



SALMONES CAMANCHACA S.A. AND SUBSIDIARY

Consolidated financial statements

As of December 31, 2018

CONTENTS

Consolidated classified statement of financial position
Consolidated statement of changes in equity
Consolidated statement of net income by function
Consolidated statement of comprehensive income
Consolidated statement of cash flows, direct method
Notes to the consolidated financial statements

ThUS\$ - Thousands of US dollars

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

ThCh\$ - Thousands of Chilean pesos



INDEPENDENT AUDITOR'S REPORT

Santiago, Chile. March 4, 2019

To the Board of Directors of 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, 2018 and 2017, 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, 2018 and 2017.
- 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.



Santiago, Chile. March 4, 2019
Salmones Camanchaca S.A.

2

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\$131.844. Biological assets comprise ova (eggs), juveniles, broodstock and fish held for harvesting purposes (on growing stage), (see also Note 2 accounting principles, Note 6 significant estimates and judgement, and Note 11 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 margin for the year. The Company therefore shows the effect from changes in fair value estimates as a separate line item, before gross margin. 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 margin.

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.



Santiago, Chile. March 4, 2019
Salmones Camanchaca S.A.

3

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.

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 assessment 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 2018. 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 inquiries of and discussion with management. Our audit procedures also included analysis and evaluation of historical accuracy of prior years' 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 specialist 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 6 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.



Santiago, Chile. March 4, 2019
Salmones Camanchaca S.A.

4

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.

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.



Santiago, Chile. March 4, 2019
Salmones Camanchaca S.A.

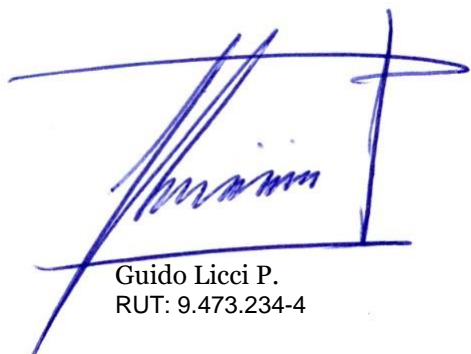
5

- 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.

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 signature in blue ink, appearing to read "Guido Licci P.", enclosed within a rectangular box.

Guido Licci P.
RUT: 9.473.234-4

The PricewaterhouseCoopers logo, featuring a large, stylized "P" followed by the words "ricewaterhousecoopers" in a cursive script.

CONTENTS

CONSOLIDATED CLASSIFIED STATEMENT OF FINANCIAL POSITION	
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	
CONSOLIDATED STATEMENT OF NET INCOME BY FUNCTION	
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	
CONSOLIDATED STATEMENT OF CASH FLOW - DIRECT METHOD	
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	

NOTE 1 - GENERAL INFORMATION	1
NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	2
2.1. PERIOD COVERED	2
2.2. BASIS OF PREPARATION	2
2.3. NEW ACCOUNTING PRONOUNCEMENTS	3
2.4. BASIS OF CONSOLIDATION	6
2.5. SEGMENT REPORTING	7
2.6. FOREIGN CURRENCY TRANSACTIONS	7
2.7. PROPERTY, PLANT AND EQUIPMENT	8
2.8. BIOLOGICAL ASSETS	9
2.9. INTANGIBLE ASSETS OTHER THAN GOODWILL	11
2.10. INTEREST COSTS	11
2.11. IMPAIRMENT LOSSES ON NON-FINANCIAL ASSETS	11
2.12. FINANCIAL ASSETS AND LIABILITIES	11
2.13. INVENTORIES	13
2.14. TRADE AND OTHER RECEIVABLES	13
2.15. CASH AND CASH EQUIVALENTS	14
2.16. SHARE CAPITAL	14
2.17. TRADE AND OTHER PAYABLES	14
2.18. INTEREST-BEARING LOANS	14
2.19. EMPLOYEE BENEFITS	15
2.20. PROVISIONS	15
2.21. REVENUE RECOGNITION	15
2.22. LEASES	16
2.23. DIVIDEND POLICY	16
2.24. THE ENVIRONMENT	17
NOTE 3 - CHANGES IN ACCOUNTING POLICIES AND ESTIMATES	17
NOTE 4 - FINANCIAL RISK MANAGEMENT	18
4.1. CREDIT RISK	18
4.2. LIQUIDITY RISK	19
4.3. MARKET RISK	19
NOTE 5 - FINANCIAL INSTRUMENTS	20
NOTE 6 - SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS	21
NOTE 7 - CASH AND CASH EQUIVALENTS	23
NOTE 8 - TRADE AND OTHER RECEIVABLES	23
NOTE 9 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES	24

