



SALMONES CAMANCHACA S.A. AND SUBSIDIARY

Consolidated Financial Statements

As of December 31, 2017

CONTENTS

Consolidated Classified statements of financial position
Consolidated Statements of changes in equity
Consolidated Statements of net income by function
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ThUS\$ - Thousands of United States dollars

UF - Unidades de fomento (a Chilean peso based inflation indexed currency unit)

ThCh\$ - Thousands of Chilean pesos



INDEPENDENT AUDITOR'S REPORT

Santiago, March 19, 2018

To the Board of Directors
Salmones Camanchaca S.A.

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Salmones Camanchaca S.A. (the Company) as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at December 31, 2017 and 2016.
- the statement of comprehensive income for the years then ended;
- the statement of changes in equity for the years then ended;
- the statement of cash flows for the years then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



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Measurement and valuation of biological assets

As described in the financial statements Salmones Camanchaca S.A. values biological assets at their fair value. For fishes weighing less than 4kgs, historical cost is used as an approximation of fair value, according to IAS 41. At the balance sheet date the biological assets amount to MUS\$111.994. Biological assets comprise ova (eggs), juveniles, broodstock and fish held for harvesting purposes (on growing stage), (see also Note 2 accounting principles, Note 5 significant estimates and judgement, and Note 10 biological assets).

In fair valuing biological assets the determination of both the physical quantity (kilograms) and the fair value per kilo required estimations and a significant degree of judgement.

The fluctuations in the value estimate that arise due to, for instance, changes in market price, may have a significant impact on the gross profit for the year. The Company therefore shows the effect from changes in fair value estimates as a separate line item, before gross profit. We focused on the valuation of the biological assets due to the size of the amount, use of criteria and the effect the fair value estimate has on gross profit.

Biomass and number of fishes

When auditing inventories the auditing standards require that the auditor to attend the physical inventory counting when this is possible. The biological assets are by nature difficult to count, observe and measure due to lack of sufficiently accurate measuring techniques that at the same time does not affect fish health. As a result, there is some uncertainty related to the number of fish and biomass in the water. We have therefore focused on measurement of the biological assets, (number and biomass), and specifically the inventory of live fish held for harvesting purposes (on growing), which constitutes the majority of the value of the biological assets.

The Company maintains information on number of fish, average weight and biomass per groups in its Biomass System. We have reviewed the Company's processes for registering the number of fishes and testing the Company's relevant controls. In order to challenge the historical accuracy of Company's biomass estimates we have reviewed the harvest deviation for the period comparing the number of fishes maintained in the company system before harvest and the number of fishes received in the processing plant. We found the accumulated deviations to be as expected.

The period's net growth corresponds to the feed used in the period divided by the feed conversion rate (kilos of growth per kg feed used). To evaluate the feed usage for the period were viewed the Company's controls, and tested a sample of feed invoices throughout the year. Our procedures substantiated that the growth for the year was reasonable.

Fair value measurement

We challenged the Company's model for calculating the fair value of biological assets by assessing the model against the criteria in IAS 41 and IFRS 13. We found no obvious exceptions. We then examined whether the biomass and number of fish used in the calculation corresponded to the biomass and number of fish in the Company's biomass system, and tested that the model made mathematical calculations as intended.



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After ensuring that these fundamentals were in place, we assessed if the assumptions made by the Company when estimating the fair value were reasonable. We did this by discussing the assumptions with the Company's management and comparing them to other historical data and/or observable market data. We found that the assumptions were reasonable

Impairment test

The Company prepared an impairment assesment based on a value in use calculation using budget and forecasts prepared for 2018 which considers the most updated information available in the last quarter of 2017. These cash flows are based on key assumptions such as expected harvested volume, margins, capital expenditure and discount rates. The forecast required significant judgement from management. The impairment valuation was a key audit matter due to the historical challenging market conditions for the Chilean salmon industry and significant judgments involved in the forecasts.

We performed test of supporting documentation for the evaluation of the impairment. We evaluated management's estimates relating to the future cash flows. Our audit procedures included inquires of and discussion with management. Our audit procedures also included analysis and evaluation of historical accuracy of prior years's forecasts. We also tested the mathematical accuracy of the value in use calculation, including comparison of certain key assumptions with market evidence. Furthermore, we involved an internal valuation especialista in the valuation of the methodology, growth rate and the discount rate applied in the valuation in use model. We also performed a sensitivity analysis of the critical assumptions.

We assessed the Company's disclosures regarding assumptions to with the outcome of the impairment test, (see Note 5 of the financial statements).

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



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Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A stylized, handwritten signature in black ink, appearing to read "Guido Licci P.", enclosed within a rectangular box.

Guido Licci P.

The PricewaterhouseCoopers logo, featuring the company name in a cursive script font, with "Pricewaterhouse" on the top line and "Coopers" on the bottom line, underlined.

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SALMONES CAMANCHACA S.A.

CONSOLIDATED CLASSIFIED STATEMENTS OF FINANCIAL POSITION (AUDITED)

Assets	Note	December 31, 2017 ThUS\$	December 31, 2016 ThUS\$
Current assets			
Cash and cash equivalents	6	846	1,642
Other financial assets, current		31	2
Other non-financial assets, current	11	7,041	4,868
Trade and other receivables, current	7	28,196	27,684
Related party receivables, current	8	25,585	15,547
Inventories	9	38,170	23,344
Biological assets, current	10-34	97,522	60,977
Tax assets, current	13	1,584	1,857
Total current assets		198,975	135,921
Non-current assets			
Other financial assets, non-current		27	27
Other non-financial assets, non-current	11	260	112
Rights receivable, non-current	13	5,520	3,995
Equity method investments	12	5,565	412
Intangible assets other than goodwill	14	7,083	4,216
Property, plant and equipment	15	73,646	69,005
Biological assets, non-current	10-34	14,472	17,199
Long-term deferred taxes	16	456	-
Total non-current assets		107,029	94,966
Total assets		306,004	230,887

The accompanying Notes 1 to 34 are an integral part of these consolidated financial statements.

Note 34 describes the assumptions used to calculate the fair value of biological assets using the model suggested by the Norwegian Financial Supervisory Authority. The effects on the statement of financial position are as follows.

Biological assets within current assets increased by ThUS\$ 13,135.

SALMONES CAMANCHACA S.A.

CONSOLIDATED CLASSIFIED STATEMENTS OF FINANCIAL POSITION (AUDITED)

Liabilities	Note	December 31, 2017 ThUS\$	December 31, 2016 ThUS\$
Current liabilities			
Other financial liabilities, current	17	439	10,554
Trade and other payables, current	18	71,729	28,140
Related party payables, current	8	4,198	32,812
Tax liabilities, current	16	1,829	9
Employee benefit provisions, current	19	1,020	681
Total current liabilities		79,215	72,196
Non-current liabilities			
Other financial liabilities, non-current	17	100,000	99,917
Trade and other payables, non-current		102	128
Related party payables, non-current	8	4,572	36,372
Deferred tax liabilities	16	13,280	3,892
Employee benefit provisions, non-current	19	157	136
Total non-current liabilities		118,111	140,445
Equity			
Share capital	20	73,422	34,843
Retained earnings (accumulated losses)	20	11,695	(16,672)
Other reserves	20	23,561	75
Total equity		108,678	18,246
Total equity and liabilities		306,004	230,887

The accompanying Notes 1 to 34 are an integral part of these consolidated financial statements.

Note 34 describes the assumptions used to calculate the fair value of biological assets using the model suggested by the Norwegian Financial Supervisory Authority. The effects on the statement of financial position are as follows.

Deferred tax liabilities increased by MUS\$ 3,546.

Retained earnings within equity increased by ThUS\$ 9,589.

SALMONES CAMANCHACA S.A.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (AUDITED)

	Share capital ThUS\$	Share premium ThUS\$	Foreign currency conversion reserve ThUS\$	Other reserves ThUS\$	Total other reserves ThUS\$	Retained earnings (accumulated losses) ThUS\$	Equity attributable to owners of the parent company ThUS\$	Total equity ThUS\$
Opening balance as of January 1, 2016	34,843		55		55	(43,838)	(8,940)	(8,940)
Changes in equity								
Comprehensive income								
Net income for the period						27,166	27,166	27,166
Other comprehensive income			20		20		20	20
Closing balance as of December 31, 2016	34,843	-	75	-	75	(16,672)	18,246	18,246

	Share capital ThUS\$	Share premium ThUS\$	Foreign currency conversion reserve ThUS\$	Other reserves ThUS\$	Total other reserves ThUS\$	Retained earnings (accumulated losses) ThUS\$	Equity attributable to owners of the parent company ThUS\$	Total equity ThUS\$
Opening balance as of January 1, 2017	34,843		75	-	75	(16,672)	18,246	18,246
Capital increase	38,579			23,471	23,471		62,050	62,050
Changes in equity								
Dividends						(3,354)	(3,354)	(3,354)
Comprehensive income								
Net income for the period						31,721	31,721	31,721
Other comprehensive income			15		15		15	15
Closing balance as of December 31, 2017	73,422	-	90	23,471	23,561	11,695	108,678	108,678

The accompanying Notes 1 to 34 are an integral part of these consolidated financial statements.

SALMONES CAMANCHACA S.A.

CONSOLIDATED STATEMENT OF NET INCOME BY FUNCTION (AUDITED)

STATEMENT OF NET INCOME BY FUNCTION	Note	For the years ended December 31,	
		2017 ThUS\$	2016 ThUS\$
Operating revenue	22	203,070	225,546
Cost of sales	9	(144,859)	(185,197)
Gross profit before fair value		58,211	40,349
Gain (loss) on fair value of biological assets	10	54,362	63,623
Fair value adjustment to biological assets harvested and sold	10	(49,061)	(38,694)
Gross profit		63,512	65,278
Administrative expenses	23	(10,750)	(9,207)
Distribution costs	24	(5,667)	(6,737)
Financial costs	25	(4,236)	(3,596)
Share of net income (losses) of equity method associates		541	127
Exchange differences	26	(455)	(409)
Other gains (losses)	27	(60)	(10,054)
Financial income		55	73
Net income before tax		42,940	35,475
Income tax (expense) income	16	(11,219)	(8,309)
Net income from continuing operations		31,721	27,166
Net income from discontinued operations			
Net income for the year		31,721	27,166
Net Income attributable to:			
Net income attributable to owners of the parent company		31,721	27,166
Net income for the year		31,721	27,166
Earnings per share			
Basic earnings per share (US\$/share)		0.5583	131.8348
Basic earnings per share		0.5583	131.8348

The accompanying Notes 1 to 34 are an integral part of these consolidated financial statements.

Note 34 describes the assumptions used to calculate the fair value of biological assets using the model suggested by the Norwegian Financial Supervisory Authority. The effects in the statement of net income by function are as follows.

Gain (loss) on fair value of biological assets increased by ThUS\$ 13,135.

Income tax (expense) increased due to a loss of ThUS\$ 3,546

Net income for the year increased by ThUS\$ 9,589

SALMONES CAMANCHACA S.A.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (AUDITED)

	For the years ended December 31,	
	2017 MUS\$	2016 MUS\$
Net income for the year	31,721	27,166
Gain (loss) from cash flow hedge		
Gain (loss) from foreign currency conversion	15	20
Other income and expenses charged or credited to equity		
Total comprehensive income	31,736	27,186

The accompanying Notes 1 to 34 are an integral part of these consolidated financial statements.

SALMONES CAMANCHACA S.A.

CONSOLIDATED STATEMENT OF CASH FLOWS, DIRECT METHOD (AUDITED)

	As of December 31, 2017 ThUS\$	As of December 31, 2016 ThUS\$
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Receipts		
Receipts from the sale of goods & provision of services	224,137	236,736
Payments		
Payments to suppliers for goods and services	(161,742)	(168,423)
Payments to and on behalf of employees	(22,634)	(20,368)
Interest paid	(3,683)	(3,367)
Interest received	55	73
Income taxes received (paid)	31	(47)
Other cash receipts (payments)	734	2,225
Net cash flows from operating activities	36,898	46,829
CASH FLOWS USED BY FINANCING ACTIVITIES		
Receipts from short-term loans		
Loan repayments	(10,407)	(10,619)
Payments to related parties	(10,640)	(25,140)
Receipts from related parties		
Net cash flows used by financing activities	(21,047)	(35,759)
CASH FLOWS USED BY INVESTING ACTIVITIES		
Receipts from the sale of property, plant and equipment	261	105
Purchases of property, plant and equipment	(16,256)	(11,029)
Other cash receipts (payments)	(81)	0
Net cash flows used by investing activities	(16,076)	(10,924)
Net increase (decrease) in cash and cash equivalents, before the effect of changes in exchange rates	(225)	146
Effects of changes in exchange rates on cash and cash equivalents	(571)	(278)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(796)	(132)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,642	1,774
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	846	1,642

The accompanying Notes 1 to 34 are an integral part of these financial consolidated statements.

SALMONES CAMANCHACA S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2017 (AUDITED)

NOTE 1 - GENERAL INFORMATION

Salmones Camanchaca S.A. was constituted as a private limited company when Compañía Pesquera Camanchaca S.A. split on January 1, 2009, in accordance with a public deed dated June 26, 2009 legalized before the Public Notary Mr. Félix Jara Cadot. The purpose of the Company is breeding, producing, marketing and farming salmon and other species or organisms whose normal and most frequent environment is water, including research and development of salmonidae genetics, farming, cultivating, processing, producing and marketing sea-food. An Extraordinary General Shareholders' Meeting held on October 23, 2009 agreed that Salmones Camanchaca S.A. should become a direct subsidiary of Compañía Pesquera Camanchaca S.A. following a reorganization of the salmon business within the Group. Therefore, the latter company increased its share capital. This increase was paid for by all the shareholders in Salmones Camanchaca S.A. contributing all their shares, except one, to Compañía Pesquera Camanchaca S.A. The remaining share belonged to Inmobiliaria Camanchaca Ltda.

An Ordinary General Shareholders' Meeting held on September 14, 2017 agreed to a reorganization where the company acquired through a capital contribution all the shares of Fiordo Blanco S.A. and Surproceso S.A., which were owned by the parent company Compañía Pesquera Camanchaca S.A. The capital contribution for the referred shares amounted to ThUS\$ 38,579. In exchange it transferred its shareholding in Transportes Interpolar Ltda. to the parent company. This reorganization means that Salmones Camanchaca S.A. will consolidate Fiordo Blanco S.A. as it owns 99.99% of its shares from that day.

An Extraordinary Shareholders' Meeting of Salmones Camanchaca S.A. was held on November 6, 2017. The minutes were legalized in a public deed with the same date at the Santiago Notary of Mr. Felix Jara Cadot and an extract was recorded in the Santiago Trade Register on November 8, 2017 on page 83,700 at number 45,024 for 2017. It was published in the Official Journal on November 9, 2017. The following resolutions were approved at this extraordinary shareholders' meeting:

To increase the number of shares in the company from 546,327 shares to 56,818,008 shares. This increase will take place by replacing each share currently held with 104 new shares.

Furthermore, to increase the share capital from US\$ 73,422,406.08 divided into 56,818,008 equal single series shares with no par value, to US\$ 91,786,390.08 divided into 66,000,000 equal single series shares with no par value, by issuing 9,181,992 shares with no par value, at a price of US\$ 2 per share.

The Company is a major market player in the salmon farming business. The principal characteristic of Salmones Camanchaca is its fully integrated value chain, including the genetic development of breeders and all the facilities required to produce fry, smolts and marine grow-out sites; primary and value-added processing plants; and sales and marketing using its own overseas sales channels or those belonging to its parent company, Compañía Pesquera Camanchaca S.A., in the USA, Japan, China and representation agencies in Mexico.

