Management when preparing these consolidated financial statements.

Next, we detail the main modifications that will be applicable from 2021

Extension of the term of validity of the exemptions of art. 19 of the Income Tax Law:

Through Law 31106, the term of validity of the exemptions provided for in art.19 of the Income Tax Law was extended until December 31, 2023.

Interest deductibility based on EBITDA:

Under the provisions of Legislative Decree No. 1424 until December 31, 2020, the undercapitalization rule was applied to calculate the Income Tax. Interest where deductible only for indebtedness that did not exceed the ratio of 3: 1 of net equity of companies. By 2021, the 30% limit of EBITDA of the previous year will apply, being the interest excess carryforward over for the following four years.

Through the Supreme Decree 432-2020-EF, it has been established that taxpayers that are constituted or start activities in the year will consider the EBITDA of said year to calculate deductible financial expenses.

Special depreciation regime and modification of depreciation terms:

Through Legislative Decree 1488, a special depreciation regime was established, exceptionally and temporarily, for taxpayers of the General Income Tax Regime. Likewise, it modified the depreciation terms by increasing its percentages for specific assets to promote private investment and provide greater liquidity given the current economic situation due to the effects of COVID-19. For example, if buildings and constructions are destined exclusively to taxable activity acquired or built as of the fiscal year 2020 with construction progress of at least 80% at the end of 2022, they may be depreciated from fiscal year 2021 at a 20% rate yearly. In the general regime, the depreciation percentage is 5%. For example, movable property, machinery and equipment and data processing equipment acquired during 2020 and 2021 may be depreciated in 2021 at rates of 20% and 50%, respectively, instead of 10% and 25% provided in the general regime.

Law 31107 modified the Legislative Decree 1488, stating that it is optional for buildings and constructions. If companies choose to depreciate the buildings and constructions or their subsequent costs applying the 20% annual depreciation, they may use such percentage up to the total depreciation of those, except in the last fiscal year. The option mentioned above must be exercised to present the Income Tax annual tax return and can not be changed.

Temporary Net Assets Tax (ITAN):

Through Law 31104, it was exceptionally established that the ITAN's return corresponding to the taxable year 2020 would be made within no more than 30 business days after the application has been submitted. Once this period has expired, the applicant may consider his application approved. In this case, SUNAT, under responsibility, will make the return by crediting the account.

Supreme Decree 417-2020-EF, modified the regulatory norm regarding the credit against Income Tax and the accreditation of income tax prepayments so that the amount paid by the ITAN can be used as a credit against the payments to IR account of the tax periods from March to December of the taxable year for which the ITAN was paid.

Financial information that companies in the financial system must provide to SUNAT to combat tax evasion and avoidance:

By Supreme Decree 430-2020-EF and its Annex have approved the regulatory regulations for submitting financial information that companies in the financial system must provide to SUNAT to combat tax evasion and avoidance. In this way, the companies mentioned above must inform SUNAT monthly about all accounts in the national financial system that have balances equal to or more outstanding than S / 10,000.00.

(iv) Compensation of tax losses

Under Legislative Decree No. 945 and as designated by Law No. 27513, carryforward tax losses from the financial year 2004 are recognized under any of the following systems:

(a) Offsetting the total net loss of third category of Peruvian source recorded in a taxable year applying it year after year, until use up its value, against net income obtained in the four subsequent fiscal years starting from the fiscal year that generated the revenue. The balance that is not compensated after the expiry of that period cannot be counted in the following years.

(b) Offsetting the total net loss of the third category of Peruvian source recorded in a taxable year applying it every year, until use up its value at the rate of 50% of the third category's net income to be obtained in subsequent fiscal years.

The Company management opted for the system (b) for compensation of losses, and its subsidiaries opted for the system (a).

The activity of the carryforward tax losses is as follows:

	2020		**2019**	
	S/000	**S/000**	**S/000**	**S/000**
	System (a)	**System (b)**	**System (a)**	**System (b)**
Generating year				
2013	-	103,264	-	103,264
2014	-	220,051	-	220,051
2015	-	273,807	4,637	273,807
2016	47	179,728	140	181,668
2017	4	81,198	17,381	81,198
2018	-	252,905	1,377	252,905
2019	4	(56,224)	(154)	(56,224)
2020	-	232,026	-	-
Total	55	1,286,755	23,381	1,056,669
Total US$000	15	355,654	6,940	313,645

Management calculates deferred income tax asset considering the Company's tax carryforward losses based on system (b).