NOTE 10 – INVENTORIES	27
10.1. INVENTORY VALUATION POLICY	27
10.2. INVENTORY COST CALCULATION FORMULA	27
10.3. INFORMATION REGARDING FINISHED PRODUCTS	27
10.4. RECONCILIATION OF FINISHED PRODUCTS	28
NOTE 11 - BIOLOGICAL ASSETS	28
NOTE 12 - OTHER CURRENT AND NON-CURRENT NON-FINANCIAL ASSETS	29
NOTE 13 - EQUITY METHOD INVESTMENTS	30
NOTE 14 - TAX ASSETS AND RIGHTS RECEIVABLE	30
NOTE 15 - INTANGIBLE ASSETS OTHER THAN GOODWILL	31
NOTE 16 - PROPERTY, PLANT AND EQUIPMENT	35
NOTE 17 - CURRENT AND DEFERRED INCOME TAXES	37
NOTE 18 - OTHER CURRENT AND NON-CURRENT FINANCIAL LIABILITIES	38
NOTE 19 - TRADE AND OTHER PAYABLES	43
NOTE 20 - EMPLOYEE BENEFIT PROVISIONS	44
NOTE 21 – EQUITY	44
NOTE 22 - EARNINGS PER SHARE	46
NOTE 23 - OPERATING REVENUE	47
NOTE 24 - ADMINISTRATIVE EXPENSES	48
NOTE 25 - DISTRIBUTION COSTS	49
NOTE 26 - FINANCIAL COSTS	49
NOTE 27 - EXCHANGE DIFFERENCES	50
NOTE 28 - OTHER GAINS (LOSSES)	50
NOTE 29 - ASSETS AND LIABILITIES IN FOREIGN CURRENCIES	51
NOTE 30 - GUARANTEES AND CONTINGENCIES	52
NOTE 31 – SANCTIONS	53
NOTE 32 – ENVIRONMENT	53
NOTE 33 - SUBSEQUENT EVENTS	55
NOTE 34 - OTHER INFORMATION	55
NOTE 35 - BIOLOGICAL ASSETS BASED ON BIOMASS VALUATIONS ACCORDING TO NORWEGIAN REGULATIONS	55

SALMONES CAMANCHACA S.A. AND SUBSIDIARY
CONSOLIDATED CLASSIFIED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018 AND 2017

Assets	Note	As of December 31, 2018 ThUS\$	As of December 31, 2017 ThUS\$
Current assets			
Cash and cash equivalents	7	13,143	846
Other financial assets, current		50	31
Other non-financial assets, current	12	5,990	7,041
Trade and other receivables, current	8	32,781	28,196
Related party receivables, current	9	26,952	25,585
Inventories	10	22,959	38,170
Biological assets, current	11-35	113,237	97,522
Tax assets, current	14	1,136	1,584
Total current assets		216,248	198,975
Non-current assets			
Other financial assets, non-current		27	27
Other non-financial assets, non-current	12	112	260
Rights receivable, non-current	14	1,349	5,520
Equity method investments	13	4,682	5,565
Intangible assets other than goodwill	15	6,948	7,083
Property, plant and equipment	16	92,269	73,646
Biological assets, non-current	11-35	18,607	14,472
Long-term deferred taxes	17	373	456
Total non-current assets		124,367	107,029
Total assets		340,615	306,004

The accompanying notes numbered 1 to 35 are an integral part of these consolidated financial statements.

Note 35 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\$41,371.

SALMONES CAMANCHACA S.A. AND SUBSIDIARY
CONSOLIDATED CLASSIFIED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018 AND 2017

Liabilities	Note	As of December 31, 2018 ThUS\$	As of December 31, 2017 ThUS\$
Current liabilities			
Other financial liabilities, current	18	243	439
Trade and other payables, current	19	70,134	71,729
Related party payables, current	9	15,296	4,198
Tax liabilities, current	17	6,509	1,829
Employee benefit provisions, current	20	1,056	1,020
Total current liabilities		93,238	79,215
Non-current liabilities			
Other financial liabilities, non-current	18	50,000	100,000
Trade and other payables, non-current		-	102
Related party payables, non-current	9	591	4,572
Deferred tax liabilities	17-35	12,733	13,280
Employee benefit provisions, non-current	20	152	157
Total non-current liabilities		63,476	118,111
Equity			
Share capital	21	91,786	73,422
Share premium	21	27,539	-
Retained earnings	21	41,450	11,695
Other reserves	21	23,126	23,561
Total equity		183,901	108,678
Total equity and liabilities		340,615	306,004

The accompanying notes numbered 1 to 35 are an integral part of these consolidated financial statements.