The main formats for selling Atlantic Salmon are Trim C, D, and E, HG and Hon fillets, in 4, 5, 6, and 8 oz. portions. The company prepares its products in plants located in the VIII and X regions. They are mainly sold into the North American, Japanese and Brazilian markets.

Since 2016 Salmenes Camanchaca S.A. has participated as a "participant" in a joint venture partnership to produce and market trout. It has contributed maritime concessions to this partnership. The "Manager" of this joint venture partnership is Caleta Bay S.A. and the other partner is Kabsa S.A. Partnership net income is divided in equal parts between these three companies.

The financial statements of Salmenes Camanchaca S.A. for the year ended December 31, 2017 were approved by the Board of Directors at a meeting held on March 19, 2018.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies used to prepare the financial statements of Salmenes Camanchaca S.A. have been applied in a uniform manner, and are described as follows.

2.1 Period covered

These financial statements cover the following periods:

- Consolidated Classified statements of financial position as of December 31, 2017 and December 31, 2016.
- Consolidated Statements of net income by function for the years ended December 31, 2017 and 2016.
- Consolidated Statements of comprehensive income for the years ended December 31, 2017 and 2016.
- Consolidated Statements of cash flows, direct method for the years ended December 31, 2017 and 2016.
- Consolidated Statements of changes in equity for the years ended December 31, 2017 and 2016.

2.2 Basis of preparation

These consolidated financial statements of Salmenes Camanchaca S.A. as of December 31, 2017, were prepared in accordance with International Financial Reporting Standards (IFRS).

In accordance with the rules and instructions issued by the Financial Market Commission (CMF= "Comisión para el Mercado Financiero"), formerly known as the Superintendence of Securities and Insurances (SVS="Superintendencia de Valores y Seguros") additional disclosures are included in the notes to the financial statements. These are additions and not deviations from IFRS.

The presentation of the financial statements in accordance with IFRS requires the use of specific accounting estimates and also requires management to exercise its judgment when implementing the Company's accounting policies. Note 5 of these financial statements discloses the areas which involve a higher degree of judgment and complexity, where the assumptions and estimates have a significant effect on the financial statements.

These financial statements of Salmenes Camanchaca S.A. have been prepared from accounting records held by the Company. The figures in these financial statements are expressed in thousands of US dollars, which is the Company's functional currency.

There are no significant uncertainties regarding events or conditions as of the reporting date that may cast doubt on the Company's ability to continue functioning normally as a going concern.

2.3 New accounting pronouncements

a) Standards, interpretations and amendments that are mandatory for the first time for financial periods beginning on January 1, 2017.

Amendments and improvements

Amendments to IAS 7 "Statement of Cash Flow" - issued in February 2016. The amendment introduces additional disclosure that enables users of financial statements to evaluate changes in obligations from financing activities.

Amendment to IAS 12 "Income Tax" - issued in February 2016. The amendment clarifies how to account for deferred tax assets relating to debt instruments valued at fair value.

Amendment to IFRS 12 "Disclosures of Interests in Other Entities" - issued in December 2016. The amendment clarifies the scope of this standard. These amendments must be applied retroactively to annual periods beginning on or after January 1, 2017.

The adoption of these standards, amendments and interpretations do not have a significant impact on the Company's consolidated financial statements.

b) Standards, interpretations and amendments issued, but not yet mandatory and which have not been adopted early.

Standards and Interpretations	Mandatory for annual periods beginning
IFRS 9 "Financial Instruments" - issued in July 2014. The IASB has issued the full version of IFRS 9, which replaces the guidance in IAS 39. This final version includes the classification and valuation requirements of financial assets and liabilities and a model of expected credit losses that replaces the current impairment loss model. The part relating to hedge accounting within this final version of IFRS 9 had already been issued in November 2013. Early adoption is permitted.	01/01/2018
IFRS 15 "Revenue from Contracts with Customers" - issued in May 2014. It establishes the principles applicable to information disclosures in financial statements in relation to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The basic principle is that an entity recognizes revenue that represents the transfer of goods or services promised to customers for an amount that reflects the consideration, which the entity expects to receive in exchange for those goods or services. It replaces IAS 11 Construction Contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programs; IFRIC 15 Agreements for the Construction of Real Estate; IFRIC 18 Transfers of Assets from Customers, and SIC-31 Revenue – Barter Transactions Involving Advertising Services. Early adoption is permitted.	01/01/2018
IFRS 16 "Leases" - issued in January 2016. Establishes the standards to recognize, measure, present and disclose leases. IFRS 16 replaces IAS 17 and introduces a unique lessee accounting model that requires a lessee to recognize the assets and liabilities of all rental contracts with a term of over 12 months, unless the underlying asset is of low value. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, and early adoption is permitted for entities that apply IFRS 15 or before the date that IFRS 16 is initially applied.	01/01/2019

IFRS 17 "Insurance Contracts" - issued in May 2017, replaces the current IFRS 4. IFRS 17 will change the accounting for all entities that issue insurance contracts and investment contracts with discretionary participation features. The standard applies to annual periods beginning on or after 1 January 2021, and early adoption is permitted for entities that apply IFRS 15, "Revenue from contracts with customers" and IFRS 9, "Financial Instruments".	01/01/2021
IFRIC 22 "Transactions in Foreign Currency and Advance Payments" - issued in December 2016. This Interpretation applies to a foreign currency transaction (or part of it) when an entity recognizes a non-financial asset or liability that arises from the payment or collection of an advance payment before the entity recognizes the related asset, expense or income (or part of it). The interpretation provides a guide for when a single payment / receipt is made, as well as for situations involving multiple payments / receipts. Its purpose is to reduce practical diversity.	01/01/2018
IFRIC 23 "Uncertainty over Income Tax Treatments" - issued in June 2016. This interpretation clarifies how to apply the recognition and measurement requirements of IAS 12 when there is uncertainty regarding income tax treatment.	01/01/2019
Amendment to IFRS 2 "Share-based Payments" - issued in June 2016. The amendment clarifies the measurement of share-based payments settled in cash and the accounting of changes to such payments when they are settled with equity instruments. Additionally, it introduces an exception to the principles of IFRS 2 that will require accounting for these awards as if they were fully settled as equity instruments, when the employer is obliged to withhold tax related to share-based payments.	01/01/2018
Amendment to IFRS 15 "Revenue from Contracts with Customers" - issued in April 2016. The amendment introduces clarifications to the guide that identifies performance obligations in contracts with customers, accounting for intellectual property licenses and the evaluation of principal versus agent (gross versus net income presentation). It includes new and amended illustrative examples as a guide, as well as practical examples related to the transition to the new revenue standard.	01/01/2018
Amendment to IFRS 4, "Insurance Contracts", with regard to applying IFRS 9 "Financial Instruments" - issued in September 2016. The amendment introduces two approaches: (1) Overlay approach, which gives all companies that emit insurance contracts the option to recognize in other comprehensive income, instead of gains and losses the volatility that could arise when IFRS 9 is applied under the new insurance contracts standard; and (2) Temporary waiver of IFRS 9, that enables companies whose business is predominantly related to insurance, to optionally waive IFRS 9 until 2021, and continue applying IAS 39 until then.	01/01/2018
Amendment to IAS 40 "Investment properties", relating to investment property transfers - issued in December 2016. The amendment clarifies that there must be a change in use to transfer to or from an investment property. To conclude, a change in use of a property must be supported by an evaluation and evidence to ensure that the property change complies with the definition.	01/01/2018
Amendment to IFRS 1 "First-time adoption of IFRS" regarding suspending short-term exceptions for first time adopters with respect to the IFRS 7, IAS 19 and IFRS 10. - issued in December 2016.	01/01/2018
Amendment to IAS 28 "Investments in associates and joint ventures", relating to measuring the associate or joint venture at fair value - issued in December 2016.	01/01/2018

Amendment to IFRS 9 "Financial Instruments". -issued in October 2017. The amendment allows more assets to be valued at amortized cost than in the previous version of IFRS 9, in particular some prepaid financial assets with negative compensation. The qualifying assets include some loans and debt securities, which otherwise would have been measured at fair value through profit and loss (FVTPL). To qualify as amortized cost, this negative compensation should be "reasonable compensation for early contract termination".	01/01/2019
Amendment to IAS 28 "Investments in Associates and Joint Ventures". -issued in October 2017. This amendment clarifies that companies that account for long-term interests in an associate or joint venture, where the equity method is not applied - should use IFRS 9. The Council has issued an example that illustrates how companies should apply the requirements of IFRS 9 and IAS 28 to long-term interests in an associate or joint venture.	01/01/2019
Amendment to IFRS 3 "Business Combinations" - issued in December 2017. The amendment clarifies that gaining control of a joint operation company is a business combination achieved in stages. The acquirer should revalue its previous interest in the joint operation at fair value on the acquisition date.	01/01/2019
Amendment to IFRS 11 "Joint Arrangements" - issued in December 2017. The amendment clarifies that the entity that gains joint control of a joint operation company must not revalue its previous interest in the joint operation.	01/01/2019
Amendment to IAS 12 "Income Taxes" - issued in December 2017. The amendment clarifies that the income tax consequences of dividends on financial instruments classified as equity must be recognized according to where the transactions or past events that generated those distributable profits were recognized.	01/01/2019
Amendment to IAS 23 "Borrowing Costs" - issued in December 2017. The amendment clarifies that if a specific loan remains outstanding after the qualifying asset is ready for its intended use or sale, that loan becomes part of general loans.	01/01/2019
Amendment to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - issued in September 2014. This amendment addresses an inconsistency between the requirements of IFRS 10 and IAS 28 in the treatment of the sale or provision of goods between an investor and its associate or joint venture. The main consequence of these amendments is that they recognize a full gain or a loss when the transaction involves a business (whether or not in a subsidiary) and a partial gain or loss when the transaction involves assets that do not constitute a business, even if these assets are in a subsidiary.	Undetermined
Management is particularly analyzing the effects of adopting IFRS 9 and 16.	

2.4 Basis of Consolidation

a) Subsidiaries

Subsidiaries are all the entities over which the company has the power to direct its financial and operating policies. Such power is generally associated with an ownership interest of more than half of the voting rights. When evaluating whether the company controls another entity, all its currently exercisable or convertible voting rights and their effects are considered. Subsidiaries are consolidated from the date on which control is transferred to the company, and they are excluded from consolidation on the date such control ceases.

The acquisition method is used to account for the acquisition of subsidiaries by the company. The acquisition cost is the fair value of the assets delivered, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets, liabilities and contingencies acquired in a business combination are initially valued at their fair value on the acquisition date, regardless of the extent of minority interests. At each acquisition, the Group recognizes any minority interest at its fair value, or the proportional value of the minority interest over the fair value of the acquired net assets.

The surplus acquisition cost over the fair value of the company share of the acquired net identifiable assets is recognized as purchased goodwill. If the acquisition cost is less than the fair value of the net assets of the acquired subsidiary, the difference is recognized directly in the income statement.

Intercompany transactions, balances and unrealized gains on transactions between Group entities are eliminated. Unrealized losses are also eliminated, unless that transaction provides evidence that the transferred asset is impaired. The accounting policies at subsidiaries are amended as necessary, to ensure that Group policies have been consistently adopted.

Salmones Camanchaca S.A. began a corporate restructuring process in September 2017. Accordingly, on September 11, 2017 the Company transferred all the shares it held in Transportes Interpolar Ltda. to Compañía Pesquera Camanchaca S.A. and Camanchaca SpA leaving them with an interest of 99% and 1%, respectively, in Transportes Interpolar Ltda.

An Extraordinary Shareholders Meeting was held on September 14, 2017, which agreed to increase the share capital, in order to consolidate ownership of all the assets used in salmon smolt stocking, harvesting and processing by Salmones Camanchaca S.A. This capital increase was completed when Compañía Pesquera Camanchaca S.A. (Parent Company) contributed all the shares that it owned in Fiordo Blanco S.A. and Surproceso S.A.

This meeting also agreed to adopt new by-laws that meet the regulations governing publically-owned corporations, as soon as the Company and its shares have been registered in the Securities Registry of the Financial Market Commission (CMF= "Comisión para el Mercado Financiero"). The purpose is to arrange an IPO for such shares and those issued in the future or their representative certificates.

On September 20, 2017, the parent company Compañía Pesquera Camanchaca S.A. reported a Material Event to the Financial Market Commission (CMF= "Comisión para el Mercado Financiero") that it and its subsidiary Salmones Camanchaca S.A. had signed an agreement with DNB Markets, which granted it a mandate for 12 months to assess the opportunities in the Chilean and Norwegian capital markets, with a special focus on the latter. The purpose being for the subsidiary Salmones Camanchaca S.A. to make a public offering of up to one-third of its shares or representative certificates. If the IPO is approved, the funds it secures will finance the Company's growth plans.

The previously mentioned reorganization means that Salmones Camanchaca S.A. will consolidate Fiordo Blanco S.A. as it owns 99.99% of its shares as of September 14, 2017.

b) Associates

Associates are defined as entities over which the Company exercises significant influence but does not control the financial and operational policies. It generally has an interest in the voting rights of between 20% and 50%. Investments in associates are accounted for using the equity method and are initially recognized at cost.

Salmones Camanchaca S.A.'s share in net income or losses subsequent to acquiring its associates are recognized in net income, and its share of equity movements (that are not due to net income) subsequent to the acquisition are recognized in reserves, and reflected as appropriate in the statement of comprehensive income. When the Company's share of an associate's losses is equal to or greater than its share in that company, including any other unsecured receivables, the Company does not recognize further losses unless it has incurred obligations or made payments on behalf of that associate.

Unrealized gains on transactions between Salmones Camanchaca S.A. and its associates are eliminated according to the Company's percentage interest in them. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the transferred asset.

Surproceso S.A is a company that provides aquaculture services. It has a commercial relationship with Salmones Camanchaca S.A. providing it with slaughtering and gutting services. Compañía Pesquera Camanchaca S.A. owned 33.3% of this company, but under the corporate restructuring in September this year, all these shares were transferred to Salmones Camanchaca S.A., who now owns that percentage.

New Worlds Currents Inc. is a company incorporated in Panama to establish, process and operate businesses associated with marketing salmon in China. The Company owns 25% of New Worlds Currents Inc.

2.5 Operating segment reporting

IFRS 8 requires entities to adopt "Management's approach" when disclosing information about the outcome of their operating segments. In general, this is the information that Management uses internally to evaluate segment performance and to allocate resources to segments.

Salmones Camanchaca S.A. has only one operating segment, according to this standard.

2.6 Foreign currency transactions

a) Presentation currency

The items included in the Company's financial statements are valued using the currency of the principal economic environment in which the entity operates (functional currency), which is also the presentation currency for the statements of financial position.

b) Functional currency

Based on the instructions and definitions provided in IAS 21, functional currency is the currency of the primary economic environment in which the entity operates.

Therefore, the Company has established that the conditions that support the functional currency are as follows.

Factors	Currency
The currency that primarily influences the selling prices of goods and services; normally the price used to describe and pay for them.	US dollar ¹
The currency that principally affects the costs of labor, materials and other costs to produce goods or provide services, normally the price used to describe and pay for such costs.	US dollar and Chilean peso ²
The currency used to collect receipts for billed operational activities.	US dollar

The following aspects were also considered when selecting the Company's functional currency.

- The currency used by the Company's financing activities, such as bank obligations and equity, is the US dollar.
- The currency primarily used to invest the receipts from the Company's billed operational activities is the US dollar.

