



SALMONES CAMANCHACA S.A. AND SUBSIDIARIES

Earnings Report on the Consolidated Financial Statements

For the first quarter ended March 31, 2018

About Salmones Camanchaca

Salmones Camanchaca S.A. is a vertically and fully integrated salmon producer with operations in farming, processing, marketing and sale of Atlantic salmon. The company is also involved in farming of trout through a joint venture (1/3 share), and has a 2018 estimate harvest of 45-48,000 tons WFE of Atlantic salmon and 55-66,000 tons WFE for 2019-2021. Therefore, including trout production in the Company's farming sites, the total existing production capacity reaches 70-75,000 harvested tons WFE. The company has approximately 1,300 employees.

Highlights of the 1st quarter 2018

- Strong Revenue growth of 55.7% driven by 96.7% increase in volume sold of Company farmed Atlantic salmon at 10,575 tons WFE, and a harvest of 9,589 tons WFE, in line with Company's guided volume.
- EBIT/kg WFE of Atlantic salmon (own production) sold at US\$ 1.25 a decline affected by lower salmon prices compared with 2017's peak level.
- Q1 2018 live weight cost of US\$ 2.9 per kg, in line with Company's goal of bellow US\$3 per kilo.
- Q1 2018 EBITDA of US\$ 18.5 million, in line with Q1 2017 from the combined effect of higher volume and lower price.
- Q1 2018 EBITDA excluding profits from the Trout JV's business, of US\$ 16 million, up 16% from the US\$ 13.8 million in Q1 2017. On an EBIT basis and excluding Trout, Q1 2018 was up 20%.
- Expected harvest volume for 2018 remains unchanged at 45,000 to 48,000 tons WFE.
- EPS at US\$ 23.9 cents per share.
- Substantial strengthening of the Equity Ratio 52% after the IPO.

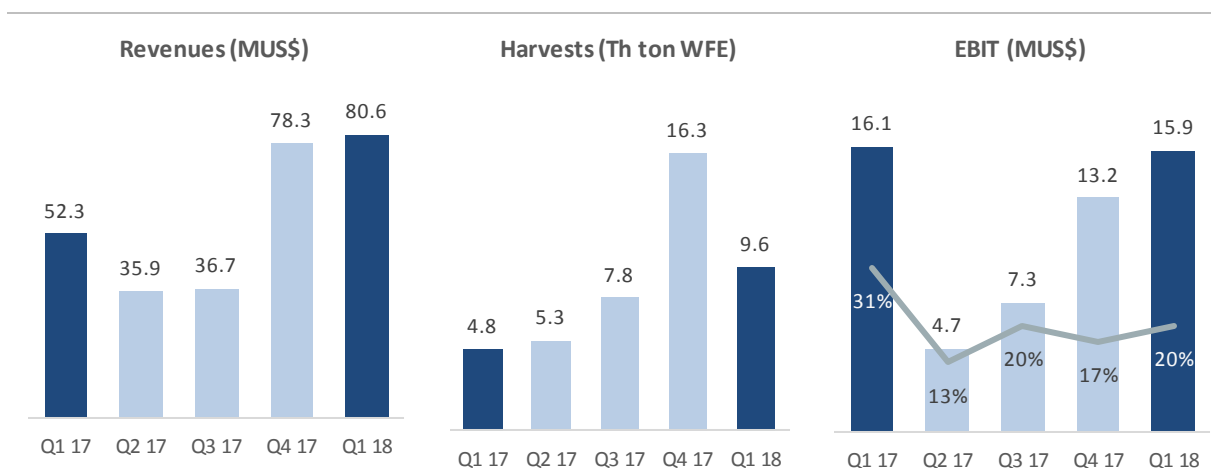
Key Figures

ThUS\$	Q1 2018	Q1 2017	Δ%
Operating revenues	80,560	51,757	55.7%
Gross profit pre Fair Value	21,511	20,448	5.2%
EBITDA	18,481	18,745	-1.4%
EBIT	15,867	16,077	-1.3%
EBIT %	19.7%	31.1%	-36.6%
Fair Value	6,124	-6,270	-
Net profit/loss	15,741	6,479	143.0%
EPS (US\$)*	0.2385	-	-
Harvests (ton WFE)	9,589	4,810	99.4%
Harvests (ton GWE)	8,630	4,329	99.4%
Sales (ton WFE Company farmed))	10,575	5,376	96.7%
Sales (ton GWE Company farmed)	9,517	4,838	96.7%
Ex cage Cost (US\$/Kg live weight)	2.9	2.8	3.9%
Ex cage Cost (US\$/Kg WFE)	3.1	3.0	3.9%
Ex cage Cost (US\$/Kg GWE)	3.5	3.3	3.9%
Price (US\$/Kg WFE)**	6.3	7.2	-12.7%
Price (US\$/Kg GWE)**	7.0	8.0	-12.7%
EBIT/Kg WFE (US\$)***	1.25	2.08	-39.9%
EBIT/Kg GWE (US\$)***	1.39	2.31	-39.9%
Financial debt	80,165	111,306	-28.0%
Equity ratio	52%	10%	420.7%

*Distributed in 66,000,000 shares at the end of Q1 2018 (after IPO)

**Billing in US\$ divided by tons of product sold excluding operations with third-party raw materials

***Excludes the net profit/loss from the trout Joint Venture and operations with third-party raw materials



Group financials

Q1 2018 results

Salmones Camanchaca harvested 9,589 tons WFE of Atlantic salmon in Q1 2018, up from a low 4,810 tons WFE in Q1 2017, then affected by the decision taken in 2015 of not stocking two farming sites. The 2015 decision coincided with an environment of negligible margins.