Note 35 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 ThUS\$11,170.

Retained earnings within equity increased by ThUS\$30,201.

SALMONES CAMANCHACA S.A. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	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 accrued	-	-	-	-	-	-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

	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, 2018	73,422	-	90	23,471	23,561	11,695	108,678	108,678
Capital increase	18,364	27,539	-	-	-	-	45,903	45,903
Changes in equity								
Dividends accrued	-	-	-	-	-	-14,262	-14,262	-14,262
Comprehensive income								
Net income for the period	-	-	-	-	-	44,017	44,017	44,017
Other comprehensive income	-	-	-435	-	-435	-	-435	-435
Closing balance as of December 31, 2018	91,786	27,539	-345	23,471	23,126	41,450	183,901	183,901

The accompanying notes numbered 1 to 35 are an integral part of these interim consolidated financial statements.

SALMONES CAMANCHACA S.A. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF NET INCOME BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	Note	For the years ended December 31,	
		2018 ThUS\$	2017 ThUS\$
Operating revenue	23	332,301	203,070
Cost of sales	10	-239,564	-144,859
Gross profit before fair value adjustment		92,737	58,211
Gain (loss) on fair value of biological assets	11	95,455	54,362
Fair value adjustment to harvested and sold biological assets	11	-100,280	-49,061
Gross profit		87,912	63,512
Administrative expenses	24	-12,077	-10,750
Distribution costs	25	-8,575	-5,667
Financial costs	26	-6,361	-4,236
Share of net income (losses) of equity method associates	13	1,629	541
Exchange differences	27	-1,916	-455
Other gains (losses)	28	-772	-60
Financial income		49	55
Net income (loss) before tax		59,889	42,940
Income tax (expense) income	17	-15,872	-11,219
Net income (loss) from continuing operations		44,017	31,721
Net income (loss) from discontinued operations			
Net income (loss) for the years		44,017	31,721
Net Income (loss) attributable to:			
Net income (loss) attributable to owners of the parent company		44,017	31,721
Net income attributable to non-controlling interests		-	-
Net income (loss) for the years		44,017	31,721
Earnings (loss) per share			
Basic earnings (loss) per share (US\$/share)	22	0.6669	0.5583
Basic earnings (loss) per share (US\$/share)		0.6669	0.5583

The accompanying notes numbered 1 to 35 are an integral part of these interim consolidated financial statements.

Note 35 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\$41,371.

Income tax (expense) increased due to a loss of ThUS\$11,170.

Net income for the years increased by ThUS\$30,201.

SALMONES CAMANCHACA S.A. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	For the years ended December 31,	
	2018 ThUS\$	2017 ThUS\$
Net income (loss) for the period	44,017	31,721
Gain (loss) from cash flow hedge		
Gain (loss) from foreign currency conversion	-435	15
Other income and expenses charged or credited to equity		
Total comprehensive income	43,582	31,736
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent company	43,582	31,736
Total comprehensive income	43,582	31,736

The accompanying notes numbered 1 to 35 are an integral part of these interim consolidated financial statements.

SALMONES CAMANCHACA S.A. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOW - DIRECT METHOD
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	As of December 31, 2018 ThUS\$	As of December 31, 2017 ThUS\$
CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES		
Receipts		
Receipts from the sale of goods & provision of services	366,393	224,137
Payments		
Payments to suppliers for goods and services	-274,496	-161,742
Payments to and on behalf of employees	-27,701	-22,634
Dividends paid	-3,354	-
Dividends received	2,077	-
Interest paid	-5,950	-3,683
Interest received	47	55
Income taxes refunded (paid)	-3,053	31
Other receipts (payments)	-20	734
Net cash flows from (used by) operating activities	53,943	36,898
CASH FLOWS FROM (USED BY) FINANCING ACTIVITIES		
Proceeds from issuing shares	45,903	-
Loan repayments	-50,000	-10,407
Payments to related parties	-4,916	-10,640
Net cash flows from (used by) financing activities	-9,013	-21,047
CASH FLOWS FROM (USED BY) INVESTING ACTIVITIES		
Proceeds from disposals of property, plant and equipment	277	261
Purchases of property, plant and equipment	-32,044	-16,256
Other receipts (payments)	-	-81
Net cash flows from (used by) investing activities	-31,767	-16,076
Net increase (decrease) in cash and cash equivalents, before the effect of changes in exchange rates	13,163	-225
Effect of exchange rate changes on cash and cash equivalents	-866	-571
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	12,297	-796
CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	846	1,642
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	13,143	846

The accompanying notes numbered 1 to 35 are an integral part of these interim consolidated financial statements.