Therefore, the Company considers that under the current circumstances the functional currency of Salmenes Camanchaca S.A. is the US dollar.

c) Transactions and balances

Transactions in foreign currencies other than the functional currency are converted to the functional currency using the exchange rate in effect as of the transaction date. Gains and losses on foreign currencies resulting from settling these transactions, and the conversion of monetary assets and liabilities denominated in foreign currencies at closing rates, are recognized in the statement of net income.

d) Exchange rates

The company has converted its monetary assets and liabilities, using the following exchange rates to the US dollar.

Date	Ch\$ / US\$	UF / US\$	Euro / US\$	Yen / US\$	Nok / US\$
12/31/2017	614.75	0.0229	0.8317	112.5900	8.1739
12/31/2016	669.47	0.0254	0.9488	116.836	8.6227

2.7 Property, plant and equipment

The Company's property, plant and equipment is made up of land, building, infrastructure, machinery, equipment and other fixed assets. The main types of property, plant and equipment are: Production plants, marine equipment (pontoons), hatchery centers and grow-out centers.

Land, buildings, plants, equipment and machinery are recognized at their historical cost less depreciation. Historical cost includes the fair value considered to be attributed cost according to IFRS 1. This historical cost includes expenditure that is directly attributed to acquiring the asset.

¹ US dollar

² Chilean peso

Subsequent costs are included in the initial value of the asset, or recognized as a separate asset, only when it is likely that the future financial benefits associated with these components will flow to the Company and the cost of these components can be determined reliably. The value of the replaced component is expensed.

Land is not depreciated.

Depreciation of other items of property, plant and equipment is calculated using the straight-line method, in order to allocate their cost over their estimated technical useful lives.

	Years
Constructions	10 - 50
Infrastructure	10
Machinery	3 - 20
Equipment	5 - 20
Vehicles	7 - 10
Furniture and fittings	3 - 10

The residual value and useful life of these assets are reviewed and adjusted when necessary at each reporting date.

When the book value of an asset is greater than its estimated recoverable value, its book value is immediately reduced to its recoverable value.

Losses and gains on sales of assets are calculated by comparing the proceeds with the book value, and presented in the statement of net income.

2.8 Biological assets

Biological assets include the following.

Biological assets that include groups or families of breeders, such as eggs, smolts and fish at marine grow-out sites, 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, in the first instance an active market for these assets is sought.

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 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 market for fish being fattened that are over a certain size, which is 4.00kg for Atlantic salmon. The market price is adjusted appropriately for each marine group at the reporting date, 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, and are subject to impairment 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	Fair Value, as there is a market with reference prices and companies that sell these assets. In the absence of a market, accumulated cost at the reporting date, net of impairment, (which is applied and recorded if appropriate.)

- Valuation model

Each group of fish is valued and uses the biomass of fish at the end of each month. The detail includes the total number of fish being fattened, their estimated average weight and the cost of fish biomass. The value is estimated from the average weight in that biomass, which in turn is multiplied by the market price per kilo. The market price is normally obtained from published international prices.

- Assumptions used to calculate the fair value of fish being fattened

The estimated fair value of fish biomass is based on the following items: volume of fish biomass, average biomass weight, weight distribution at harvest and market prices.

- Volume of fish biomass

The volume of fish biomass is based on the number of smolts in the sea, their estimated growth and their mortality during the period, etc. Uncertainty with respect to the volume of biomass is normally lower in the absence of mass mortality events or acute diseases during the cycle.

- Distribution of harvest weights

Fish grow at various rates, so there is always a wide variation in the quality and size of the fish around the average. The distribution of fish quality and size is important, as these attract different prices on the market.

The value of fish biomass is based on a normal weight distribution.

- Market Prices

Salmones Camanchaca S.A. calculates fair value using the price of products in representative markets that can be obtained from frequently published independent external sources.

Therefore, the reference prices for Atlantic Salmon are published by Urner Barry Publications Inc. in their report "Urner Barry's Seafood Price-Current" based on transactions of at least 3,500 pounds. The price used is the FOB price of "Trim D" fresh fillet, from Chile to Miami (USA).

Urner Barry is a business editor specializing in timely, reliable and impartial news and market quotations for customers in segments related to the food industry, through a variety of printed and virtual media.

- Hierarchy

In accordance with the provisions of IFRS 13, the fair value hierarchy is determined according to the input data used. The level of Hierarchy that corresponds to the model of the company is Level III. Regarding the unobservable variables, the most significant is the average weight.

In note 34 there is a comparison between the Chilean and Norwegian practice for evaluation of the biological asset.

2.9 Intangible assets other than goodwill

a) Aquaculture concessions

Aquaculture concessions acquired from third parties are presented at historical cost. The useful life of concessions is indefinite, because they have no expiry date or a foreseeable lifetime, so they are not amortized. This status of indefinite useful life is reviewed at each reporting date, in order to assess whether events and circumstances continue to support an indefinite useful life for that asset. These assets undergo impairment testing on a yearly basis.

b) Research and development expenses

Research expenses are expensed when incurred. The directly attributable costs of development projects relate to the design and testing of new or improved products. These are recognized as intangible assets when the following criteria are met.

- It is technically feasible to fully produce the intangible asset, to the point where it can be used or sold.
- Management intends to complete the intangible asset, and to use or sell it.
- The Company has the ability to use or sell it.
- The Company can demonstrate how the intangible asset is likely to generate financial benefits in the future.
- The Company has sufficient technical, financial or other resources, to complete development and to use or sell the intangible asset.
- The expenditure attributable to developing the intangible asset can be reliably measured.

2.10 Interest costs

Interest costs incurred in the construction of any qualified asset are capitalized over the period of time needed to complete and prepare the asset for its intended use. Other interest costs are expensed.

2.11 Impairment losses on non-financial assets

Assets with indefinite useful lives are not amortized and are tested yearly for impairment losses. Amortized assets are tested for impairment whenever an event or change in circumstances indicates that their book value may not be recoverable. An impairment loss is recognized for the amount by which the asset's book value exceeds its recoverable value. The recoverable value is the greater of the fair value of an asset less selling costs, or its value in use. Impairment is assessed by grouping assets at the lowest levels at which they generate separately identifiable cash flows (cash-generating units). Non-financial assets that have been impaired are reviewed at every reporting date to identify whether any reversals have occurred.

2.12 Financial assets

The Company classifies its financial assets into the following categories: at fair value through profit and loss, loans and receivables, assets held-to-maturity and assets held-for-sale. The classification depends on why the financial assets were acquired. Management determines the classification of its financial assets upon initial recognition.

Classification of financial assets

a) Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss are financial assets held for trading. A financial asset is classified in this category if acquired principally to sell in the short term. Assets in this category are classified as current assets.

The Company records the following financial assets in this category:

- Mutual funds
- Investment agreements
- Term deposits

b) Trade and other receivables

Receivables are recognized at their nominal value and are non-derivative financial assets with a fixed or determinable value and without a market price. Those assets that will mature in less than 12 months are classified as current assets. Those assets that will mature in greater than 12 months are classified as non-current assets.

The Company records sales receivables and other receivables in this category. They are initially recognized at fair value, recognizing a financial result for the period between their recognition and subsequent valuation. Sales receivables and other receivables are valued at their nominal value, as the Company collects these over a short period of time.

c) Valuation of financial assets

Purchases and sales of financial assets are recognized as of the transaction date, i.e. the date when the Company commits to purchase or sell the asset.

- Initial recognition: Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Financial assets at fair value through profit and loss are initially recognized at fair value and transaction costs are expensed.
- Subsequent valuation: Financial assets at fair value through profit and loss are subsequently recorded at fair value.

Investments are derecognized when the rights to receive cash flows from an investment have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets may be impaired.

2.13 Inventories

Inventory is valued at its cost or net realizable value, whichever is lower. Cost is calculated using the average cost method.

The cost of finished and in-process products includes the costs of raw materials, direct labor, other direct costs and general manufacturing expenses, based on normal operating capacity, but excluding interest.

Net realizable value is the estimated sales price during the normal course of business, less any variable selling costs.

Obsolete or slow-moving products are recognized at their recoverable value.

Inventory valuation policy

a) The Company values its inventories as follows.

- i. The production cost of manufactured inventory includes all costs related to the units produced such as labor and fixed and variable costs required to transform raw materials into finished products.

The production cost of fresh and frozen salmon is based on the last fair value of biological asset when harvested, plus direct and indirect production costs.

- ii. The acquisition cost of purchased inventory includes its purchase cost, customs fees, transport, storage and other costs attributable to its acquisition.

b) Inventory cost calculation formula

Inventories of finished products are valued using the weighted average cost, ie. the cost of each product unit is based on the weighted average cost at the beginning of the period, and the cost of items purchased or produced during the period.

Inventories of raw materials, packaging materials are valued at weighted average cost.

2.14 Trade and other receivables

Trade receivables are initially recognized at fair value (nominal value including implicit interest), and they are subsequently recognized at their amortized cost according to the effective interest rate method, less provisions for impairment losses.

Implicit interest must be disaggregated and recognized as financial income to the extent that such interest has accrued.

The provision is the difference between the asset's book value and the present value of its estimated future cash flows, discounted using the effective interest rate.

However, if the difference between the nominal value and the fair value is not significant, the nominal value is used.

Doubtful debt provisions on trade and other receivables are based on a stratification of the customer portfolio and the age of those debts. An individual analysis is performed for those cases that have exceeded the normal collection period and the Company believes that collection is doubtful.

2.15 Cash and cash equivalents

Cash and cash equivalents include cash balances, time deposits with financial institutions, and other highly-liquid, short-term investments originally maturing in less than three months.

2.16 Share capital

Share capital is represented by ordinary shares.

Incremental costs directly attributable to new share issues or options are presented in net equity as a deduction from their proceeds.

Legal minimum dividends on ordinary shares are recognized as a reduction in equity when they are accrued.

2.17 Trade and other payables

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

However, similarly to trade receivables, if the difference between the nominal value and the fair value is not significant, the nominal value is used.

2.18 Interest-bearing loans

Obligations to banks and financial institutions are initially recognized at fair value, net of transaction costs. Subsequently, loans are valued at their amortized cost. Any difference between the proceeds, net of any transactions costs, and their repayable value, is recognized in the statement of net income during the loan term, in accordance with the effective interest rate method. The effective interest rate method applies the interest rate that exactly matches the discounted future repayments to the initial net value of the liability.

2.19 Income and deferred taxes

Income tax expense for the period includes both current and deferred taxes.

Current income taxes are based on the tax laws at the reporting date.

Deferred taxes are calculated using the liability method on temporary differences that arise between the tax value of assets and liabilities and their book values. However, if deferred taxes arise from the initial recognition of a liability or an asset in a transaction other than a business combination, which at the time of the transaction do not affect accounting net income nor taxable profit, then they are not accounted for.

Deferred tax is calculated using the current tax rates and laws, or those about to be approved at the reporting date, which are likely to be applicable when the corresponding deferred tax asset is collected or deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is likely that future tax benefits are available to offset such temporary differences.

Current and deferred income taxes are recognized in the statement of net income, except for taxes arising on items recognized in other comprehensive income, directly in equity, or on a business combination. In which case, the corresponding tax is also recognized in other comprehensive income, directly in the statement of net income, or in commercial goodwill, respectively.

2.20 Employee benefits

a) Staff vacations

The Company recognizes the expense for staff vacations using the accrual method, which is recorded at its nominal value. The staff vacation benefit does not represent a significant amount in the statement of comprehensive income.

b) Severance indemnities

This liability is the present value of defined benefit obligations at the reporting date. It is calculated annually using actuarial assumptions and by discounting the corresponding estimated cash flows. Gains and losses that arise from adjustments that reflect experience and changes in actuarial assumptions are charged or credited to the statement of net income or equity, depending on their nature, in the period in which they arise.

The parameters used in the actuarial valuation model are as follows: mortality and invalidity rates, discount rates, salary growth rates and staff turnover rates due to resignations.

2.21 Provisions

Provisions are recognized when:

- i) The Company has a legal or implicit obligation, as a result of past events.
- ii) It is likely that a disbursement will be necessary to settle the obligation.
- iii) The amount can be reliably estimated.
- iv) Provisions are measured at the present value of Management's best estimate of the expenditures required to settle the obligation. The discount rate used to calculate the present value reflects current market assessments at the reporting date of the time value of money, as well as any specific risks related to the particular liability.

2.22 Revenue recognition

Revenue includes the fair value of consideration received or to be received for the sale of goods and services in the ordinary course of the Company's business. Revenue is presented net of value added tax, and any refunds, rebates and discounts.

The Company recognizes revenue when its value can be reliably measured, it is probable that future financial benefits will flow to the Company, and conditions specific to each of the Company's businesses have been met, as follows.

a) Sales of goods

Sales of goods are recognized when the Company has transferred the risks and rewards of owning those products to the customer, who has accepted them, their value can be reliably calculated and it is likely that this amount will be collected.

b) Interest income

Interest income is recognized on the proportion of elapsed time, using the effective interest rate method.

c) Services provided

Revenue from services are recorded when the service has been provided. A service is considered as provided when the customer confirms satisfactory completion.

2.23 Leasing

a) When the Company is the lessee - Operating leases

Leases in which the lessor conserves a significant part of the risks and rewards of ownership of the good are classified as operating leases. Payments for operating leases, net of any incentive received from the lessor, are charged to the statement of net income on a straight-line basis over the lease term.

b) When the Company is the lessor - Operating leases

Assets leased to third parties under operating lease contracts are included in property, plant and equipment or investment property, as appropriate.

Income from operating leases is recognized in the statement of net income on a straight-line basis over the lease term.

Dividend policy

The Company has defined the following dividend policy, in accordance with its by-laws.

Financial statements shall be prepared as of December thirty-one each year.

Net income for the year will be distributed as follows.

- a) No less than thirty percent to be distributed as a dividend in cash to shareholders, in proportion to their shares.
- b) The balance to be used to form reserves, as agreed by an Annual General Shareholders' Meeting.

The company profits in the current year reversed the accumulated losses of the previous years, for which it will be obliged to distribute dividends. The distribution of dividends to shareholders is recognized as a liability at the end of each year in the financial statements, based on the dividend policy agreed by the Shareholders' Meeting.

2.24 Environment

The disbursements associated with improvements and investments in productive processes that improve environmental conditions are recorded as an expense or investment in the period in which they arise. When these disbursements are part of investment projects, they are recorded as increases to property, plant and equipment.

The Company has established the following disbursements for environmental protection projects.

- a) Disbursements relating to improvements and investments in productive processes that improve environmental conditions.
- b) Disbursements relating to verifying and monitoring regulations and laws covering industrial processes and facilities.
- c) Other disbursements that affect the environment.

NOTE 3 - FINANCIAL RISK MANAGEMENT

The Company's business activities are exposed to various financial risks: credit risk, liquidity risk, interest rate risk and market risk.

3.1. Credit Risk

- a) Customer portfolio risk

The company at the closing date of the period does not register customers in default and not deteriorated.

- b) Sales risk

The Company uses the usual tools operating in the industry to market its products. These are contracted with recognized and qualified insurance companies and financial institutions. These tools are insurance policies covering credit, transport and cargo, confirmation of letters of credit, etc. Where collection is directly performed by the Company, this is substantiated by a long-term business relationship, a full record of payment behavior and recognized financial solvency.

The Company has established policies to ensure that product sales on credit are made to customers with an appropriate credit history. The Company mostly sells into the wholesale market, and export sales are supported by letters of credit. Domestic sales are preferably to customers with an appropriate credit history.

3.2. Liquidity risk

The Company's liquidity risks arise from a shortfall of funds for operating costs, finance costs, investments, debt repayments and dividends, compared its sources. This risk is mitigated through prudent liquidity management, which involves holding sufficient cash and marketable securities, together with balanced bank financing.