(v) Temporary Net Assets Tax

This tax is levied on generators of third income category that belongs to the general regime of income tax. From 2009, the tax rate is 0.4% applicable to the total amount of the net assets that exceed S/1 million (equivalent US$276 thousand).

The amount paid may be used as a credit against income tax prepayments of the general regime of income tax or against the payment of regularization of income tax of the taxable period to which it relates.

(vi) Tax Status

The income tax returns of CFG Investment S.A.C. and Corporación Pesquera Inca S.A.C. for 2017, 2018, 2019 and 2020, and other Subsidiaries for the years 2016 to 2020 are pending to be reviewed by the Tax Administration. Management estimates that no significant liabilities will arise as a result of potential reviews.

At the close of the fiscal year 2020, the Company completed the final examination process for Income Tax for the fiscal year 2016, determining a decrease in the carryforward loss for the fiscal year from S/181,668 (equivalent to US$ 55,051) to S/179,728 (equal to US$ 54,463).

The Tax Administration reviewed the income tax return for the year 2015 of Corporación Pesquera Inca S.A.C., according to Resolution of Determination No. 012-003-0101071 dated December 27, 2019, resulting in a reduction of the income tax receivable to December 31, 2015, from (in thousands) S/16,073 (equivalent to US$4,716) to (in thousands) S/10,242 (equal to US$3,005).

Since certain differences may arise from the interpretation that the Tax Administration has on regulations applicable to the Company and Subsidiaries, it is not possible to determine to date whether additional tax liabilities will arise or not from the reviews to be conducted. Any other tax, charge, and interest, if incurred, will be recognized in profit or loss for the year when such criteria differences with the Tax Administration are resolved. However, the Company and Subsidiaries' Management believes that no material liabilities will arise due to potential reviews.

(b) The income tax recognized in income for the year.

The current income tax estimated corresponds to the income tax payable, calculated by applying 29.5% over the estimated taxable matter once the 10% is deducted from the employee profit-sharing per Legislative Decree 892.

During the years ended December 31, 2020 and 2019, the effective tax rate defers from the tax rate applied to loss before tax. The nature of this difference is due to specific considerations in the determination of income tax, whose effects over the applicable tax rate are summarized as follows:

	2020		2019	
	US$000	%	US$000	%
Loss before income tax	(4,603)	100.00	(49,193)	100.00
Tax rate	29.5%		29.5%	
Income tax credit	(1,358)	29.50	(14,512)	29.50
Other non taxable income	(778)	16.90	(1,170)	2.38
Other non deductible expenses	3,190	(69.30)	3,060	(6.22)
Transfer pricing interest adjustment	973	(21.14)	421	(0.86)
Other adjustments	(5,863)	127.37	3,537	(7.19)
Current income tax and deferred	(3,836)	83.33	(8,664)	17.61

(c) Income tax credit (expense) is comprised as follows:

	2020	2019
	US$000	US$000
Current	(15,307)	(17,772)
Deferred (Note 28)	19,143	26,436
Total	3,836	8,664

(d) Income tax receivable and payable:

The activity in the balance of income tax receivable and payable shown in the statement of financial position are as follows:

	2020	2019
	US$000	US$000
Opening balance	9,081	(5,913)
Payments of income tax	1,294	19,229
Current income tax (Note 27 (c))	(15,307)	(17,772)
Income Tax redund from previous years	(7,247)	(3,107)
Compensation for income tax credit	10,478	19,553
ITAN payments (credit for income tax)	3,860	2,151
ITAN refund from previous years	(2,380)	(5,076)
Foreign exchange difference	-	16
Net Income Tax	(221)	9,081
Income tax receivable	5,271	11,417
Income tax payable	(5,492)	(2,336)

28. DEFERRED INCOME TAX

The activity of deferred income tax, net for the years ended December 31, 2020 and 2019 is as follows:

	Fixed Assets	Licences and other intangibles	Carryforward loss	Litigation	Others	Total
	US$000	US$000	US$000	US$000	US$000	US$000
As of January 1, 2019	17,490	339,847	(97,448)	(2,388)	(725)	256,776
Charge to the statement of profit or loss	(4,461)	(332)	3,302	(290)	(24,655)	(26,436)
As of December 31, 2019	13,029	339,515	(94,146)	(2,678)	(25,380)	230,340
Charge to the statement of profit or loss	1,636	1,574	(10,598)	240	(11,995)	(19,143)
As of December 31, 2020	14,665	341,089	(104,744)	(2,438)	(37,375)	211,197

Management estimates that future taxable profits, according to the estimated future cash flows, will offset the deferred income tax asset since the Company chooses method (b) to compensate taxable carryforward losses based on the financial restructuring process described in Note 1 (e) to the accompanying consolidated financial statements.