The average price for Atlantic salmon was US\$ 6.3 per kg WFE in Q1 2018, which is 13% lower than the peak price of Q1 2017, and reflected a normalized condition of Chilean supply for the season. Operating Revenue came in at US\$ 80.6 million in Q1 2018, up 56% from US\$ 51.8 million in the same quarter 2017. This growth was driven mainly by a 96.7% higher volume sold from Company-farmed salmon, in line with a 99.4% increase in harvest volume, which was 9,589 tons WFE, partly offset by lower salmon prices.

The trout's "Partnership Account Participation" or Joint Venture (JV), of which Salmones Camanchaca receives one third of profits, generated gains for the Company of US\$ 2.5 million during Q1 2018, accounted in Revenues (net, or with no cost associated), and compared with US\$ 4.9 million in Q1 2017. Volume harvested by this JV during Q1 2018 was 4,426 tons WFE of trout.

Gross profit before fair value adjustments was US\$ 21.5 million, US\$ 1.1 million higher than Q1 2017. Administration Expenses as a percentage of Operating Revenue decreased to 3.9% from 6.0%, while Distribution & Sales Costs went up to 3.1% from 2.5%. Consequently, the Company's combined administration and distribution & sales costs amounted to 7.0% of Operating Revenue during this quarter, down from 8.4% comparing Q1 2018 and Q1 2017 (QoQ). This reduction is explained by higher revenues this quarter and staff severance payments together with SAP implementation expenses during Q1 2017. At the end of Q1 2018, SAP is fully operational.

EBIT before fair value adjustments was US\$ 15.9 million in the quarter, down from US\$ 16.1 million in Q1 2017, mainly explained by lower prices. However, when profits from Trout JV are excluded, Atlantic salmon business' generated an EBIT US\$ 13.4 million, 20% higher than Q1 2017 at US\$ 11.2 million. EBIT from Company-farmed Atlantic salmon was US\$ 1.25 per kg WFE, compared with US\$ 2.08 per kg WFE in the first quarter 2017, US\$ 0.83 reduction in light of a US\$ 0.9 absolute price decline compared with Q1 2017.

During this first quarter of 2018 the Company completed a purchase agreement of harvested fish from a farmer using one of the Company's farming sites of a volume 1,684 ton WFE. Although this trading business generated an EBIT of only US\$ 156 thousands, it created a stocking baseline in the concession for the Company, which now is contemplated for the 2018 Company's stocking plan.

Atlantic salmon	Total	Company-farmed	Other farmer
EBIT (ThUS\$)	13,357	13,201	156
Sales volume (ton WFE)	12,259	10,575	1,684
EBIT/kg WFE	1.09	1.25	0.09

Fair value adjustment of biological assets (biomass) in Q1 2018 was US\$ 26.9 million, compared to US\$ 10.2 million at the end of Q1 2017, driven by larger biomass.

Fair value adjustment for harvest and sold volume was negative at US\$ 20.7 million in Q1 2018, down from a negative US\$ 16.4 million in Q1 2017. This adjustment considers the reversal of estimated and accounted margins for fish sold in the quarter, but which was recognized in previous quarters.

The resulting net fair value adjustment for Q1 2018 was positive at US\$ 6.1 million, compared to a negative US\$ 6.3 million in Q1 2017.

Reported EBIT after fair value adjustments, ended at US\$ 22.0 million, up from US\$ 9.8 million in Q1 2017.

Net financing expenses were US\$ 1.2 million compared to US\$ 0.9 million in Q1 2017 due to interest rate increase between March 2017 and March 2018.

Pre-tax Profit ended at US\$ 20.9 million in the quarter, up US\$ 12.2 million from Q1 2017. The resulting Net Profit after tax in Q1 2018 was US\$ 15.7 million, up from US\$ 6.5 million in Q1 2017.

IPO

On February 2, 2018 Salmenes Camanchaca completed the IPO for its shares in Chile and their corresponding certificates in Norway. The Company's primary share offer was for 13.9% of its 66 million shares, and raised a gross amount of US\$ 50 million, or US\$ 46 million net. The funds raised by the Company during this process, will finance its organic growth plans, explained during the IPO process. The IPO included an additional 16.1% of the 66 million shares, offered by the Parent Company, Compañía Pesquera Camanchaca, with a total offer of 30% of the Company's ownership.

Debt repayment

On March 15, 2018, Salmenes Camanchaca made a special US\$ 20 million repayment of its bank debt, which left its financial debt at US\$ 80 million. The Company has an open credit line of US\$ 100 million, 80% utilized as of March 31, 2018.

Cash flow

Operational cash flow in Q1 2018 was negative at US\$ 1.2 million, down from a positive US\$ 34.1 million in Q1 2017, mainly explained by the increase of the biomass compared to last year's first quarter, reduction on payables, and a drop in salmon price.

Cash flow from investing activities totaled US\$ 6.7 million in the period. Purchases of property, plant and equipment represented the largest expense item with US\$ 6.8 million, supporting the Company's 2018-2020 growth plans.

Cash flow from financing activities ended at positive US\$ 21.0 million in the period, compared to negative US\$ 7.0 million in Q1 2017, mainly explained by the IPO fund raising of US\$ 46 million.

The resulting net cash flow for the period was positive US\$ 13.0 million.