Capital and interest commitments over the terms of bank loans and other commitments are as follows.

a) As of December 31, 2017

CONCEPT	Between 1 and 3 months ThUS\$	Between 3 and 12 months ThUS\$	Between 1 and 5 years ThUS\$	Over 5 years ThUS\$	ThUS\$
Interest-bearing loans	-	4,652	117,213	-	121,865
Trade and other payables	64,413	7,316	102	-	71,831
Related party payables, current	4,198	-	-	-	4,198
Related party payables, non-current	-	-	-	4,572	4,572
Total	68,611	11,968	117,315	4,572	202,466

b) As of December 31, 2016

CONCEPT	Between 1 and 3 months ThUS\$	Between 3 and 12 months ThUS\$	Between 1 and 5 years ThUS\$	Over 5 years ThUS\$	ThUS\$
Interest-bearing loans and other hedge liabilities	-	13,494	105,300	-	118,794
Trade and other payables	22,185	6,636	128	-	28,949
Related party payables, current	1,863	30,949	-	-	32,812
Related party payables, non-current	-	-	-	36,372	36,372
Total	24,048	51,079	105,428	36,372	216,927

3.3. Market risk

a) Exchange rate risk

The Company has defined the US dollar as its functional currency, therefore, it is exposed to exchange rate risk on transactions in Chilean pesos. The exchange rate risk arises on planned commercial transactions, and on assets and liabilities held in Chilean pesos.

The Company has a net liabilities balance in Chilean pesos as of December 31, 2017 totaling ThUS\$ 25,362. Therefore, an increase of 5% in the exchange rate results in an exchange gain of ThUS\$ 1,268, while a decrease of 5% in the exchange rate results in an exchange loss of the same amount.

b) Interest rate risk

Movements in interest rates modify the expected cash flows on assets and liabilities that are subject to variable interest rates.

The Company is exposed to interest rate risks, since its long-term financing is at a variable interest rate, which is amended every six months.

The Company has a total of ThUS\$ 100,439 in bank liabilities denominated in US dollars as of December 31, 2017. Sensitivity analysis on the interest rates for bank loans reveal that a 1%pa movement in interest rates at the reporting date would result in additional or lower interest costs of ThUS\$ 1,004, as appropriate.

NOTE 4 – FINANCIAL INSTRUMENTS

The Company has financial instruments as of December 31, 2017 and December 31, 2016 valued at their fair value as follows, and there are no differences between their fair value and book value.

Item	12/31/2017		12/31/2016	
	Book value	Fair value	Book value	Fair value
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Cash and cash equivalents				
Cash balances	56	56	51	51
Bank balances	790	790	1,591	1,591
Other financial assets	31	31	2	2
Trade and other receivables	28,196	28,196	27,684	27,684
Related party receivables	25,585	25,585	15,547	15,547
Recoverable rights, non-current	5,520	5,520	3,995	3,995
Other financial liabilities	439	439	10,554	10,554
Trade and other payables, current	71,729	71,729	28,140	28,140
Related party payables, current	4,198	4,198	32,812	32,812
Other financial liabilities, non-current	100,000	100,000	99,917	99,917
Payables, non-current	102	102	128	128
Related party payables, non-current	4,572	4,572	36,372	36,372

Financial instruments as of December 31, 2017, according to the categories specified in IAS 39, are as follows.

	Financial assets at fair value through profit and loss ThUS\$	Financial assets held to maturity ThUS\$	Cash and cash equivalents, loans and receivables ThUS\$	Financial assets held for sale ThUS\$	Total ThUS\$
Cash and cash equivalents					
Cash balances	-	-	56	-	56
Bank balances	-	-	790	-	790
Other financial assets, current	-	-	31	-	31
Trade and other receivables	-	-	28,196	-	28,196
Related party receivables	-	-	25,585	-	25,585

	Fair value through profit and loss ThUS\$	Hedging instruments ThUS\$	Financial liabilities at amortized cost ThUS\$	Total ThUS\$
Other financial liabilities, current	-	-	439	439
Trade and other payables	-	-	71,729	71,729
Related party payables, current	-	-	4,198	4,198
Other financial liabilities, non-current	-	-	100,000	100,000
Payables, non-current	-	-	102	102
Related party payables, non-current	-	-	4,572	4,572

Financial instruments as of December 31, 2016, according to the categories specified in IAS 39, are as follows.

	Financial assets at fair value through profit and loss ThUS\$	Financial assets held to maturity ThUS\$	Cash and cash equivalents, loans and receivables ThUS\$	Financial assets held for sale ThUS\$	Total ThUS\$
Cash and cash equivalents					
Cash balances	-	-	51	-	51
Bank balances	-	-	1,591	-	1,591
Other financial assets, current	-	-	2	-	2
Trade and other receivables	-	-	27,684	-	27,684
Related party receivables	-	-	15,547	-	15,547
Other financial assets, non-current	-	-	27	-	27

	Fair value through profit and loss ThUS\$	Hedging instruments ThUS\$	Financial liabilities at amortized cost ThUS\$	Total ThUS\$
Other financial liabilities, current	-	-	10,554	10,554
Trade and other payables	-	-	28,140	28,140
Related party payables, current	-	-	32,812	32,812
Other financial liabilities, non-current	-	-	99,917	99,917
Payables, non-current	-	-	128	128
Related party payables, non-current	-	-	36,372	36,372

NOTE 5 - SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The estimates and judgments used are continually evaluated and are based on historical experience and other factors, including expectations of future events that are considered reasonable based on the circumstances.

The Company's main accounting estimates as follows.

a) Biomass of biological assets

The fish biomass estimate will always be based on assumptions, even though the Company has ample experience with these factors. The estimates take into account the following components: volume of fish biomass, average biomass weights, distribution of fish weights and market prices.

The volume of fish biomass estimate is based on the number of smolts in the sea, their estimated growth and their mortality during the period, etc. Uncertainty with respect to the volume of biomass is normally lower in the absence of mass mortality events or acute diseases during the cycle.

Fish grow at various rates and even though average weights can be accurately estimated, there is always a wide variation in the quality and size of the fish. The distribution of fish quality and size is important, as these attract different prices on the market.

The value of fish biomass is based on a normal weight distribution.

b) Asset impairment

The recoverable amount of property, plant and equipment is revalued annually according to IAS 36, as the Company has intangible assets. Factors that are considered an indication of impairment are declining market values, significant changes in the technological environment, obsolescence or physical deterioration, changes in the way the item is used or expected to be used, including ceasing to use it, etc. The Company evaluates whether there is evidence of impairment at each reporting date, ie. whether the book value of an item of property, plant and equipment or an intangible asset is greater than its value in use.

It evaluates each Cash Generating Unit (CGU).

CGUs are identified for impairment testing. IAS 36 defines a CGU as "the smallest identifiable group of assets that generates receipts for the Company, which are largely independent of the receipts generated by other assets or groups of assets."

Therefore, given the Company as a whole, the characteristics of its assets and its productive and marketing processes, the Company has defined a policy that the CGU value to compare with future cash flows generated by using its assets, based on the non-current assets at the reporting date of the financial statements, less those assets that are not Property plant and equipment and intangible assets other than goodwill.

The Company has used a cash flow forecasting model to calculate the value in use of its assets, based on the following assumptions.

1. Ten year evaluation horizon. Investments in the industry are long-term, as are the cycles and risks that affect the biomass. Therefore, a horizon of less than 10 years does not reflect the Company's long term situation.
2. Residual value. The residual value at the end of the horizon.

Forecast cash flows. Cash flows used in the methodology are based on budget data, best estimates and reasonable and substantiated assumptions that represent Management's best estimates, taking into account the prevailing economic conditions during the remaining useful life of the evaluated assets. The most important assumptions are:

- 2.1. Sales and production volumes.
- 2.2. Estimated annual inflation of 3% and its impact on prices, sales and administration costs, and other costs.
3. Cash flow forecasts are brought to present value using a discount rate that reflects the time value of money and the risks specific to the asset. The Weighted Average Cost of Capital (WACC) rate is used, calculated on the basis of the following variables: The Company or industry beta; the risk-free rate of return; the market rate of return; the cost of the Company's financial debt; and the long-term target debt / equity ratio.

This evaluation resulted in no indications of asset impairment.

Except for the estimated biomass of the biological assets, Management believes that these financial statements do not contain any assumptions about the future or other uncertain estimates that risk causing significant adjustments to this accounting period and the next.

NOTE 6 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents are as follows.

	12/31/2017 ThUS\$	12/31/2016 ThUS\$
Cash balances	56	51
Bank balances	790	1,591
Total cash and cash equivalents	846	1,642

NOTE 7 - TRADE AND OTHER RECEIVABLES

Trade and other receivables are as follows.

	12/31/2017			12/31/2016		
	Trade receivables	Doubtful debt provision	Net trade receivables	Trade receivables	Doubtful debt provision	Net trade receivables
Customers	23,395	(111)	23,284	9,391	(14)	9,377
Notes receivable	20	-	20	9	-	9
Recoverable VAT	3,710	-	3,710	2,443	-	2,443
Receivables from property sales	200	-	200	650	-	650
Staff receivables	23	-	23	9	-	9
Advances to suppliers	-	-	-	159	-	159
Insurance claims ¹	959	-	959	14,953	-	14,953
Other	-	-	-	84	-	84
Total	28,307	(111)	28,196	27,698	(14)	27,684

- (1) Insurance claims as of December 31, 2016 mainly relate to the harmful algal blooms (HABS) in various parts of the Reloncaví Sound in the 10th Region. This claim was fully paid in February 2017.

Salmones Camanchaca S.A. does not have any receivables that are guaranteed or renegotiated or any payments that have been rejected and have entered a judicial collection process. It has not factored any of its receivables during 2017 and 2016.

The Company has no financial assets at the reporting date that are in arrears and not impaired.

Classification of receivables by due date.

Overdue ranges	As of December 31, 2017				As of December 31, 2016			
	Number of customers non-renegotiated portfolio	Gross non-renegotiated portfolio ThUS\$	Doubtful debt provision ThUS\$	Net non-renegotiated portfolio ThUS\$	Number of customers non-renegotiated portfolio	Gross non-renegotiated portfolio ThUS\$	Doubtful debt provision ThUS\$	Net non-renegotiated portfolio ThUS\$
Not yet due	165	20.322	-	20.322	63	26.311	-	26.311
1-30 days	342	4.327	-	4.327	18	1.282	-	1.282
31-60 days	29	2.318	-	2.318	1	31	-	31
61-90 days	3	457	-	457	1	36	-	36
91- 120 days	-	-	-	-	2	7	(5)	2
121- 150 days	8	383	-	383	-	-	-	-
151-180 days	3	216	(114)	102	2	24	(9)	15
181-210 days	2	200	1	201	-	-	-	-
211-250 days	2	1	(1)	-	-	-	-	-
>250 days	2	83	3	86	9	7	-	7
Total	556	28.307	(111)	28.196	96	27.698	(14)	27.684

NOTE 8 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Related parties include the following entities and individuals.

- a) Shareholders that can exercise control
- b) Subsidiaries and their members
- c) Parties with sufficient interest to give them significant influence
- d) Parties with joint control
- e) Associates
- f) Interests in joint ventures
- g) Senior management of the entity or of its parent company
- h) Close relatives of individuals described in the previous points
- i) An entity that controls, or jointly controls, and is significantly influenced by any of the individuals described in the two previous points.

Generally transactions with related companies are not subject to special conditions. These transactions are in accordance with Law 18,046 governing Corporations and with IAS 24.

Transferring current and non-current funds between related companies, which do not relate to the collection or payment of services, are structured using commercial current accounts.

- a) Current related party receivables are as follows:

	Chilean ID Number	Country	Transaction term	Currency	As of December 31, 2017		As of December 31, 2016	
					Current ThUS\$	Non-Current ThUS\$	Current ThUS\$	Non-Current ThUS\$
Camanchaca Inc.	Extranjera	USA	Under 30 days	US\$	16.956	-	11.433	-
Kabushiki Kaisha Camanchaca Ltd.	Extranjera	Japón	Under 30 days	US\$	7.933	-	3.895	-
Cia. Pesquera Camanchaca S.A.	93.711.000-6	Chile	Under 30 days	\$	162	-	117	-
Camanchaca Cultivos Sur S.A.	96.633.150-K	Chile	Under 30 days	\$	193	-	61	-
Camanchaca Pesca Sur S.A.	76.143.821-2	Chile	Under 30 days	\$	341	-	41	-
Total					25.585	-	15.547	-

- b) Current related party payables are as follows:

	Chilean ID Number	Country	Transaction term	Currency	As of December 31, 2017		As of December 31, 2016	
					Current ThUS\$	Non-Current ThUS\$	Current ThUS\$	Non-Current ThUS\$
Fiordo Blanco S.A.	96.540.710-3	Chile	Under 30 days	\$	-	-	30.949	-
Cia. Pesquera Camanchaca S.A.	93.711.000-6	Chile	Under 30 days	\$	1.412	4.572	667	36.372
Transportes Interpolar Ltda.	77.970.900-0	Chile	Under 30 days	\$	1.528	-	564	-
Kabushiki Kaisha Camanchaca Ltd.	O-I	Japón	Under 30 days	US\$	204	-	398	-
Inmobiliaria Camanchaca S.A.	96.786.700-4	Chile	Under 30 days	\$	510	-	201	-
Camanchaca Pesca Sur S.A.	76.143.821-2	Chile	Under 30 days	\$	267	-	17	-
Camanchaca Cultivos Sur S.A.	96.633.150-K	Chile	Under 30 days	\$	-	-	14	-
Frigorífico Pacífico S.A.	77.858.550-2	Chile	Under 30 days	\$	188	-	-	-
Surproceso S.A.	76.346.370-2	Chile	Under 30 days	\$	86	-	-	-
Codepack S.A.	96.974.100-8	Chile	Under 30 days	\$	3	-	2	-
Total					4.198	4.572	32.812	36.372

The payable to Fiordo Blanco S.A. as of December 31, 2017 was eliminated under the aforementioned restructuring dated September 14, 2017 when Fiordo Blanco S.A. became a subsidiary of Salmones Camanchaca. This situation did not apply as of December 31, 2016, when Fiordo Blanco S.A. was related company.

The payable to Compañía Pesquera Camanchaca S.A. was capitalized at ThUS\$ 19,500 on September 14, 2017.

c) Transactions with related companies for over ThUS\$ 20 and their effects on net income for the periods ended December 31, 2017 and 2016 are as follows.

Company	Chilean ID Number	Country	Relationship	Transaction Description	Currency	12/31/2017		12/31/2016	
						Amount ThUS\$	Effect on net income (Charge) Credit ThUS\$	Amount ThUS\$	Effect on net income (Charge) Credit ThUS\$
Camanchaca Inc.	Foreign	USA	Common shareholder	Products sold	USD	74,593	21,150	88,315	(5,495)
Kabushiki Kaisha Camanchaca Ltd.	Foreign	Japan	Common shareholder	Products sold	USD	15,475	4,388	14,243	3,102
Kabushiki Kaisha Camanchaca Ltd.	Foreign	Japan	Common shareholder	Fees	USD	503	(503)	399	(399)
Camanchaca Pesca Sur S.A.	76,143,821-2	Chile	Common shareholder	Products sold	CLP	311	158	-	-
Camanchaca Pesca Sur S.A.	76,143,821-2	Chile	Common shareholder	Services	CLP	355	188	505	424
Camanchaca Pesca Sur S.A.	76,143,821-2	Chile	Common shareholder	Plant lease	USD	504	(423)	-	-
Surproceso S.A.	76,346,370-2	Chile	Associate	Salmon processing	CLP	793	-	1,468	-
Frigorífico Pacífico S.A.	77,858,550-2	Chile	Director and subsidiary shareholder	Leased refrigerators	CLP	222	(186)	412	(346)
Transportes Interpolar Ltda.	77,970,900-0	Chile	Common shareholder	Transport service	CLP	3,363	(2,826)	3,374	(2,835)
Cía. Pesquera Camanchaca S.A.	93,711,000-6	Chile	Parent company	Administrative services	USD	5,359	(5,359)	4,608	(4,608)
Cía. Pesquera Camanchaca S.A.	93,711,000-6	Chile	Parent company	Product sales	CLP	335	95	166	-
Cía. Pesquera Camanchaca S.A.	93,711,000-6	Chile	Parent company	Payments	US\$	10.640	-	25.140	-
Camanchaca Cultivos Sur S.A.	96.633.150-K	Chile	Common shareholder	Product sales	CLP	101	29	35	-
Camanchaca Cultivos Sur S.A.	96.633.150-K	Chile	Common shareholder	Product purchases	CLP	24	-	75	-
Inmobiliaria Camanchaca S.A.	96,786,700-4	Chile	Common shareholder	Leased services	USD	1,380	(1,159)	1,379	(1,159)
Codepack S.A.	96,974,100-8	Chile	Related Director	Packaging	CLP	30	(26)	8	(6)

d) Remuneration and benefits received by the Board and Senior Management.