29. NON-MONETARY TRANSACTIONS AND STATEMENT OF CASH FLOW

Investment and financing activities that did not generate cash flow, and that affected assets and liabilities for the year ended December 2020 and 2019, are summarized as follows:

	2020	2019
	US$000	US$000
Asset recognition for right of use	889	889
Offset of account receivable /payable with related parties	5	5
Capitalization of debt (Note 19 (a))	409,000	-

30. CONTINGENCIES

The Company as defendant:

- The Company, based on the opinion of its legal advisors, has recognized a provision of US$10,064 (US$11,063 in 2019) which comprises labor demands of US$8,266 (US$9,179 in 2019) and, compliance failures within the fishing operation of US$1,898 (US$1,884 in 2019) for which considers it is likely that the outcome could be unfavorable for the Company. Management of the Company and its legal and tax advisors estimate that the amounts of provisions adequately cover probable losses as of December 31, 2020 and 2019.

- In 2019, the subsidiary J. Wiludi & Asociados Consultores en Pesca S.A.C. (Wiludi), sold in 2020 (Note 2(c)), was on an arbitration process filed by Morskoy Veter for an alleged breach of the purchase agreement of the Sheriff vessel. This arbitration was carried out under the rules of the London Maritime Arbitration Association. If this contentious process is negative for Wiludi, the court will determine the interests and expenses that the Wiludi will have to assume. The Company provides no guarantee.

- On December 31, 2020, the Company and its Subsidiaries have the following contingent liabilities:

  (a) Claims filed with the Tax Administration related to tax assessments amounting to US$3,014 (US$2,924 in 2019).

  (b) Legal actions (civil and labor actions) against the Company amounting to US$1,343 (US$3,398 in 2019).

  (c) Administrative processes followed by the Ministry of Production for US$1,982 (US$1,862 in 2019).

Management and its legal advisors believe that no significant liabilities for contingencies detailed above will arise.

The Company as a plaintiff:

During 2018, the Trustee on behalf of CFG Peru Investment Pte. Ltd (parent of the Company) filed legal actions against The Hongkong and Shanghai Banking Corporation Limited (HSBC) for acts committed by such financial entity that damaged the Company's operations (which are the primary basis for the restructuring process) during a critical moment of its business cycle and interfered in the maximization of value that can be obtained in a sales process.

As of December 31, 2020, the Company has learned, through the request for confirmation of balances sent by the external auditors, that HSBC maintains balances in its favor and charged the Company for an amount of US$16,808 (US$16,719 as of December 31, 2019) for "indemnity for legal costs" over which the Company has not recognized any amount for this concept in its consolidated financial statements as of December 31, 2020 and 2019. The Company's Management is analyzing this situation.

31. GUARANTEES AND COMMITMENTS

Guarantees:

On December 31, 2020 and 2019, respectively, the Company and its Subsidiaries have pledged the following assets:

2020

Type of asset	Creditor	Name of the asset	Type of debt	Type of guarantee	Value
					US$000
Vessel	Petroperú	Rodga I	Credit line	Mortgage	8,162

2019

Type of asset	Creditor	Name of the asset	Type of debt	Type of guarantee	Fair value
					US$000
Vessel	Petroperú	Rodga I	Credit line	Mortgage	7,969

Letters of guarantees:

On December 31, 2020, the Company and its Subsidiaries had the following letter of guarantee:

2020

Date	Bank	Number	Beneficiary	Value
August 2020	Banco de Crédito del Perú	D000-03378011	11° Laboral Court	310

As of December 2019, the Company and its Subsidiaries had no letters of guarantee.

Commitments:

As of December 31, 2020 and 2019, the Company is co-debtor and guarantor of the following obligations of its related entity China Fisheries International Limited:

(i) Debt for US$803 as of December 31, 2020 (US$740 as of December 31, 2019) with Madison Pacific, consisting of capital, interest, and penalties.