Financial position

Assets

The Company's total assets increased by US\$ 21.3 million, or 7%, between December 2017 and March 2018, and reached US\$ 327 million. The growth was mainly driven by an increase of US\$ 14.7 million in current biological assets, reflecting a biomass consistent with the higher harvest volume projected of Atlantic salmon for 2018 (45,000 to 48,000 tons WFE, and 53,000 tons WFE for 2019).

Total current assets were US\$ 212 million, an increase of 6.8% from US\$ 199 million at the end of 2017, mainly attributed to the abovementioned biomass of US\$ 14.7 million; an increase of US\$ 13 million in Cash due to financing activities; and a decrease of US\$ 8.3 million in inventories.

The Company's Cash and Cash equivalent position was US\$ 13.8 million as of March 31, 2018, which favorably compares to US\$ 0.8 million as of December 31, 2017.

Non-current assets increased by US\$ 7.9 million (+7.3%) and reached US\$ 115 million, mostly due to an increase of US\$ 4.1 million in investments and fixed assets, and an increase of US\$ 2.9 million in non-current biological assets, consistent with the growth plan 2018-2023.

The Company's finished product Inventories valued at cost as of March 31, 2018 were US\$ 26.0 million, equivalent to slightly over 3,400 tons of finished product.

Liabilities and equity

Current liabilities decreased by US\$ 17.4 million (-22%), due to a US\$ 24.2 million decrease in third party payables, as part of an optimization of the financial structure of the Company after the IPO.

Non-current liabilities decreased by US\$ 23.0 million, mainly due to a decrease of US\$ 20.0 million in financial/banking liabilities related to debt repayments.

The Company's equity increased by US\$ 61.7 million as of March 31, 2018, and reached US\$ 109 million as of March 31st, 2018, explained by Net Profits and the IPO's primary share funding.

Operational review

Salmones Camanchaca's financial performance is closely related to two key drivers:

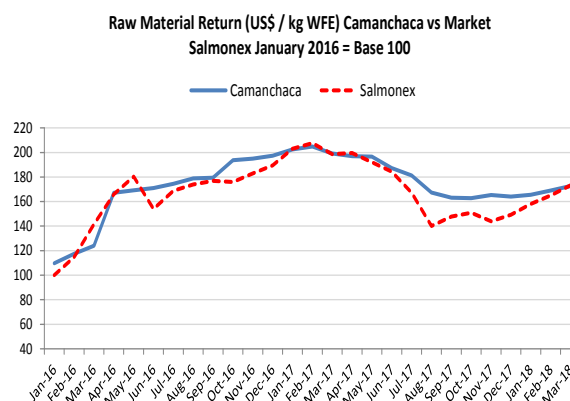
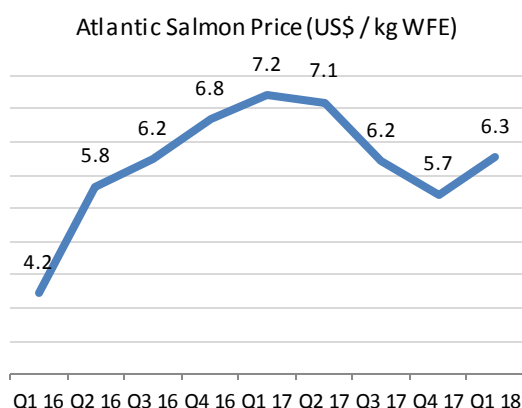
1. The price of Atlantic salmon, which is very sensitive to Norwegian and Chilean supply conditions, and the exchange rates of its main trading partners;
2. Sanitary conditions for Atlantic salmon, which affects unit costs.

Prices

Atlantic salmon average price was US\$ 6.3 per kg WFE in Q1 2018, 12.7% lower than the price for the same period in 2017. An upward trend in prices started 2 years ago as the supply dynamics became stable or negative, and accelerated right after the harmful algae bloom (HAB) in Chile, which reduced Chilean supply by approximately 20% between the second half of 2016 and the first half of 2017.

The Q1 2018 price level reflects normalized and stable global and Chilean supply. The Company's estimate for global growth in 2018 is 3%-5%, down from a 6% growth in 2017.

During the end of 2017 and Q1 2018, and with the Company's contracts average term of 60-90 days, Salmones Camanchaca obtained an average price premium close to US\$ 20 cents per kg WFE above the US benchmark (Salmonex).



The Raw Material Return is the final product price less distribution and specific secondary processing costs. It is a measurement of price before selecting the final destination for harvested fish and provides a homogeneous aggregate indicator for the Company's diverse products.

The market Index or "Salmonex" is based on the price of fresh fillet trim D exported by Chilean firms, net of the same processing and distribution costs used for Salmones Camanchaca's fresh trim D. It provides a comparable index to Salmones Camanchaca's Raw Material Return.

Volumes

		Q1 2018	Q1 2017	Δ	Δ %
Harvest	tons WFE	9,589	4,810	4,779	99.4%
Production	tons WFE	9,637	4,346	5,292	121.8%
Sales (Company-farmed)	tons WFE	10,575	5,376	5,199	96.7%
Average sales Price	US\$/Kg WFE	6.3	7.2	-0.9	-12.7%
Price related change in revenue*	ThUS\$	66,269	75,888	-9,618	-12.7%

* With constant volume 2018

Revenue

Sales by market segment as of March 2018

Product or Species	U.S. ThUS\$	Europe + Eurasia ThUS\$	Asia ex Japan ThUS\$	Japan ThUS\$	LATAM ex Chile ThUS\$	National Market ThUS\$	Others ThUS\$	TOTAL ThUS\$
Atlantic Salmon	24,026	22,190	5,232	5,131	16,678	1,597	507	75,361
Trout	765	0	18	1,727	0	0	0	2,510
OTHERS	0	0	0	0	0	2,690	0	2,690
TOTAL	24,792	22,190	5,249	6,858	16,678	4,287	507	80,560