The Company is managed by a Board of Directors, whose members received fees totaling ThUS\$ 173 during 2017 (ThUS\$ 145 in 2016).

The remuneration of Senior Management during 2017 amounted to ThUS\$ 943 (ThUS\$ 840 in 2016).

NOTE 9 – INVENTORIES

Inventories as of each reporting date are as follows.

	Unit of Measure	12/31/2017		12/31/2016	
		Quantity	ThUS\$	Quantity	ThUS\$
Atlantic salmon	Kg	5,143,345	33,608	1,942,735	18,119
Other products	Kg	1,893	8	13,438	95
Production supplies	N/A	-	6,049	-	6,022
Net realizable value provision	N/A	-	(1,495)	-	(892)
Total			38,170		23,344

Quantities are for finished products and differences in processes, qualities or value added are not distinguished.

Inventories are valued at the lower of cost or net realizable value.

9.1 Information on finished products

The Company has not written off any finished products at the reporting dates.

The Company has not pledged inventories of finished products in guarantee as of December 31, 2017 and December 31, 2016.

The Company has insurance covering its inventories of finished products (Stock Throughput), which includes raw materials (at agreed value or cost), consumables (cost value) and work-in-process and finished products (agreed value).

9.2 Reconciliation of finished products

Movements in finished products are as follows.

	12/31/2017 ThUS\$	12/31/2016 ThUS\$
Opening balance	23,344	37,363
Production	151,001	157,710
Cost of sales	(136,175)	(171,729)
Closing balance	38,170	23,344

Cost of sales is composed as follows.

	12/31/2017 ThUS\$	12/31/2016 ThUS\$
Cost of products sold	136,175	171,729
Cost of services	3,792	4,102
Cost of fallow periods	4,892	6,373
Mortality costs	-	2,993
Total	144,859	185,197

NOTE 10 - BIOLOGICAL ASSETS

Current and non-current biological assets are as follows.

Item	12/31/2017			12/31/2016		
	Current ThUS\$	Non-Current ThUS\$	Total ThUS\$	Current ThUS\$	Non-Current ThUS\$	Total ThUS\$
Salmon	97,522	14,472	111,994	60,977	17,199	78,176
Total	97,522	14,472	111,994	60,977	17,199	78,176

Movements in biological assets are as follows.

	12/31/2017 ThUS\$	12/31/2016 ThUS\$
Opening balance as of January 1	78,176	93,441
Increases due to fattening, production and purchasing	147,412	123,338
Decreases due to sales and harvesting	(167,956)	(199,233)
Fair value adjustment for the period	54,362	63,623
Mortality	-	(2,993)
Closing balance	111,994	78,176

Biological assets are as follows:

Biomass as of 12/31/2017	Thousand units	Final biomass Ton.	Production costs ThUS\$	Fair value adjustments ThUS\$	Total cost ThUS\$
Fish in sea water	11,174	23,500	86,072	16,311	102,383
Fish in fresh water	17,382	447	9,611	-	9,611
		Total	95,683	16,311	111,994

Biomass as of 12-31-2016	Thousand units	Final biomass Ton.	Production costs ThUS\$	Fair value adjustments ThUS\$	Total cost ThUS\$
Fish in sea water	8,810	13,888	55,882	13,301	69,183
Fish in fresh water	9,977	459	8,993	-	8,993
		Total	64,875	13,301	78,176

Movements in the fair value adjustment of biological assets are as follows.

	12/31/2017 ThUS\$	12/31/2016 ThUS\$
Opening balance fair value of biological assets	17,640	(7,289)
Biological increase adjustment in the period	54,362	63,623
Less: Fair value adjustment for sales of inventories	(49,061)	(38,694)
Closing balance	22,941	17,640

The balance relates to the fair value adjustment of biological assets for ThUS\$ 16,311 (ThUS\$ 13,301 as of December 31, 2016) and the fair value adjustment of biological assets in finished product inventories for ThUS\$ 6,630 (ThUS\$ 4,339 as of December 31, 2016).

Sensitivity analysis on the effect on fair value due to an increase or decrease in the unobservable average weight of biomass in the water at the reporting date is as follows.

Species	Variation in ThUS\$			
	1% increase	1% reduction	5% increase	5% reduction
Atlantic salmon	446	(2,931)	3,665	(6,269)

NOTE 11 - OTHER CURRENT AND NON-CURRENT NON-FINANCIAL ASSETS

Other current and non-current non-financial assets are as follows.

	12/31/2017		12/31/2016	
	Current ThUS\$	Non-Current ThUS\$	Current ThUS\$	Non-Current ThUS\$
Insurance policies	4,929	-	3,690	-
Prepaid expenditure at centers	377	-	970	-
Prepaid rent	40	-	40	-
Other prepaid expenditure	1,695	-	168	-
Other non-financial assets	-	260	-	112
Total	7,041	260	4,868	112

NOTE 12 - EQUITY METHOD INVESTMENTS

Investments in associates as of December 31, 2017 are as follows.

Chilean ID Number	Name	Country	Investments in associates ThUS\$	Interest %
76,346,370-2	Surproceso S.A.	Chile	5,564	33.33
Foreign	New World Currents Inc.	Panama	1	25.00
Total			5,565	

Investments in associates as of December 31, 2016 are as follows.

Chilean ID Number	Name	Country	Investments in associates ThUS\$	Interest %
77,970,900-0	Transportes Interpolar Ltda.	Chile	411	50.00
Foreign	New World Currents Inc.	Panama	1	25.00
Total			412	

A summary of these associate's assets and liabilities are as follows.

	12/31/2017		12/31/2016	
	Assets ThUS\$	Liabilities ThUS\$	Assets ThUS\$	Liabilities ThUS\$
Current	5,751	1,613	1,315	921
Non-Current	12,561	16,691	538	932
Total	18,312	18,312	1,853	1,853

Revenue and net income for the period for these associated are as follows.

	As of 12/31/2017 ThUS\$	As of 12/31/2016 ThUS\$
Revenue	20,282	5,033
Net associate income for period (1)	4,698	253

- (1) Salmones Camanchaca S.A. acquired shares in Surproceso S.A. under the corporate restructuring on September 14, 2017, and Compañía Pesquera Camanchaca S.A. acquired Transportes Interpolar Limitada on September 11. Therefore, the net income earned by these associated were reflected in the financial statements of owners of those shares until the date on which these transactions took place, resulting in ThUS\$ 146 as of September 30, 2017, in ThUS\$ 541 as of December 31, 2017 and ThUS\$ 127 as of December 31, 2016.

NOTE 13 - TAX ASSETS

Current tax assets are as follows.

	12/31/2017 ThUS\$	12/31/2016 ThUS\$
Provisional payment for absorbed profits	1,085	1,371
Training expenses	167	156
Labor bonus tax	-	41
Other recoverable taxes	332	289
Total	1,584	1,857

Non-current tax assets are as follows.

	12/31/2017 ThUS\$	12/31/2016 ThUS\$
Investment tax incentive (1)	5,520	3,995
Total	5,520	3,995

- (1) The tax incentive is for investments in the Aysen Region, in accordance with Law 19,606. The deadline to recover this incentive is 2045, by discounting it from corporate income tax.

NOTE 14 - INTANGIBLE ASSETS OTHER THAN GOODWILL

Non-internally created intangible assets are as follows.

	Useful life	12/31/2017 ThUS\$	12/31/2016 ThUS\$
Aquaculture concessions and water rights	Indefinite	7,083	4,216
Total		7,083	4,216

Movements in intangible assets as of December 31, 2017 and December 31, 2016 are as follows.

	12/31/2017 ThUS\$	12/31/2016 ThUS\$
Opening balance as of January 1	4,216	4,216
Increases	2,867	-
Disposals	-	-
Closing balance as of December 31	7,083	4,216

Increases relate to the acquisition of Fiordo Blanco S.A. on September 14, 2017 with intangible assets of ThUS\$ 2,867.

Water rights

No	DGA Resolution No	Water source	Location	Owned	Status
1	494/1990	Superficial and Current	Puerto Varas	Salmones Camanchaca	Granted
2	046/2011	Underground	Puerto Varas	Salmones Camanchaca	Granted
3	200/1998	Superficial and Current	Purranque	Salmones Camanchaca	Granted
4	154/2008	Superficial and Current	Puerto Varas	Salmones Camanchaca	Granted
5	184/2001	Underground	Puerto Varas	Salmones Camanchaca	Granted
6	318/2003	Underground	Puerto Varas	Salmones Camanchaca	Granted
7	235/2009	Underground	Puerto Varas	Salmones Camanchaca	Granted
8	931/2013	Underground	Puerto Varas	Salmones Camanchaca	Granted
9	263/2008	Superficial and Detained	Frutillar	Salmones Camanchaca	Granted
10	356/1998	Superficial and Current	Frutillar	Salmones Camanchaca	Granted
11	001/2010	Underground	Frutillar	Salmones Camanchaca	Granted
12	468/2004	Superficial and Current	Cochamo	Salmones Camanchaca	Granted
13	468/2004	Superficial and Current	Puerto Montt	Salmones Camanchaca	Granted
14	468/2004	Superficial and Current	Puerto Montt	Salmones Camanchaca	Granted
15	468/2004	Superficial and Current	Puerto Montt	Salmones Camanchaca	Granted
16	468/2004	Superficial and Current	Cochamo	Salmones Camanchaca	Granted
17	134/2006	Superficial and Current	Cochamo	Salmones Camanchaca	Granted
18	N/A	Superficial and Current	Antuco	Salmones Camanchaca	Granted
19	N/A	Superficial and Current	Antuco	Salmones Camanchaca	Granted
20	390/2007	Underground	Calbuco	Salmones Camanchaca	Granted
21	150/2015	Superficial and Current	Chaitén	Salmones Camanchaca	Granted
22	Denied	Superficial and Current	Chaitén	Salmones Camanchaca	Denied
23	109/2015	Superficial and Current	Chaitén	Salmones Camanchaca	Granted
24	149/2015	Superficial and Current	Chaitén	Salmones Camanchaca	Granted
25	In process	Superficial and Current	Puerto Varas	Salmones Camanchaca	Requested
26	In process	Superficial and Current	Purranque	Salmones Camanchaca	Requested
27	012/1998	Superficial and Current	Chaitén	Fiordo Blanco S.A	Granted
28	183/1998	Superficial and Current	Chaitén	Fiordo Blanco S.A	Granted
29	126/1999	Superficial and Current	Chaitén	Fiordo Blanco S.A	Granted
30	360/1998	Superficial and Current	Chaitén	Fiordo Blanco S.A	Granted
31	1239/1998	Superficial and Current	Chaitén	Fiordo Blanco S.A	Granted
32	124/1999	Superficial and Current	Chaitén	Fiordo Blanco S.A	Granted
33	429/1998	Superficial and Current	Chaitén	Fiordo Blanco S.A	Granted
34	269/1998	Superficial and Current	Chaitén	Fiordo Blanco S.A	Granted
35	692/2000	Superficial and Current	Chaitén	Fiordo Blanco S.A	Granted
36	137/1998	Superficial and Current	Chaitén	Fiordo Blanco S.A	Granted
37	161/2001	Superficial and Current	Chaitén	Fiordo Blanco S.A	Granted
38	356/1997	Superficial and Current	Chaitén	Fiordo Blanco S.A	Granted
39	685/1997	Superficial and Current	Purranque	Fiordo Blanco S.A	Granted
40	246/2006	Superficial and Current	Chaitén	Fiordo Blanco S.A	Granted
41	397/2004	Superficial and Current	Chaitén	Fiordo Blanco S.A	Granted
42	496/2004	Superficial and Current	Chaitén	Fiordo Blanco S.A	Granted
43	In process	Superficial and Current	Puerto Varas	Fiordo Blanco S.A	Requested

Salmon concessions

Name	Region	Macro zone	Number of concessions (District)	Municipality	Sea water or fresh water	Surface area	Status (Use, Fallow, Other)
Maqui beach (Lake center)	X	6	1	Frutillar	Fresh Water	7.5	Use
Chaiquen	X	1	1	Puerto Varas	Sea Water	3.74	Fallow
Pucheguin	X	1	1	Cochamo	Sea Water	3	Use
Pucheguin coast	X	1	1	Cochamo	Sea Water	9	Use
Farellones	X	1	1	Cochamo	Sea Water	21.06	Use
Marimelli	X	1	1	Cochamo	Sea Water	24.98	Fallow
Chilco River 1	X	1	1	Cochamo	Sea Water	6	Fallow
Chilco River 2	X	1	1	Cochamo	Sea Water	6.75	Fallow
Cascajal	X	1	1	Cochamo	Sea Water	9	Use
Factoría	X	1	1	Cochamo	Sea Water	9	Use
Puelche	X	1	2	Hualaihue	Sea Water	7.54	Use
Manihueico	X	1	2	Hualaihue	Sea Water	15	Use
Contao	X	1	2	Hualaihue	Sea Water	15	Use
Chagual River	X	1	2	Hualaihue	Sea Water	7.2	Fallow
Aulen	X	1	2	Hualaihue	Sea Water	3.25	Fallow
San José	X	1	3b	Calbuco	Sea Water	3.75	Fallow
Penasmo	X	1	3b	Calbuco	Sea Water	28.56	Fallow
Pilpilhue	X	3	10b	Chonchi	Sea Water	32	Use
Ahoni	X	3	10b	Queilen	Sea Water	33.45	Use
Pumalín	X	5	14	Chaitén	Sea Water	5.58	Use
Islotes	X	5	14	Chaitén	Sea Water	36	Use
Edwards	X	o	15	Chaitén	Sea Water	9.04	Use
Yelcho	X	5	16	Chaitén	Sea Water	4.5	Fallow
Chilco	X	5	16	Chaitén	Sea Water	6.5	Fallow
Fiordo Largo	X	5	16	Chaitén	Sea Water	6	Fallow
Cabudahue	X	5	16	Chaitén	Sea Water	6	Fallow
Pillán	X	5	16	Chaitén	Sea Water	19.63	Fallow
Isla Nieves	X	5	16	Chaitén	Sea Water	6.5	Fallow
Puerto Argentino	X	5	16	Chaitén	Sea Water	6.5	Fallow
Reñihue 3	X	5	16	Chaitén	Sea Water	6.32	Fallow
Loncochalgua	X	5	17a	Hualaihue	Sea Water	8	Fallow
Porcelana	X	5	17a	Chaitén	Sea Water	18.54	Fallow
Leptepu	X	5	17a	Chaitén	Sea Water	24.5	Use
Cahuelmó	X	5	17a	Hualaihue	Sea Water	8	Fallow
Piedra Blanca	X	5	17a	Hualaihue	Sea Water	2	Fallow
Marilmó	X	5	17a	Chaitén	Sea Water	3	Use
Arbolito	XI	6	18b	Cisnes	Sea Water	12.5	Fallow
Lamalec	XI	6	18b	Cisnes	Sea Water	12.5	Fallow
Northeast Garrao 1	XI	6	18b	Cisnes	Sea Water	12.5	Fallow
Piure Stream	XI	6	18b	Cisnes	Sea Water	12.5	Fallow
Filomena 2	XI	6	18b	Cisnes	Sea Water	12.5	Use