32. ENVIRONMENTAL ASPECTS AND REGULATIONS

The environmental activity of the Group is regulated by:

- Law No. 28611 "General Environmental Law" dated October 13, 2005. Article 25 established that "Environmental Impact Studies – EIA" are management instruments that contain a description of the proposed activity and the foreseeable direct or indirect effects of such activity on the physical and social environment in the short and long-term, as well as the technical evaluation thereof. They should indicate the necessary measures to avoid or reduce the damage to tolerable levels and will include a summary of the study for its publicity. "

- Law No. 27446 "Framework Law of the National System of the Environmental Impact Assessment " (SEIA) and its regulations. In article 2 establishes that "Public and private investment projects involving activities, constructions or works that may cause negative environmental impacts, as provided by the Regulations of this Law, are included in the scope of the Law."

- Supreme Decree N° 014-2017-MINAM Regulation of Legislative Decree N°1278, Legislative Decree that approves the Law on Solid Waste Management

- Law No. 29338 "Law on Water Resources" and its Regulations.

  This Law regulates the use and management of water resources. It comprises surface water, groundwater, continental water, and assets associated with this resource. It extends to maritime and atmospheric water where applicable. Its purpose is to regulate the use and integrated management of water, the State's actions, individuals, and the assets associated with it.

- Supreme Decree No. 010-2018-MINAM dated September 30, 2018

  It establishes the maximum permissible emission limits for the industrial fishing establishments of direct and indirect human consumption.

- Supreme Decree No. 009-2019-MINAM of November 08, 2019

  Establishes the Special Regime for the Management and Handling of Waste Electrical and Electronic Equipment.

- Supreme Decree No. 010-2019-MINAM of December 02, 2019

  Approves the National Supervision Protocol of the Environment Air Quality

- Supreme Decree No. 011-2009-MINAM of May 11, 2009

  It establishes the maximum permissible emission limits for the fishmeal and fish oil industry and complementary rules

- Chief resolution No. 010-2016-ANA

  Approves the National Protocol for Monitoring the Quality of Surface Water Resources.

- Ministry Resolution No. 194-2010-PRODUCE of August 05, 2010

  Approves the Protocol for the Monitoring of Atmospheric Emissions and Air Quality of the Fishmeal, Fish Oil and Waste Fishmeal Hydro biological Industry.

- Urgency Decree No. 022-2020 of January 23, 2020

  Emergency Decree for the Strengthening of the Identification and Management of Environmental Liabilities for the National Protocol for Monitoring Environmental Air Quality.

- Supreme Decree No. 003-2020-PRODUCE of February 19, 2020

  Approves the Roadmap towards a Circular Economy in the Industry Sector.

- Ministerial Resolution No. 271-2020-PRODUCE of August 13, 2020

  They approve the Protocol for the Monitoring of Effluents from Fishing Industrial Establishments for Direct and Indirect Human Consumption.

- Supreme Decree No. 20-2020-MINAM of February 20, 2020, entered into force on July 01, 2020.

  Approves the mandatory nature of notification Via Electronic Box of administrative acts and administrative actions issued by the Environmental Assessment and Enforcement Agency-OEFA and creates the OEFA Electronic Box System.

- Resolution of the Board of Directors No. 013-2020- OEFA-CD of July 17, 2020

  Evaluation Regulation of the Environmental Evaluation and Enforcement Agency.

  The Management of the Company and its Subsidiaries considers that it complies with the national and sectoral environmental regulatory framework applicable to December 31, 2020 and 2019.

33. SUBSEQUENT EVENTS

No subsequent events occur between the closing date of these consolidated financial statements and the date of this report, which may materially affect them other than the matters described in Note 1 (d), and for the following:

- On March 16, 2021, certain creditors of China Fishery Group Limited (CFGL), filed in the US Bankruptcy Court a Disclosure Statement, which includes a Plan of Reorganization (POR) and a Restructuring Support Agreement (RSA) in respect of Chapter 11 Debtors, CFG Peru Investments Pte. Limited and Smart Group Limited.

  In general terms, the Plan of Reorganization provides for the Senior Creditors to convert their debt to equity in the reorganized entities, in accordance with the RSA definitions:

  - “Senior Creditors” means the Club Lenders (Note 14) and the Noteholders (Note 17).

  - “Senior Claims” means, at any time and in relation to a Senior Creditor, the principal amount of Indebtedness held by it and interest accrued thereon up to and including that time.

  At the date of this report, this initiative submitted to the US Bankruptcy Court is pending approval.