Sales by market segment as of March 2017

Product or Species	U.S. ThUS\$	Europe + Eurasia ThUS\$	Asia ex Japan ThUS\$	Japan ThUS\$	LATAM ex Chile ThUS\$	National Market ThUS\$	Others ThUS\$	TOTAL ThUS\$
Atlantic Salmon	14,520	7,485	2,503	2,096	10,274	1,452	250	38,579
Trout	162	25	0	4,727	0	0	0	4,913
OTHERS	0	0	0	0	0	8,265	0	8,265
TOTAL	14,682	7,509	2,503	6,823	10,274	9,717	250	51,757

The Company's marketing and sales strategy is to diversify products and targeted markets, and focuses in the most attractive markets for its raw material, based on medium-term conditions.

Salmones Camanchaca has a 25% ownership of "New World Currents" since November 2013, a joint venture with three other Chilean producers to market Atlantic salmon in China. In this market, during the last two years, there has been a significant increase in fresh products air freighted, with its corresponding increase in distribution costs.

The Company defines its value-added products as those containing some degree of secondary processing, which accounted for 81.7% of total sales during Q1 2018, up from 78.7% in Q1 2017.

The remaining volume is composed of sales of fresh whole gutted head on salmon for South American and Chinese markets. Fresh Atlantic salmon fillets are preferred in the US market; frozen Atlantic salmon fillets and portions in Europe; fresh or frozen whole Atlantic salmon in Asia (excluding Japan); frozen Atlantic salmon fillets in Japan; and frozen Atlantic salmon fillets in the rest of Latin America.

From Q1 2017 to Q1 2018, the US market as a percentage of total sales decreased from 30.0% to 29.9%. Europe and Eurasia increased from 14.5% to 27.6%. Asia excluding Japan increased from 4.9% to 6.5% and Japan decreased from 10.6% to 9.4%. Latin America excluding Chile grew from 19.8% to 20.7%. The Salmones Camanchaca proportion of its Partnership Account Participation with third parties in the trout business is registered in the "Trout" line. Other income is mostly processing and services for third parties in our processing plant and farming site leases.

Other businesses

Salmones Camanchaca had 7 leased farming concessions as of March 31, 2018, mainly in the Reloncaví Estuary for trout farming. Salmones Camanchaca contributes with these concessions within the previously mentioned JV. The total harvests for this JV in Q1 2018 were 4,426 tons WFE and that generated profits for Salmones Camanchaca of US\$ 2.5 million during Q1 2018, which is half of the profit compared to Q1 2017. The EBIT per Kg WFE harvested of this business was US\$ 1.70 during Q1 2018.

The strategy of providing processing services to third parties and farming site leases, resulted in operating margins of US\$ 1.2 million as of March 31, 2018, up 1% compared to the same period in 2017, with fewer leased concessions, and more processing services.

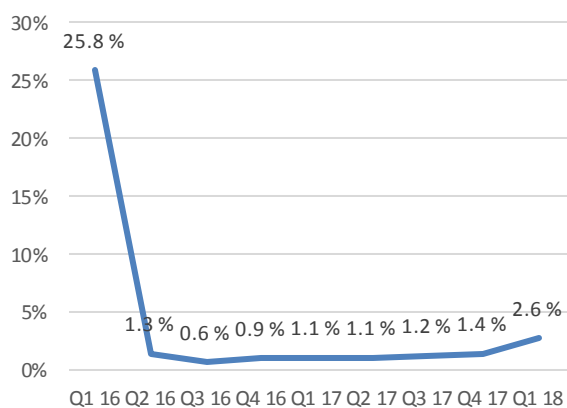
Productive performance

The sanitary conditions of Atlantic salmon were extraordinary during the first quarter of 2016 as a result of the El Niño's related harmful algae bloom (HAB), a situation stabilized in the second half of that year. In Q1 2018, overall mortality was only 2.64%, despite the 2018 Chilean summer mild algae bloom, which generated a mortality of 40 thousand fish. The Company expects that the non-feeding strategy during this bloom will reduce harvest by approximately 4-5% in 2018. This reduction is included in the guided harvest volumes for 2018.

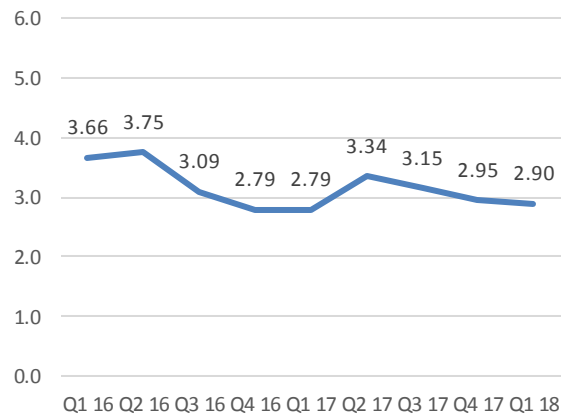
Ex-cage costs live weight of harvested fish during Q1 2018 were US\$ 2.90 per kg, the third quarter with consecutive reduction, but 11 cents higher than in Q1 2017. Compared with the same farming sites and/or zones in the previous cycle during Q1 2016, this live weight ex-cage cost was 76 cents lower. This higher cost of 11 cents between Q1 2018 and Q1 2017 (QoQ) affected approximately 11,000 tons of live weight equivalent sold, with a negative impact of close to US\$ 1.2 million. Unit costs in 2016 did not include the extraordinary mortality caused by the HAB (disclosed as non-recurring extraordinary loss).