Name	Region	Macro zone	Number of concessions (District)	Municipality	Sea water or fresh water	Surface area	Status (Use, Fallow, Other)
East Lamalec	XI	6	18b	Cisnes	Sea Water	12.5	Fallow
East Filomena	XI	6	18b	Cisnes	Sea Water	12.5	Fallow
Chonos	XI	6	18c	Cisnes	Sea Water	12.5	Use
Licha	XI	6	18c	Cisnes	Sea Water	12.5	Fallow
Garrao	XI	6	18c	Cisnes	Sea Water	12.5	Fallow
Gallo Stream	XI	6	18c	Cisnes	Sea Water	12.5	Fallow
Southwest Leucayec	XI	6	18c	Guaitecas	Sea Water	11.08	Use
Piure Channel	XI	6	18c	Cisnes	Sea Water	12.5	Fallow
Northeast Francisco	XI	6	18d	Cisnes	Sea Water	12.5	Fallow
East Jechica	XI	6	18d	Cisnes	Sea Water	12.5	Fallow
South Garrao	XI	6	18d	Cisnes	Sea Water	12.5	Fallow
South Jechica	XI	6	18d	Cisnes	Sea Water	12.5	Fallow
West Filomena	XI	6	18d	Cisnes	Sea Water	12.5	Fallow
Southwest Filomena	XI	6	18d	Cisnes	Sea Water	12.5	Fallow
Carmencita	XI	6	18d	Cisnes	Sea Water	6.06	Fallow
Forsyth	XI	6	19a	Cisnes	Sea Water	8.45	Use
Johnson 1	XI	6	19a	Cisnes	Sea Water	10.6	Use
Johnson 2	XI	6	19a	Cisnes	Sea Water	6.35	Use
Midhurst	XI	6	19a	Cisnes	Sea Water	N/A	Fallow
Tahuenahuec	XI	6	20	Cisnes	Sea Water	5.52	Fallow
Benjamin	XI	6	20	Cisnes	Sea Water	50.88	Fallow
King	XI	6	20	Cisnes	Sea Water	29.38	Fallow
Punta Alta	XI	6	20	Cisnes	Sea Water	26.56	Use
No Name	XI	6	20	Cisnes	Sea Water	17.84	Fallow
South Izaza	XI	6	20	Cisnes	Sea Water	8.96	Use
Martita	XI	6	20	Cisnes	Sea Water	17.57	Fallow
Paso Lautaro	XI	6	20	Cisnes	Sea Water	9.8	Fallow
Southwest Tahuenahuec	XI	6	20	Cisnes	Sea Water	14.64	Fallow
Southeast Izaza	XI	6	20	Cisnes	Sea Water	6.62	Fallow
Port Róbal	XI	6	20	Cisnes	Sea Water	14.07	Fallow
Williams 1	XI	6	21d	Cisnes	Sea Water	11.95	Fallow
Williams 2	XI	6	21d	Cisnes	Sea Water	10.28	Fallow
Williams Sector 2	XI	6	21d	Cisnes	Sea Water	N/A	Fallow

NOTE 15 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment and its movements are as follows.

	Land ThUS\$	Buildings ThUS\$	Plant and equipment ThUS\$	Vessels ThUS\$	Vehicles ThUS\$	Other property, plant and equipment ThUS\$	Total ThUS\$
Opening balances as of January 1, 2017							
Cost or valuation	5,142	35,950	110,593	2,707	149	2,519	157,060
Accumulated depreciation	-	(14,544)	(69,283)	(2,431)	(86)	(1,711)	(88,055)
Net balances as of January 1, 2017	5,142	21,406	41,310	276	63	808	69,005

Additions	-	2,141	13,310	8	-	797	16,256
Disposals	-	(150)	(1,947)	-	-	(22)	(2,119)
Transfers	-	1,449	(1,490)	-	-	41	-
Assets contributed	180	7	994	-	-	3	1,184
Depreciation	-	(1,782)	(8,454)	(34)	(8)	(402)	(10,680)
Closing balances as of December 31, 2017	5,322	23,071	43,723	250	55	1,225	73,646

	Land ThUS\$	Buildings ThUS\$	Plant and equipment ThUS\$	Vessels ThUS\$	Vehicles ThUS\$	Other property, plant and equipment ThUS\$	Total ThUS\$
Opening balance as of January 1, 2016							
Opening balances as of January 1, 2016							
Cost or valuation	5,106	32,793	104,802	2,702	161	3,342	148,906
Accumulated depreciation	-	(13,017)	(62,199)	(2,157)	(128)	(1,646)	(79,147)
Net balances as of January 1, 2016	5,106	19,776	42,603	545	33	1,696	69,759
Additions	-	3,205	7,079	5	40	436	10,765
Disposals	-	-	(510)	-	(5)	(547)	(1,062)
Transfers	36	(36)	488	-	-	(488)	-
Depreciation	-	(1,539)	(8,350)	(274)	(5)	(289)	(10,457)
Closing balances as of December 31, 2016	5,142	21,406	41,310	276	63	808	69,005

Property, plant and equipment as of December 31, 2017 are as follows.

	Gross value ThUS\$	Accumulated depreciation ThUS\$	Net value ThUS\$
Land	5,322	-	5,322
Buildings	39,397	(16,326)	23,071
Plant and equipment	121,460	(77,737)	43,723
Vessels	2,715	(2,465)	250
Motor vehicles	149	(94)	55
Other property plant and equipment	3,338	(2,113)	1,225
Total	172,381	(98,735)	73,646

Property, plant and equipment as of December 31, 2016 are as follows.

	Gross value ThUS\$	Accumulated depreciation ThUS\$	Net value ThUS\$
Land	5,142	-	5,142
Buildings	35,950	(14,544)	21,406
Plant and equipment	110,593	(69,283)	41,310
Vessels	2,707	(2,431)	276
Motor vehicles	149	(86)	63
Other property plant and equipment	2,743	(1,935)	808
Total	157,284	(88,279)	69,005

a) Valuation

Management has chosen the cost model as its accounting policy, and has applied this policy to all items in property, plant and equipment.

b) Depreciation method

The depreciation method applied to all items of property, plant and equipment (excluding land) is the straight line method, which produces a constant expense over their useful life.

c) Property, plant and equipment subject to guarantees or restrictions

The Company has mortgaged and pledged some items, to guarantee the syndicated loan for Compañía Pesquera Camanchaca S.A. and Salmones Camanchaca S.A. (Note 29).

d) Insurance

The Company has insurance policies to cover the risks to items of property, plant and equipment, including in some cases loss of profit or loss due to strikes. The Company constantly analyzes its insurance cover to ensure that it is reasonable when compared to the risks inherent to its business.

- e) The gross value of properties, plant and equipment items that are fully depreciated and still in use are as follows.

	12/31/2017 Gross value ThUS\$	12/31/2016 Gross value ThUS\$
Buildings	6,540	5,215
Plant and equipment	48,339	32,172
Vessels	2,369	2,369
Motor vehicles	86	86
Other property plant and equipment	1,007	724
Total	58,341	40,566

- f) There are no items of property, plant and equipment that are no longer actively used, but not classified as held for sale, in accordance with IFRS 5.
- g) Management believes that all items of property, plant and equipment have fair values that are not significantly different from their book values.

NOTE 16 - INCOME AND DEFERRED TAXES

Law 20,780 was published in the Official Gazette on September 29, 2014 amending the Chilean tax regime. Subsequently, Law 20,899 was enacted on February 1, 2016, which amended it, by simplifying it and clarifying some aspects. The essential changes to the income tax regimes were that corporations must adopt the "partially integrated system". The former Law gave them the option to alternatively adopt the "attributed income system", but this option was withdrawn by the latter Law.

The Law establishes a progressive increase in corporate income tax rates under the "Partially Integrated System". The tax rate was increased from 20% to 21% for 2014, to 22.5% for 2015, to 24% for 2016, to 25.5% for 2017 and to 27% for 2018.

Deferred tax assets and liabilities are as follows.

	12/31/2017		12/31/2016	
	Deferred tax assets ThUS\$	Deferred tax liabilities ThUS\$	Deferred tax assets ThUS\$	Deferred tax liabilities ThUS\$
Tax losses	1,178	-	8,569	-
Inventory provisions	388	-	552	-
Staff vacation provisions	275	-	207	-
Staff severance indemnity provision	42	-	37	-
Doubtful debt provisions	30	-	4	-
Other provisions	362	-	139	-
Prepaid income	1,017	-	-	-
Property, plant and equipment	-	(117)	-	(571)
Manufacturing expenses	-	(8,985)	-	(3,671)
Concessions	-	(765)	-	-
Income from compensation claims	-	(55)	-	(4,589)
Biological assets	-	(6,194)	-	(4,498)
Capitalized prepaid costs	-	-	-	(71)
Total	3,292	(16,116)	9,508	(13,400)
Net Total		(12,824)		(3,892)

Income taxes are as follows.

	12/31/2017 ThUS\$	12/31/2016 ThUS\$
Current tax expense	(1,829)	(9)
Tax expense adjustment (prior period)	88	(39)
Deferred tax expense for the period	(9,478)	(8,261)
Total	(11,219)	(8,309)

Reconciliation of tax expense using statutory rate to tax expense using effective rate.

	12/31/2017 ThUS\$	12/31/2016 ThUS\$
Income tax expense using the statutory rate	(11,007)	(7,982)
Tax on salaries and wages	(34)	(9)
Tax effect of non-taxable revenue	195	31
Tax effect of non-deductible expenses	88	(38)
Tax effect on changes in rates for deferred taxes	(461)	(311)
Total	(11,219)	(8,309)

The composition of the line of liabilities for current taxes is as follows:

	12/31/2017 ThUS\$	12/31/2016 ThUS\$
Income tax	1,829	9
Total	1,829	9

NOTE 17 - OTHER CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Other financial liabilities are as follows.

Current:

	12/31/2017 ThUS\$	12/31/2016 ThUS\$
Interest-bearing loans	439	10,554
Total current	439	10,554

Non-current:

	12/31/2017 ThUS\$	12/31/2016 ThUS\$
Interest-bearing loans	100,000	99,917
Total non-current	100,000	99,917

On September 27, 2017 Compañía Pesquera Camanchaca and its subsidiary Salmones Camanchaca S.A. signed a debt rescheduling, financing commitment and joint and several guarantee contract with DNB Bank ASA, Cooperative Rabobank U.A. and Banco Santander Chile S.A., as legalized in a public deed. It rescheduled these companies' liabilities amounting to ThUS\$ 165,000. The rescheduling covers three financing tranches.

- Tranche A conditions
 - Borrower: Compañía Pesquera Camanchaca S.A.
 - Amount: US\$ 25 million
 - Maturity: November 2019.
 - Repayments: four equal installments from May 27, 2018 to November 27, 2019, unless the IPO for Salmones Camanchaca S.A. is approved, in which case the loan will be fully repaid from these funds.
 - Rate: Applicable Margin + Libor for the defined period

- Tranche B conditions
 - Borrower: Compañía Pesquera Camanchaca S.A.
 - Amount: US\$ 40 million
 - Maturity: November 2022.
 - Minimum six-monthly repayments: six equal installments from May 27, 2020 to November 27, 2022.
 - Rate: Applicable Margin + Libor for the defined period
- Tranche C conditions
 - Borrower: Salmenes Camanchaca S.A.
 - Amount: US\$ 100 million
 - Maturity: November 2022.
 - Repayments: two equal installments of 10% of the debt on May 27, 2020 and on November 27, 2021, plus a final installment for the remaining 80% of the debt on November 27, 2022.
 - Rate: Applicable Margin + Libor for the defined period.

Salmenes Camanchaca S.A. guaranteed the obligations of Compañía Pesquera Camanchaca S.A. under tranches A and B, unless the IPO takes place first, in which case this guarantee would cease. Camanchaca guaranteed the obligations of the subsidiary, unless the IPO takes place first, in which case this guarantee would cease. In February 2nd, 2018 the Salmenes Camanchaca's IPO occurred and the cross guarantees ceased.

The costs of tranches A, B and C are represented by a margin over LIBOR, which depends on the extent of borrowing measured every six months as the ratio between the previous twelve months EBITDA and net borrowing. It will fluctuate between 2.25% and 3.25% if the IPO takes place, and increase by 0.25% if it doesn't.

The guarantees associated with these tranches consist of pledged shares owned by the parent company in its subsidiaries Camanchaca Pesca Sur S.A., Camanchaca Cultivos Sur S.A. and its subsidiary's shares that are not part of the IPO. It also guarantees the most representative and significant assets of the respective borrowers.

The loan has the following financial covenants:

- a) Net Debt to EBITDA ratio that should not exceed 4 times, defined as the ratio between Net Financial Debt and Ebitda of 12 mobile months and
- b) Equity ratio that must be at least 40%, defined as the ratio between the Total Equity to the Total Assets. Before the IPO, they it will be measured on the consolidated figures of the parent company and after that they are considered according to the consolidated figures of Salmenes Camanchaca S.A.

Interest-bearing loans

Obligations that mature in under 12 months

	12/31/2017 ThUS\$	12/31/2016 ThUS\$
Banco de Chile	-	2,013
Banco Santander	-	827
Banco Crédito e Inversiones	-	2,890
Banco Estado	-	1,759
Rabobank	-	1,593
Banco Security	-	1,236
Interest payable	439	236
Total	439	10,554

Obligations that mature in over 12 months

	12/31/2017 ThUS\$	12/31/2016 ThUS\$
Banco de Chile	-	19,437
DNB Bank ASA	34,000	-
Rabobank Cooperate U.A.	46,000	-
Banco Santander	20,000	8,024
Banco Crédito e Inversiones	-	27,944
Banco Estado	-	17,067
Rabobank	-	15,452
Banco Security	-	11,993
Total	100,000	99,917

The Company's loans are as follows.

a) As of December 31, 2017

											Current			Non-Current			
											Maturity		Total current	Maturity			Total non-current
Debitor ID Number	Debitor	Country	Creditor ID Number	Creditor	Country	Currency	Repayments	Nominal rate	Effective rate	Guarantees	Under 90 days	90 days to 1 year		1 to 3 years	3 to 5 years	Over 5 years	
76-065.596-1	Salmones Camanchaca S.A.	Chile	0-E	DNB Bank ASA	Países Bajos	US\$	Semestral y al vencimiento	4,65	4,65	% de activos	-	149	149	4.600	29.400	-	34.000
76.065.596-1	Salmones Camanchaca S.A.	Chile	97.036.000-k	Banco Santander	Chile	US\$	Semestral y al vencimiento	4,65	4,65	% de activos	-	88	88	2.000	18.000	-	20.000
76-065.596-1	Salmones Camanchaca S.A.	Chile	0-E	Rabobank Cooperate U.A.	Países Bajos	US\$	Semestral y al vencimiento	4,65	4,65	% de activos	-	202	202	3.400	42.600	-	46.000
											-	439	439	10.000	90.000	-	100.000

b) As of December 31, 2016

											Current			Non-Current			
											Maturity		Total current	Maturity			Total non-current
														1 to 3 years	3 to 5 years	Over 5 years	
Debitor ID Number	Debitor	Country	Creditor ID Number	Creditor	Country	Currency	Repayments	Nominal rate	Effective rate	Guarantees	Under 90 days	90 days to 1 year		1 to 3 years	3 to 5 years	Over 5 years	
76-065.596-1	Salmones Camanchaca S.A.	Chile	97.004.000-5	Banco de Chile	Chile	US\$	Semestral y al vencimiento	2,80	2,80	% de activos	-	2.028	2.028	19.436	-	-	19.436
76.065.596-1	Salmones Camanchaca S.A.	Chile	97.006.000-6	Banco Crédito Inversiones	Chile	US\$	Semestral y al vencimiento	2,76	2,76	% de activos	-	2.930	2.930	27.944	-	-	27.944
76-065.596-1	Salmones Camanchaca S.A.	Chile	97.030.000-7	Banco Estado	Chile	US\$	Semestral y al vencimiento	2,79	2,79	% de activos	-	1.812	1.812	17.068	-	-	17.068
76.065.596-1	Salmones Camanchaca S.A.	Chile	97.036.000-k	Banco Santander	Chile	US\$	Semestral y al vencimiento	2,60	2,60	% de activos	-	850	850	8.024	-	-	8.024
76-065.596-1	Salmones Camanchaca S.A.	Chile	97.949.000-3	Rabobank	Chile	US\$	Semestral y al vencimiento	3,76	3,76	% de activos	-	1.657	1.657	15.452	-	-	15.452
76.065.596-1	Salmones Camanchaca S.A.	Chile	97.053.000-2	Banco Security	Chile	US\$	Semestral y al vencimiento	3,02	3,02	% de activos	-	1.277	1.277	11.993	-	-	11.993
											-	10.554	10.554	99.917	-	-	99.917

Reconciliation of financial obligations for the statement of cash flows:

a) As of December 31, 2017

Other financial liabilities	Balance as of December 31, 2016 ThUS\$	Cash Flows			Accrual ThUS\$	Other ThUS\$	Balance as of December 31, 2017 ThUS\$
		Payments		Acquisitions ThUS\$			
		Capital ThUS\$	Interest ThUS\$				
Current							
Bank loans	10,554	(10.407)	(3.683)		4.058	(83)	439
Total other financial liabilities, current	10,554	(10.407)	(3.683)	-	4.058	(83)	439
Non-Current							
Bank loans	99,917		-		-	83	100,000
Total other financial liabilities, non-current	99,917	-	-	-	-	83	100,000
Total other financial liabilities	110,471	(10.407)	(3.683)	-	4.058	-	100,439

b) As of December 31, 2016

Other financial liabilities	Balance as of December 31, 2015 ThUS\$	Cash Flows			Accrual ThUS\$	Other ThUS\$	Balance as of December 31, 2016 ThUS\$
		Payments		Acquisitions ThUS\$			
		Capital ThUS\$	Interest ThUS\$				
Current							
Bank loans	10,815	(10,619)	(3,367)	-	3,497	10,228	10,554
Total other financial liabilities, current	10,815	(10,619)	(3,367)	-	3,497	10,228	10,554
Non-Current							
Bank loans	110,145	-	-	-	-	(10,228)	99,917
Total other financial liabilities, non-current	110,145	-	-	-	-	(10,228)	99,917
Total other financial liabilities	120,960	(10,619)	(3,367)	-	3,497	-	110,471

NOTE 18 - TRADE AND OTHER PAYABLES

Trade and other payables are as follows:

	12/31/2017 ThUS\$	12/31/2016 ThUS\$
Trade payables	49,220	21,977
Notes payable	16,402	5,283
Retentions	1,361	568
Dividends payable	3,354	-
Other	1,392	312
Total	71,729	28,140

Trade payables as of December 31, 2017 by suppliers are as follows.

- Suppliers with payments not overdue

Supplier	Amount by payment terms						Total ThUS\$	Average Payment Period (days)
	Under 30 days	31-60	61-90	91-120	121-365	Over 365		
Products	11,456	8,236	7,720	6,425	-	-	33,837	59
Services	12,608	1,878	6	6	201	-	14,699	43
Total	24,064	10,114	7,726	6,431	201	-	48,536	

- Suppliers with payments overdue

Supplier	Amount by overdue range in days						Total ThUS\$
	Under 30 days	31-60	61-90	91-120	121-180	Over 180	
Products	160	-	-	-	-	131	291
Services	243	53	39	12	10	36	393
Total	403	53	39	12	10	167	684

Trade payables as of December 31, 2016 by suppliers are as follows.

- Suppliers with payments not overdue

Supplier	Amount by payment terms						Total ThUS\$	Average payment period (days)
	Under 30 days	31-60	61-90	91-120	121-365	Over 365		
Products	1,334	3,623	3,383	4,719	754	-	13,813	57
Services	2,494	4,507	-	-	-	-	7,001	42
Total	3,828	8,130	3,383	4,719	754	-	20,814	

- Suppliers with payments overdue

Supplier	Amount by overdue range in days						Total ThUS\$
	Under 30 days	31-60	61-90	91-120	121-180	Over 180	
Products	312	14	1	26	1	391	745
Services	116	35	63	147	9	48	418
Total	428	49	64	173	10	439	1,163

The Company has no confirming transactions.

NOTE 19 - EMPLOYEE BENEFIT PROVISIONS

The current portion of these provisions cover staff vacations as follows:

	Current	
	12/31/2017 ThUS\$	12/31/2016 ThUS\$
Opening balance	681	892
Increase (decrease)	339	(211)
Closing balance	1,020	681

The non-current portion of these provisions cover staff severance indemnities as follows:

	Non-Current	
	12/31/2017 ThUS\$	12/31/2016 ThUS\$
Opening balance	136	125
Payments	-	(46)
Increases	21	57
Closing balance	157	136

NOTE 20 – EQUITY

a) Capital

The Company's share capital is as follows.

	12/31/2017 Subscribed capital ThUS\$	12/31/2016 Paid capital ThUS\$
Series		
Single	73,422	34,843
Total	73,422	34,843

Common Shares	Total number of shares	
Balance as of December 31, 2017 and 2016	56,818,008	206,061

b) Dividend policy

The Company has defined the following dividend policy, in accordance with its by-laws.

Financial statements shall be prepared as of December thirty-one each year.

Net income for the year will be distributed as follows.

a) No less than thirty percent to be distributed as a dividend in cash to shareholders, in proportion to their shares.

b) The balance to be used to form reserves, as agreed by an Annual General Shareholders' Meeting.

c) Dividend provision

The Company has declared a final dividend of US\$ 3,354 for the year ended December 31, 2017, which will be approved by the Company's Annual General Shareholders Meeting.

d) Other reserves

Other reserves are as follows.

	12/31/2017 ThUS\$	12/31/2016 ThUS\$
Conversion effects in other companies reserves	90	75
Corporate reorganization reserves (*)	23,471	-
Total	23,561	75

(*) Under this concept, the difference between the book value and the contribution value, assigned to the capital increase, of the shares of Fiordo Blanco S.A. and Surproceso S.A., considering that this transaction was made between companies under common control.

e) Retained earnings are as follows.

	12/31/2017 ThUS\$	12/31/2016 ThUS\$
Opening balance	(16,672)	(43,838)
Dividends	(3,354)	-
Net income for the year	31,721	27,166
Closing balance	11,695	(16,672)

NOTE 21 - EARNINGS PER SHARE

Earnings per share are as follows.

Detail	12/31/2017 ThUS\$	12/31/2016 ThUS\$
Net income (loss) for the year (ThUS\$)	31,721	27,166
Weighted average number of shares	56,818,008	206,061
Basic earnings per share (US\$/share)	0.5583	131.8348

Basic earnings per share takes the net income for the period and divides it by the number of single series shares.

The Company has not issued convertible debt or other equity securities. Consequently, there are no potentially diluting effects on earnings per share.

NOTE 22 - OPERATING REVENUE

Operating revenue is as follows.

	For the years ended December 31,	
	2017 ThUS\$	2016 ThUS\$
Fresh salmon sales	80,681	90,926
Frozen salmon sales	110,648	125,253
Services	5,072	5,230
Caleta bay	6,115	3,296
Other products	554	841
Total	203,070	225,546

NOTE 23 - ADMINISTRATIVE EXPENSES

Administrative expenses are as follows.

	For the years ended December 31,	
	2017 ThUS\$	2016 ThUS\$
Corporate support services	4,515	3,960
Remuneration	3,328	2,484
Communications	480	220
Leases	519	567
Depreciation	181	172
Audit and consultancy	388	507
Travel and travelling allowances	197	198
Legal expenses	100	153
Overhead expenses	413	500
Other administrative expenses	629	446
Total	10,750	9,207

NOTE 24 - DISTRIBUTION COSTS

Distribution costs are as follows.

	For the years ended December 31,	
	2017 ThUS\$	2016 ThUS\$
Distribution services	662	648
Remuneration	959	926
Storage costs	840	1,281
Fees	826	1,107
Haulage costs	751	864
Maritime freight	274	756
Shipment costs	289	387
Travel and Traveling allowances	30	68
Samples and analysis	56	94
Export certificates	81	104
Other expenses	899	502
Total	5,667	6,737

NOTE 25 - FINANCIAL COSTS

Finance costs are as follows.

	For the years ended December 31,	
	2017 ThUS\$	2016 ThUS\$
Financial interest	3,489	3,103
Commercial current account interest	241	304
Financial commissions	308	90
Other expenses	198	99
Total	4,236	3,596

NOTE 26 – EXCHANGE DIFFERENCES

Exchange differences are as follows.

Item	Currency	12/31/2017 ThUS\$	12/31/2016 ThUS\$
Assets (charge) / credit			
Banks	CLP	(604)	(291)
Banks	EUR	28	13
Domestic customers	CLP	77	33
Foreign customers	YEN	52	-
Foreign customers	EUR	44	103
Foreign customers	GBP	-	8
Miscellaneous receivables	CLP	56	102
Miscellaneous receivables	UF	3	304
Commercial current accounts with related companies	CLP	326	(620)
Commercial current accounts with related companies	EUR	-	33
Commercial current accounts with related companies	UF	-	(2)
Recoverable taxes	CLP	551	356
Prepaid expenses	CLP	6	23
Total		539	62
Liabilities (charge) / credit			
Trade payables	CLP	(884)	(562)
Notes payable	CLP	11	(2)
Notes payable	EUR	(27)	30
Provisions and withholdings	CLP	(94)	69
Provisions and withholdings	UF	-	(6)
Total		(994)	(471)

Gain (loss) on foreign currency conversion	(455)	(409)
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NOTE 27 - OTHER INCOME (LOSSES)

Other income for the period is as follows.

	For the years ended December 31,	
	2017 ThUS\$	2016 ThUS\$
Net gain on selling assets	16	89
Gain (loss) on insurance claims	(328)	(9,308)
Costs of disposing of property, plant and equipment	(947)	(964)
Other	1,199	129
Total	(60)	(10,054)

The loss on insurance claims in 2016 mainly arose from: The estimated loss as of December 31, 2016 not covered by insurance of US\$ 5.8 million associated with the Harmful Algal Blooms, partially offset by a gain of US\$ 1.6 million on the balance of the insurance claim associated with the eruption of Volcano Calbuco in 2015.

NOTE 28 - ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are as follows:

Item	Currency	12/31/2017 ThUS\$	12/31/2016 ThUS\$
Current assets			
Cash and cash equivalents	USD	531	852
Cash and cash equivalents	CLP	(121)	626
Cash and cash equivalents	EUR	436	164
Other financial assets, current	CLP	31	2
Other non-financial assets, current	USD	7,041	4,868
Trade and other receivables, current	USD	21,297	23,949
Trade and other receivables, current	CLP	4,259	3,172
Trade and other receivables, current	EUR	2,429	482
Trade and other receivables, current	GBP	211	-
Trade and other receivables, current	UF	-	81
Related company receivables, current	USD	25,076	15,331
Related company receivables, current	CLP	509	216
Inventories	USD	38,170	23,344
Biological assets, current	USD	97,522	60,977
Tax assets, current	CLP	1,584	1,857
Total		198,975	135,921

Item	Currency	12/31/2017 ThUS\$	12/31/2016 ThUS\$
Non-current assets			
Other financial assets, non-current	USD	27	27
Other non-financial assets	CLP	260	112
Rights receivable, non-current	USD	5,520	3,995
Equity method investments	USD	5,565	412
Intangible assets other than goodwill	USD	7,083	4,216
Property, plant and equipment	USD	73,646	69,005
Biological assets, non-current	USD	14,472	17,199
Deferred tax assets	USD	456	0
Total		107,029	94,966

Item	Currency	12/31/2017 ThUS\$	12/31/2016 ThUS\$
Current liabilities			
Other financial liabilities, current	USD	439	10,554
Trade and other payables, current	USD	43,803	14,843
Trade and other payables, current	CLP	28,250	12,573
Trade and other payables, current	UF	412	143
Trade and other payables, current	EUR	(738)	581
Trade and other payables, current	DKK	(10)	0
Trade and other payables, current	GBP	12	0
Related party payables, current	USD	2,393	31,975
Related party payables, current	CLP	1,805	837
Tax liabilities, current	CLP	1,829	9
Employee benefits provision	CLP	1,020	681
Total		79,215	72,196

Item	Currency	12/31/2017 ThUS\$	12/31/2016 ThUS\$
Non-current liabilities			
Other financial liabilities, non-current	USD	100,000	99,917
Trade and other payables, current	CLP	102	128
Related party payables, current	USD	9,703	35,392
Related party payables, current	CLP	(6,213)	20
Related party payables, current	EUR	1,082	960
Deferred tax liabilities	USD	13,280	3,892
Employee benefit provisions, non-current	CLP	157	136
Total		118,111	140,445

NOTE 29 - GUARANTEES AND CONTINGENCIES

a) Bank loan conditions

The parent company and its subsidiary Salmenes Camanchaca S.A. on November 27, 2017, under the cover of the Reprogramming and Financing Commitment and joint and several guarantee Contract, with DNB Bank ASA, has constituted guarantees and cross-guarantees, with the following details:

- i. Mortgages on plots of land, including everything built on them. The parent company and other subsidiaries of it correspond to 3 properties in Caldera, 9 in Tomé. 3 in Coronel and 1 in Chonchi. Salmenes Camanchaca direct correspond to 4 in Tomé, 1 Puerto Varas and 1 in Calbuco.
- ii. Naval mortgages on fishing vessels. and naval artifacts from the parent company and other subsidiaries and 5 direct from Salmons Camanchaca S.A.
- iii. Pledge
 - a. Non-possessory pledges: Indirect over the fishmeal plant in Iquique and process plant of mussels in Chiloé and Direct on the salmon processing plant in Tome, Calbuco, fish-farm in Petrohue and mussel processing plant in Chiloé.
 - b. Compañía Pesquera Camanchaca S.A. has a pledge over all the shares of Salmenes Camanchaca S.A., as owner of most of them, together with Inmobiliaria Camanchaca S.A. who owns one share.
 - c. Compañía Pesquera Camanchaca S.A. as owner of share of Camanchaca Pesca Sur S.A., together with Camanchaca SPA. owner of 100 shares, which account for 70% of the total shares of said company.
 - d. Pesquera Company Camanchaca S.A. as holder of 258,670 shares of Camanchaca Cultivos Sur S.A., together with Inmobiliaria Camanchaca S.A., owner of 19,318 shares.
 - e. Non-possessory pledges on tradable fishing licenses class A, of Compañía Pesquera Camanchaca S.A. and its subsidiary Camanchaca Pesca Sur.
 - f. Salmenes Camanchaca S.A. and Subsidiaries delivered in mortgage in favor of the Banks, all the aquaculture concessions of its own related to the salmon and trout species.