Value added processing cost exhibited a reduction of US\$ 21 cents QoQ, a reflection of the much higher scale of operation in Q1 2018. With this, the total finished product cost (US\$ / kg WFE) was on average US\$ 10 cents below Q1 2017 and US\$ 73 cents below Q1 2016.

Atlantic Salmon Mortality* (%)



Liveweight ex-cage cost (US\$/kg)



* Total quarterly mortality (number of fish) including both closed and open sites. The closed sites affected by the HAB are included.

Costs (US\$/Kg WFE)	Q1-16	Q1-17	Q1-18
Ex cage	3.93	3.00	3.12
Harvest and primary processing	0.27	0.36	0.36
Value added processing	0.67	0.88	0.67
Total finished product cost	4.87	4.24	4.14

Note: Figures include third party services

Sales volume of Company-farmed products for Q1 2018 totaled 10,575 tons WFE, up 96.7% over Q1 2017, an expected outcome of normalized stockings and in line with guided volume.

Subsequent events

The Annual General Shareholders Meeting of Salmones Camanchaca took place on April 26, 2018, the first one as a public company, and where the Board had to be renewed, Mr. Jorge Fernández García, previously CEO of the Company, was elected board member for the following 2 years, as well as Mr. Francisco Cifuentes Correa, Mr. Ricardo García Holtz, Mr. Tore Valderhaug and Mr. Felipe Sandoval Precht. In an afterwards board meeting, the board elected Mr. Jorge Fernández García as Chairman of the Board of the Company and Mr. Ricardo García Holtz as Vice Chairman.

Company's Outlook

Atlantic Salmon world supply growth for 2018 is estimated to be between 3% and 5%, which is consistent with existing regulatory framework and long-term trends.

Projected harvests of Atlantic salmon for Salmones Camanchaca in 2018 continue to be 45,000 to 48,000 tons WFE.

A significant component of the Company's EBITDA in 2018 will be invested in biomass growth and fixed assets, which will prepare the Company for an expected harvest of 50,000 to 55,000 tons WFE in 2019.

Main Risks and Uncertainties

External variables might materially impact the Company's annual performance. The main variable affecting Revenues is the price of Atlantic salmon, while the main variable affecting costs is the sanitary status of the salmon biomass, including the biological conversion of feed.

Individually and in the aggregate, aquaculture businesses are exposed to various risks. Consequently, Salmenes Camanchaca operates under a risk matrix that guide the Company to: i) review and update the critical risk inventory and generate a map of risks; ii) assess these risks on the basis of impact and probability parameters; iii) implement an audit and internal control plan based on the risk map; iv) generate a set of strategies to either reduce the probability and/or the impact, including insurance wherever/whenever this is economically feasible/convenient. These risk maps guide management to continuously manage and mitigate each risk and establish the corresponding responsibilities and accountability, as well as the frequency and depth of internal controls to validate the effectiveness of mitigating measures.

The Company's mission, vision and values; short and long-term strategic planning; critical business and knowledge risks; and the experience of key personnel are among the factors used to detect critical risks.

a. Phytosanitary Risks

The Company is exposed to risk of disease or parasites that can affect the biomass, increase mortality or reduce growth of specific species, and thereby, production and sales volumes. Salmenes Camanchaca has adopted strict control standards to minimize those risks, and comply with the Authority's requirements with respect to coordinated fallow periods for the concessions in each neighborhood, maximum fish density in cages, constant monitoring and reporting of the biomass and its biological status and health, the smolt producing process in closed recirculation centers fed by under-ground water, transport of breeders and fish for harvest in wellboats, coordinated antiparasitic washing of neighborhoods, frequent net cleaning, oxygen plants to supplement oxygen shortfalls in the water, vaccinations at the freshwater stage, among others.

b. Natural Risks

The Company is exposed to natural risks that may affect normal operations, such as volcanic eruptions, tidal waves and tsunamis, earthquakes, harmful algae blooms, natural predators, water pollution and other factors that may threaten biomasses and production facilities. The Company is constantly monitoring these variables using first-rate instruments within the salmon industry, in addition to having appropriate insurance coverage for these risks, all of which are monitored from a central, specialized unit. This unit not only monitors the status of insurance coverage, but also manages claims preparation when these occur, from the moment they occur, in order to make claims that are in line with contractual coverage.

c. Product Sale Price Risks

The Company exports its products mainly at prices that are taken from international markets, for which the Company has a wide commercial network to diversify sales. The Company adjusts the speed of its sales in accordance with production and market conditions and it does not operate a policy of accumulating inventory to speculate on future market conditions, but rather supply its customers with high quality products as they become available.

Prices are highly dependent on the supply from Norway and Chile and on the fluctuations in exchange rates used by the Company's major trading partners, which affects demand conditions in these markets. Salmenes Camanchaca has mitigated price risk through its diversified marketing strategy and by producing higher value-added products, which contains a fraction of 60-90 days contracts.

The Company has a policy of diversifying its sales between several buyers in each market, and large diversity of markets and territories. This ensures that sales can be reallocated when necessary or convenient.

d. Purchase Price Risks

The Company is exposed to changes in the purchase price of salmon feed, which is based on well diversified ingredients and suppliers. Salmenes Camanchaca defines its diets seeking a balance between feed cost and nutritional quality at each stage of the fish. The Company aims to produce a final product that contains the same amount of Omega 3 as a wild salmon, as well as a fish in fish out ratio of no more than 1.0. The Company has feed contracts that are adjusted on a quarterly basis, on a cost-plus basis.

e. Regulatory Risks

Aquaculture is strictly regulated in Chile by laws, standards and regulations issued by fishing authorities. Significant changes in these regulations could have an impact on the Company's performance. These regulations are mainly established by the General Law on Fisheries and Aquaculture, and its associated regulations that assign concessions, manage the biomass, and set up sanitary preventive rules. The Company is constantly monitoring any potential changes in regulations in order to anticipate and mitigate any potential impacts.

In Q2 2016, changes were made to the regulations governing salmon farming densities, and a smolt stocking reduction program was introduced (PRS). This new regulation force salmon farmers to reduce densities in cages when low sanitary performance has been registered and/or higher stocking of smolts in the zone is expected. In these circumstances, the low density can be waived if a stocking plan is presented, containing a reduction versus the previous stocking cycle.

The Company has a policy of using its assets to provide services to third parties/farmers. The regulation gives the Company the possibility to use smolt stockings in leased farming sites for its own use in subsequent cycles, without affecting neighborhood growth, and once the lease contracts are finished. Under this regulation, the Company estimates harvesting approximately 60,000 tons WFE of Atlantic salmon at its own previously used farming sites, plus another 12,000 to 13,000 tons WFE of trout, without introducing growth to the system, and therefore without reducing densities in its farming sites.

Salmenes Camanchaca's financial statements could be affected by changes in economic policies, specific regulations and other standards established by authorities.

f. Liquidity Risks

Liquidity risk is the risk of potential mismatches between the funds needed for asset investments, operating expenses, financial costs, scheduled debt repayments and committed dividends, compared to funding sources such as sales revenue, collections from customers, disposal of financial investments and access to financing.

Salmenes Camanchaca prudently manages this risk, by maintaining sufficient liquidity and access to third-party financing, while carefully ensuring that it complies with all its financial covenants.

g. Interest Rate Risks

The Company is exposed to interest rate risk since its long-term financing includes a variable interest rate component, which is adjusted every six months. Depending on market conditions, the Company assesses hedging alternatives.

h. Exchange Rate Risks

A significant share of Company revenue arises from contracts and agreements set in US dollars. However, given the diversity and importance of markets other than the North American market, which had historically represent 50% of total exports, any devaluation of the US dollar against these markets' currencies and/or the Chilean Peso, could have an impact in the financial performance of the Company.

Corporate policy is to agree income, cost and expenses in US dollars whenever possible. Liabilities and debt with financial institutions are in US dollars. The Company occasionally evaluates exchange rate hedging instruments for its peso denominated expenses, in accordance with market conditions and which will be adequately reported. No foreign exchange hedges were contracted during 2017 and 2018.

i. Credit Risks

1. Surplus Cash Investment Risks

The Company has a highly conservative policy for investing cash surpluses. This policy encompasses both the quality of financial institutions and the type of financial products used.

2. Sales Operations Risks

Salmones Camanchaca has insurance policies covering most of the sales of its products that are not sold with immediate payment. The remaining sales are backed by letters of credit, or advance payments, or are to customers with an excellent credit performance.

Operational stoppages at ports or by customs or other institutions, as well as protests, marches or road blockages may affect and delay shipments of our products to the markets where they are sold. Therefore, the Company continuously monitors these variables in order to anticipate any issues and identify alternatives to minimize the impact.

Financial statements

Condensed Statement of Income (ThUS\$)

	Q1 2018	Q1 2017
Operating revenue	80,560	51,757
Cost of sales	(59,049)	(31,309)
Gross profit before fair value adjustments	21,511	20,448
Administrative expenses	(3,143)	(3,091)
Distribution & sales costs	(2,501)	(1,280)
EBIT before fair value	15,867	16,077
EBITDA before fair value	18,481	18,745
Fair value adjustment to biological assets	26,855	10,168
Fair value adjustment to harvest and sales	(20,731)	(16,438)
EBIT after fair value	21,991	9,807
EBITDA after fair value	24,605	12,475
Finance costs	(1,193)	(933)
Share of profit (loss) of associates	316	5
Exchange differences	(211)	(202)
Other income (losses)	11	11
Finance income	17	12
Net profit (loss) before taxes	20,931	8,700
Income taxes	(5,190)	(2,221)
Net profit (loss) from continuing operations	15,741	6,479
Profit (loss) from discontinued operations	0	0
Net profit (loss) for the period	15,741	6,479
Net profit (loss) for the period attributable to owners of the parent	15,741	6,479

EBITDA: gross profit before fair value adjustments + depreciation - administrative expenses - distribution costs

EBITDA after fair value adjustments: EBITDA + fair value adjustments to biological assets - fair value adjustments to harvest and sales

Balance Sheet (ThUS\$)