b) Direct guarantees

Guarantee creditor	Debtor		Assets involved Guarantee	Property	Book value ThUS\$
	Name	Relationship			
Banco Chile	Salmenes Camanchaca S.A.	Commercial	Property mortgage	Tome real estate	4,659
Banco Chile	Salmenes Camanchaca S.A.	Commercial	Property mortgage	Puerto Varas real estate	2,215
Banco Chile	Salmenes Camanchaca S.A.	Commercial	Property mortgage	Calbuco real estate	214
Banco Chile	Salmenes Camanchaca S.A.	Commercial	Property mortgage	Salmon vessels	1,665
Banco Chile	Salmenes Camanchaca S.A.	Commercial	Pledge	Machinery and equipment	10,737
Banco Chile	Salmenes Camanchaca S.A.	Commercial	Pledge	Buildings and construction	13,511

c) Indirect guarantees

Guarantee creditor	Debtor		Assets involved Guarantee	Property	Book value ThUS\$
	Name	Relationship			
Banco Chile	Camanchaca S.A.	Commercial	Property mortgage	Iquique real estate	1,640
Banco Chile	Camanchaca S.A.	Commercial	Property mortgage	Caldera real estate	6,864
Banco Chile	Camanchaca S.A.	Commercial	Property mortgage	Tome real estate	1,412
Banco Chile	Camanchaca S.A.	Commercial	Property mortgage	Vessels in Iquique	12,856
Banco Chile	Camanchaca S.A.	Commercial	Pledge	Machinery and equipment	11,335
Banco Chile	Camanchaca Pesca Sur S.A.	Commercial	Property mortgage	Coronel real estate	11,514
Banco Chile	Camanchaca Pesca Sur S.A.	Commercial	Property mortgage	Tome real estate	1,966
Banco Chile	Camanchaca Pesca Sur S.A.	Commercial	Property mortgage	Vessels in Coronel	19,334
Banco Chile	Camanchaca Pesca Sur S.A.	Commercial	Property mortgage	Maritime artifacts in Coronel	914
Banco Chile	Camanchaca Cultivos Sur S.A.	Commercial	Property mortgage	Chonchi/Chiloé real estate	6,916
Banco Chile	Camanchaca Cultivos Sur S.A.	Commercial	Pledge	Machinery and Equipment	3,376

In respect to the warranties indicated above and that affect the assets of Camanchaca Pesca Sur SA, in accordance with the provisions of the reprogramming contract, the administrative procedure of inscription in the competent records of those contracts originating jointly with that entity has been completed, all guarantees will be lifted, which will be formalized in the first four months of 2018.

In the event of a public offering of shares of Salmenes Camanchaca S.A. , the cross-guarantees between the parent company and Salmenes Camanchaca S.A. will be raised. On February 2, the aforementioned public offer was made and are in the process of formalization.

d) Contingencies

The Company regularly evaluates the likelihood of loss on its litigation and contingencies, in accordance with estimates provided by its legal advisers. Detailed information relating to these processes is available, provided it does not compromise the Company's defense. Salmenes Camanchaca S.A. has litigation or administrative proceedings before the Courts of Justice or administrative bodies at the reporting date. Therefore, it had created the following provisions as of December 31, 2017.

Proceedings	Number of cases	Accounting provision ThUS\$
Civil	7	59
Administrative	2	5
Total	9	64

NOTE 30 - SANCTIONS

The Company, its Directors and Managers have not been subject to sanctions of any kind by the Financial Market Commission or other administrative authorities as of the date these financial statements were issued.

NOTE 31 – ENVIRONMENT

Salmenes Camanchaca S.A. continuously renews its commitment to the environment, by implementing new processes and technologies at its production plants. This has enabled it to achieve a sustainable business, and to further cultivate species in an efficient manner, while minimizing its impact on the environment.

The Company invested in the following projects associated with environmental mitigation during the period January 1 to December 31, 2017.

Project	12/31/2017 Investment ThUS\$
Waste management	554
Environmental services	133
Total	687

The Company invested in the following projects associated with environmental mitigation during the period January 1 to December 31, 2016.

Project	12/31/2016 Investment ThUS\$
Waste management	308
Environmental services	310
Total	618

The Company is committed to complying with all environmental regulations. In particular it will continue to actively participate in discussions regarding projects that involve amendments and improvements to environmental and health regulations, to ensure that these can be implemented from a technical, financial, social and environmental perspective. It is dedicated to supporting the best proposal for the environment and developing the industry.

NOTE 32 - SUBSEQUENT EVENTS

On February 2, 2018, 19,800,000 Company shares were placed through the Santiago Stock Exchange, using a mechanism known as an order book auction. These represent 9,181,992 first issue shares and 10,618,008 second issue shares, at a price of Ch\$ 3,268 per share.

The placing agent was Larraín Vial S.A. Corredora de Bolsa and the global coordinator was DNB Markets, a division of DNB Bank ASA.

Important placement points.

Orders: Primary and secondary
Code: SALMOCAM
Quantity: Up to 21,780,000 shares

Share allocation:

The placement agent reported that the Issuer decided to waive the minimum price established in the secret terms and conditions, and place the SALMOCAM shares at a price of Ch\$ 3,268 each.

a) Award price: Ch\$ 3,268 per share

b) Shares awarded: 19,800,000 shares

- NDR (Norwegian Depositary Receipts) segment: 16,500,000 shares (83.33%).
- Transferable Funds, Small Cap and Insurance Companies segment: 2,474,999 shares (12.50%).
- Significant Non-Institutional Amount segment: 324,715 shares (1.64%).
- Other Local, Mutual Fund and Foreign Institutions segment: 320,096 shares (1.62%).
- Retail segment: 130,692 shares (0.66%).
- Organizations related to Salmenes Camanchaca segment: 49,498 shares (0.25%).

The placement affected the loan tranches as described in Note 17 (Other current and non-current financial liabilities). Therefore, the parent company had to repay tranche A, the subsidiary ceased to guarantee the parent company's obligations and the parent company also ceased to guarantee the subsidiary's obligations.

On March 15, 2018, Salmenes Camanchaca S.A. will voluntarily repay ThUS\$ 20,000 of tranche C.

Between the reporting date and the date these financial statements were issued, Management was not aware of any other subsequent events that could significantly impact their interpretation.

NOTE 33 - OTHER INFORMATION

The number of employees by category at the reporting date is as follows.

Laborers	Professionals and Technicians	Senior Executives	Total 12/31/2017
1,299	275	14	1,588

Laborers	Professionals and Technicians	Senior Executives	Total 12/31/2016
959	270	15	1,244

NOTE 34 - BIOLOGICAL ASSETS BASED ON BIOMASS VALUATIONS ACCORDING TO NORWEGIAN REGULATIONS

The Company began trading securities that represent the Company's shares on the Oslo Stock Exchange during 2018. This situation required a study that compared the fair valuation model for biological assets used in Chile, with the industry model used in Norway. The purpose being to prepare and provide public financial information in Norway that is comparable with the information provided by companies that trade their shares on the Oslo Stock Exchange.

The Norwegian Financial Supervisory Authority has carried out research to assess the comparability of models used to measure biomass fair value for biological assets in the salmon industry. Since 2015 it has encouraged the industry to develop a common valuation model, in order to increase the comparability of financial information prepared by companies in this industry. The Financial Supervision Authority has encouraged the industry to change to a cash flow model (net present value model) to calculate the fair value of biological assets. Therefore, companies in the salmon industry evaluated this proposal in autumn 2016, and agreed to migrate to the proposed model. By the end of 2016 they had agreed the principal elements of the new valuation model.

The Company has developed a valuation model that incorporates the recommendations issued by the Norwegian Financial Supervisory Authority, in order to comply with its proposed guidelines.

The valuation model contains the following points.

- a) Biological assets are governed by IAS 41 "Agriculture". The principal standard is that biological assets should be measured at fair value less selling costs, unless fair value cannot be measured reliably. Fair value measurement is determined by IFRS 13. "Fair value" refers to the price that would have been achieved by selling the asset in an orderly transaction between market participants on the measurement date at prevailing market conditions.
- b) For eggs, fry and smolts, historical cost is considered a reasonable approach to estimating fair value, as there is little biological transformation at these stages (IAS 41.24). As smolts are transferred to the sea when their weight is still relatively low. Furthermore, this group represents a limited proportion of the Group's biological assets by both volume and value.
- c) Breeding stock are also valued at cost
- d) The net present value of cash flow model is used. In a hypothetical market with perfect competition, the maximum that a hypothetical live fish buyer would be willing to pay is the net present value of estimated future benefits from selling fish when it is ready to be harvested. The estimated future benefit is cash flow receipts, after taking into account all price adjustments and harvesting costs incurred at the end of the productive cycle.

In accordance to the principle of greater and better use, the Company believes that fish have an optimal harvesting weight when their live weight is equal to or greater than 4 kg. Fair value has been determined for all fish that have a weight equal to or greater than 1 Kg at the reporting date, in accordance with recommendations issued by the Financial Supervisory Authority to calculate the fair value of biological assets. Fish that are under this weight are valued at historical cost. The same criteria is used for breeding stock. Fish valued at historical cost are subject to quarterly impairment testing.

Estimated cash flow receipts are based on the estimated biomass multiplied by the estimated price. The costs required to bring small fish to their harvest weight are estimated. Cash flow is discounted on a monthly basis using an estimated discount rate of 0.8% per month.

- e) The estimated biomass (volume) is based on the actual number of fish in the sea at the reporting date, adjusted to cover projected mortality through to harvest, multiplied by their estimated weight at harvest. The unit of measure is individual fish. The live weight of fish in the sea is converted to gutted weight, as this is the unit of measure used for sales prices.
- f) The price is based on future prices.
- g) The costs associated with abnormal mortality are recognized immediately in the statement of net income and are classified under "Other expenses by function". Normal mortality during the production process is treated as part of production costs. Whether mortality is considered normal or abnormal requires an evaluation using mortality criteria. The Group uses a common indicator and threshold for all cultivation units. If local mortality during one month due to a single event exceeds 2% of fish numbers at that locality, this is an indication of abnormal mortality. This is followed by a detailed evaluation to establish whether this was abnormal mortality. These mortality evaluations examine the cause and the size of the fish.
- h) Changes in the estimated fair value of biological assets, in accordance with IAS 41, are recognized in the statement of net income under "Gain (loss) on fair value of biological assets". It may potentially comprise two components; (1) Changes in the fair value of inventories of fish in the sea, (2) Estimated impairment of fish valued at cost at the end of the reporting period.
- i) Cash flow receipts are generated by product sales. The analysis is simplified by assigning all the remaining costs to the same period as revenue, to leave only one cash flow by locality. Cash receipts are assigned to the month when the harvest is expected to take place. All cash flows at all the the Group's marine fish farms will be distributed throughout the period it takes to grow fish at sea at the reporting date. Estimated future cash flows are discounted on a monthly basis.

Salmon farming is not a market with free competition and no entry barriers. Due to limited access to salmon farming concessions, these licenses currently have a very high value. If a hypothetical live fish buyer should wish to take control and continue farming fish, he would need a license, a site and other obligatory production permits. It must be assumed that this would be possible within a hypothetical market for buying and selling live fish. Such a mortgage buyer would claim a significant discount in order to assign an appropriate proportion of profitability to cover the cost of the buyer's own licenses or the rental cost of leased aquaculture concessions.

This model has the following effects on these financial statements for the year ended December 31, 2017.

- a) An increase in net income for the year of US\$ 9,589, net of deferred tax effects.
- b) An increase in "Gain (loss) on fair value of biological assets" within the statement of net income by function of ThUS\$ 13,135.
- c) An increase in biological assets within current assets of ThUS\$ 13,135, and an increase in deferred tax liabilities of ThUS\$ 3,546 and equity of ThUS\$ 9,589.

The consolidated statement of financial position and the consolidated statements of net income by function including these effects are as follows.

SALMONES CAMANCHACA S.A.
CONSOLIDATED CLASSIFIED STATEMENTS OF FINANCIAL POSITION (AUDITED)

Assets	Note	December 31, 2017 ThUS\$	December 31, 2016 ThUS\$
Current assets			
Cash and cash equivalents	6	846	1,642
Other financial assets, current		31	2
Other non-financial assets, current	11	7,041	4,868
Trade and other receivables, current	13	28,196	27,684
Related party receivables, current	8	25,585	15,547
Inventories	9	38,170	23,344
Biological assets, current	10-34	110,657	60,977
Tax assets, current	13	1,584	1,857
Total current assets		212,110	135,921
Non-current assets			
Other financial assets, non-current		27	27
Other non-financial assets, non-current	11	260	112
Rights receivable, non-current	7	5,520	3,995
Equity method investments	12	5,565	412
Intangible assets other than goodwill	14	7,083	4,216
Property, plant and equipment	15	73,646	69,005
Biological assets, non-current	10-34	14,472	17,199
Long-term deferred taxes	16	456	-
Total non-current assets		107,029	94,966
Total assets		319,139	230,887

SALMONES CAMANCHACA S.A.
CONSOLIDATED CLASSIFIED STATEMENTS OF FINANCIAL POSITION (AUDITED)

Liabilities	Note	December 31, 2017 ThUS\$	December 31, 2016 ThUS\$
Current liabilities			
Other financial liabilities, current	17	439	10,554
Trade and other payables, current	18	71,729	28,140
Related party payables, current	8	4,198	32,812
Tax liabilities, current	16	1,829	9
Employee benefit provisions, current		1,020	681
Total current liabilities		79,215	72,196
Non-current liabilities			
Other financial liabilities, non-current	17	100,000	99,917
Trade and other payables, non-current	18	102	128
Related party payables, non-current	8	4,572	36,372
Deferred tax liabilities	16	16,826	3,892
Employee benefit provisions, non-current	19	157	136
Total non-current liabilities		121,657	140,445
Equity			
Share capital	20	73,422	34,843
Share premium	20	-	-
Retained earnings (accumulated losses)	20	21,284	(16,672)
Other reserves	20	23,561	75
Total equity		118,267	18,246
Total equity and liabilities		319,139	230,887

SALMONES CAMANCHACA S.A.
CONSOLIDATED CLASSIFIED STATEMENTS OF FINANCIAL POSITION (AUDITED)

STATEMENT OF NET INCOME BY FUNCTION	Note	For the years ended December 31,	
		2017 ThUS\$	2016 ThUS\$
Operating revenue	22	203,070	225,546
Cost of sales	9	(144,859)	(185,197)
Gross profit before fair value		58,211	40,349
Gain (loss) on fair value of biological assets	10	67,497	63,623
Fair value adjustment to biological assets harvested and sold	10	(49,061)	(38,694)
Gross profit		76,647	65,278
Administrative expenses	23	(10,750)	(9,207)
Distribution costs	24	(5,667)	(6,737)
Financial costs	25	(4,236)	(3,596)
Share of net income (losses) of equity method associates		541	127
Exchange differences	26	(455)	(409)
Other gains (losses)	27	(60)	(10,054)
Financial income		55	73
Net income before tax		56,075	35,475
Income tax (expense) income	16	(14,765)	(8,309)
Net income from continuing operations		41,310	27,166
Net income from discontinued operations			
Net income for the year		41,310	27,166
Net Income attributable to:			
Net income attributable to owners of the parent company		41,310	27,166
Net income attributable to non-controlling interests		-	-
Net income for the year		41,310	27,166
Earnings per share			
Basic earnings per share (US\$/share)		0.7271	131.8348
Earnings per share on discontinued operations (US\$/share)		0.0000	0.000
Basic earnings per share		0.7271	131.8348