	31-03-2018	31-12-2017	31-03-2017
Cash and cash equivalents	13,811	846	26,437
Other financial assets, current	32	31	16
Other non-financial assets, current	6,003	7,041	3,703
Trade and other receivables, current	23,236	28,196	7,339
Related party receivables, current	25,353	25,585	18,501
Inventories	29,847	38,170	11,939
Biological assets, current	112,266	97,522	68,002
Current tax assets	1,866	1,584	1,996
Total current assets	212,414	198,975	137,933
Other financial assets, non-current	27	27	27
Other non-financial assets, non-current	112	260	112
Rights receivable, non-current	5,548	5,520	3,995
Related party receivables, non-current	564	0	0
Equity method investments	5,986	5,565	417
Intangible assets other than goodwill	7,083	7,083	4,216
Property, plant and equipment	77,720	73,646	68,554
Biological assets, non-current	17,420	14,472	22,088
Long-term deferred taxes	430	456	0
Total non-current assets	114,890	107,029	99,409
Total assets	327,304	306,004	237,342
Other financial liabilities, current	165	439	11,367
Trade and other payables, current	47,497	71,729	32,010
Related party payables, current	7,842	4,198	32,957
Current tax liabilities	5,508	1,829	13
Employee benefit provisions, current	769	1,020	590
Total current liabilities	61,781	79,215	76,937
Other financial liabilities, non-current	80,000	100,000	99,939
Trade and other payables, non-current	70	102	110
Related party payables, non-current	99	4,572	29,384
Deferred tax liabilities	14,765	13,280	6,110
Employee benefit provisions, non-current	162	157	138
Total non-current liabilities	95,096	118,111	135,681
Total liabilities	156,877	197,326	212,618
Share capital	91,786	73,422	34,843
Share premium	27,539	0	0
Accumulated losses	27,436	11,695	-10,193
Other reserves	23,666	23,561	74
Total equity	170,427	108,678	24,724
Total equity and liabilities	327,304	306,004	237,342

Cash Flow Statement (ThUS\$)

	Q1 2018	Q1 2017
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Receipts		
Receipts from the sale of goods & provision of services	94,338	76,949
Payments		
Payments to suppliers for goods and services	-85,575	-36,389
Payments to and on behalf of employees	-8,597	-6,358
Interest paid	-1,396	-83
Interest received	15	12
Income taxes refunded (paid)	0	0
Other cash receipts (payments)	0	10
Net cash flows from operating activities	-1,215	34,141
CASH FLOWS USED BY FINANCING ACTIVITIES		
Receipts from issuance of shares	45,903	0
Loan repayments	-20,000	0
Payments to related parties	-4,939	-6,980
Receipts from related parties		
Net cash flows used by financing activities	20,964	-6,980
CASH FLOWS USED BY INVESTING ACTIVITIES		
Receipts from the sale of property, plant and equipment	155	0
Purchases of property, plant and equipment	-6,831	-2,129
Other cash receipts (payments)	0	0
Net cash flows used by investing activities	-6,676	-2,129
Effects of changes in exchange rates on cash and cash equivalents	-108	-237
NET INCREASE IN CASH AND CASH EQUIVALENTS	12,965	24,795
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	846	1,642
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	13,811	26,437

Statement of Changes in Equity (ThUS\$)

Th US\$	Share capital	Share premium	Foreign currency conversion reserve	Other reserves	Total Other reserves	Retained earnings (acc. loss)	Equity attributable to owners of the parent company
Opening balance as of January 1, 2017	34,843		75		75	-16,672	18,246
Changes in equity							
<i>Comprehensive income:</i>							
Net income for the period						6,479	6,479
Other comprehensive income			-1		-1		-1
Closing balance as of March 31, 2017	34,843		74		74	-10,793	24,724
Opening balance as of January 1, 2017	34,843		75		75	-16,672	18,246
Capital increase	38,579			23,471	23,471		62,050
Changes in equity							
Dividends						-3,354	-3,354
<i>Comprehensive income:</i>							
Net income for the period						31,721	31,721
Other comprehensive income			15		15		15
Closing balance as of December 31, 2017	73,422		90	23,471	23,561	11,695	108,678
Opening balance as of January 1, 2018	73,422		90	23,471	23,561	11,695	108,678
Issuance of equity	18,364	27,539					49,903
Changes in equity							
<i>Comprehensive income:</i>							
Net income for the period						15,741	15,741
Other comprehensive income			105		105		105
Closing balance as of March 31, 2018	91,786	27,539	195	23,471	13,666	27,436	170,427

Additional information

Key Financial Indicators Analysis

This section compares the Company's key financial indicators based on its consolidated financial statements as of March 31, 2018 compared to December 31, 2017.

	31/03/18	31/12/17
Liquidity Indicators		
1) Current Liquidity	3.44	2.51
2) Acid Ratio	1.14	0.80
3) Working Capital (US\$ million)	150.6	119.8
Debt Indicators		
4) Net Debt Ratio	0.84	1.81
5) Current Liabilities / Total Liabilities	0.39	0.40
6) Non-Current Liabilities / Total Liabilities	0.61	0.60
Profitability Indicators	(3 months)	(12 months)
7) Return on Equity	9.24%	29.18%
8) Return on Assets	6.57%	19.02%

Notes:

1) Current Liquidity: Current Assets / Current Liabilities

2) Acid Ratio: Current Assets Net of Inventory and Biological Assets / Current Liabilities

3) Working Capital: Current Assets - Current Liabilities

4) Net Debt Ratio: (Total Liabilities - Available Cash) / Total Equity

7) Return on Equity: Net Income (Loss) Attributable to Owners of the Parent Company / Total Equity

8) Return on Assets: Gross profit before Fair Value Adjustment / Total Assets.

The increase of 0.93 in current liquidity is mainly caused by an increase of US\$ 13.4 million in current assets and by a decrease of US\$ 17.4 million in current liabilities. These variations have already been explained in the financial position analysis. As a result of these movements, working capital increased by US\$ 30.9 million, where US\$ 14.7 million is explained by an increase in biological assets.

The increase of 0.34 in the acid ratio is mainly caused by an increase of US\$ 13 million in cash and by a decrease of US\$ 17.4 million in current liabilities. These variations have already been explained in the financial position analysis.

The net debt ratio fell from 1.81 to 0.84 mainly due to total liabilities decreasing by US\$ 40.4 million and equity increasing by US\$ 61.7 million. These variations have already been explained in the financial position analysis. The increase in the proportion of long-term liabilities from 0.60 to 0.61 is due to the combination of decreases in current liabilities and decreases in non-current liabilities. These variations have already been explained in the financial position analysis.

Return on equity and return on assets are mainly due to the Company's margins and performance for the respective periods, and the previously mentioned effects of the IPO that took place on February 2, 2018.

Cumulative indicators

	Periods	
	Q1 2018	Q1 2017
a. Atlantic Salmon Harvests (tons)/ Site	2,578	2,586
b. Atlantic Salmon Farming Density (kg/m3)	6.7	5.8
c. Atlantic Salmon Group Survival Rate (sea water)	93.5%	96.5%
d. EBIT before fair value (US\$ million)	15.9	16.1
e. EBIT / kg WFE (before fair value)	1.25	2.08

Notes:

- Harvests for the period, expressed in ex-cage tons / number of sites harvested, expressed in ex-cage tons per site.
- Average farming density, expressed in kg per cubic meter (for sites harvested during the corresponding period).
- Survival rate, expressed as harvested fish groups compared to smolt stocking. A harvest group is fish of a similar origin and strain.
- Gross profit before fair value adjustment - administrative expenses - distribution costs, for the salmon farming division
- (Gross profit before fair value adjustment - administrative expenses - distribution costs - results from the Partnership Account Participation in the trout business) / Kg WFE sales of company-farmed Atlantic salmon

Biomass fair value

Fair Value for the period ended March 31 (ThUS\$)

	Fair Value Adjustment to Biological Assets		Fair Value Adjustment to Harvest and Sales	
	Q1 2018	Q1 2017	Q1 2018	Q1 2017
Atlantic Salmon	26,855	10,168	(20,731)	(16,438)

The net effect of the fair value adjustment of the salmon biomass is reflected in two accounts:

- “Fair value adjustment to biological assets” records the estimated gain or loss for the period from valuing the biomass of live and harvested fish that will be sold in future periods. It can be positive or negative based on variations in the biomass included in the valuation and its market price. A gain of US\$ 26.9 million was recorded for the fair value adjustment of the biological assets as of March 31, 2018, compared to a gain of US\$ 10.2 million as of the same date in 2017.
- “Fair value adjustment to harvest and sales” records the realization of the estimated result of the biological assets in current and prior periods that was sold in the current period. This account reverses the estimated gain or loss for the current and prior periods and the actual result of the transaction is recorded in operating revenue and cost of sales. The net effect of the biomass sold as of March 31, 2018 was a loss of US\$ 20.7 million, which reversed a positive margin estimated in prior periods, in contrast to a loss of US\$ 16.4 million as of March 31, 2017.

The net effect of the fair value adjustment of the salmon biomass as of March 31, 2018 is US\$ 6.1 million, as opposed to negative US\$ 6.3 million as of March 31, 2017.

Differences between the market and book values of principal assets

Biological assets include groups or families of breeders, such as eggs, smolts and fish being fattened at sea. They are valued at initial recognition and subsequently at their fair value less estimated selling costs, except where their fair value cannot be reliably measured, in accordance with IAS 41. Therefore, an active market for these assets is sought in the first instance.

As there is no active market for live fish at all their stages, they are valued as freshwater fish, such as breeders, eggs, fry and smolts, using their cumulative costs at the reporting date.

The valuation criteria for farmed fish that are being fattened is fair value. This is understood to be their market price less their estimated processing and selling costs. There is a representative market for fish being fattened that are over a certain size, which is 4.0 kg for Atlantic salmon. The market price is used in both cases, adjusted appropriately for each group in the sea, from which the harvesting, processing, packaging, distributing and selling costs are deducted. The volume is adjusted for process wastage.

Smaller fish are valued at cost, though are subject to net realizable value testing.

Changes in the fair value of biological assets are recorded in the statement of net income for the year.

Biological assets that will be harvested in the next 12 months are classified as current biological assets.

The gain or loss on the sale of these assets may vary in comparison to their calculated fair value at the reporting date.

The Company uses the following method.

Stage	Asset	Valuation
Fresh water	Eggs, fry, smolts and breeders	Direct and indirect cumulative costs at their various stages.
Sea water	Salmon and trout	Fair Value, based on a market with reference prices and companies that buy and sell these assets. Historically we have considered that this market is for fish over 4 kg. If no market can be identified, then cumulative cost is used.

The Company has developed a valuation model that incorporates the recommendations proposed by the Norwegian Financial Supervisory Authority, which are detailed in Note 34 of the Company's financial statements. This biomass valuation model takes the market price for fish over 1.0 kg as fair value. This model has the following effects on these financial statements for the period ended March 31, 2018:

1. An increase in net income for the period of US\$ 21.8 million, net of deferred tax effects.
2. An increase in "Gain (loss) on fair value of biological assets" within the statement of net income by function of US\$ 29.9 million.
3. An increase in biological assets within current assets of US\$ 29.9 million and an increase in deferred tax liabilities of US\$ 8.1 million and in equity of US\$ 21.8 million.
4. This alternative approach to biomass valuation has no effects on EBITDA, EBIT, nor on the indicators per kg (before fair value adjustment).