SALMONES CAMANCHACA S.A. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2018

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 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 value of the capital contribution for these shares was ThUS\$38,579. In return, all the rights of Transportes Interpolate Ltda. were transferred to its 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.

On February 2, 2018, 19,800,000 Company shares, which represent 30% of the Company, 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, and these are now traded on the Santiago, Chile and the Oslo, Norway Stock Exchanges.

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 agents 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 years ended December 31, 2018 were approved by the Board of Directors at a meeting held on March 4, 2019.

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 statements of financial position as of December 31, 2018 and 2017.
- Consolidated statements of net income by function for the years ended December 31, 2018 and 2017.
- Consolidated statements of comprehensive income for the years ended December 31, 2018 and 2017.
- Consolidated statements of cash flows - direct method for the years ended December 31, 2018 and 2017.
- Consolidated statements of changes in equity for the years ended December 31, 2018 and 2017.
- Notes to the consolidated financial statements

2.2 Basis of preparation

These financial statements of Salmenes Camanchaca S.A. as of December 31, 2018 were prepared in accordance with International Financial Reporting Standards (IFRS). In accordance with the standards and instructions issued by the Financial Market Commission (FMC), they include additional disclosures in the notes to the financial statements. These are in addition to 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 6 of these financial statements discloses the areas which involve a higher degree of judgment and complexity, where the assumptions and estimates are significant to the financial statements.

These consolidated financial statements of Salmenes Camanchaca S.A. have been prepared from accounting records held by the Company. The figures in these consolidated 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, 2018.

Standards and Interpretations

IFRS 9 Financial Instruments - issued in July 2014. The IASB published the complete 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.

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.

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.

Amendments and improvements

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.

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.

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.

Amendments and improvements

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.

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.

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.

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 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 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 9 "Financial Instruments" -issued in October 2017. This amendment permits more assets to be measured at amortized cost than under the previous version of IFRS 9, in particular some prepaid financial assets with negative offset. The assets affected, which include some loans and debt securities, would otherwise have been measured at fair value through profit and loss (FVTPL). To qualify for amortized cost measurement, the negative compensation must be "reasonable compensation for early termination of the contract".	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 without using the equity method should use IFRS 9. The IASB 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

Standards and Interpretations	Mandatory for annual periods beginning
Amendment to IFRS 3 “Business Combinations” -issued in December 2017. The amendment clarifies that gaining control of a joint operation company involves a business combination achieved in stages. The acquirer must re-value its previously held interest in the joint venture at fair value at 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 should be recognized according to where past transactions or events that generated 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 IAS 19 "Employee Benefits" -issued in February 2018. The amendment requires entities to use updated assumptions to determine the cost of current service and net interest for the remaining period after a plan amendment, reduction or settlement. They must recognize reductions in a surplus in gains or losses on the cost of past service, or a gain or loss on settlement, even if this surplus was not previously recognized because it did not exceed the upper asset limit.	01/01/2019
Amendments to IAS 1 “Presentation of Financial Statements” and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" -issued in October 2018. These introduce a consistent definition of materiality in all the IFRS and the Conceptual Framework for Financial Information. They clarify the explanation that defines materiality and includes some of the guides in IAS 1 on immaterial information.	01/01/2020
Amendment to IFRS 3 “Business Combinations” -issued in October 2018. It reviews the definition of a business. According to feedback received by the IASB, the current guide is frequently considered to be too complex, and results in too many transactions being classified as business combinations.	01/01/2020
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
The Company’s management believes that the adoption of these standards, amendments and interpretations will have no significant impact on the Company’s consolidated financial statements when they are first applied.	

During 2018, the Administration evaluated the impact of the adoption of IFRS 16 as of the effective term of the new standard, which was determined through the evaluation of lease contracts, assets that according to their nature and lease terms, they must be registered at the date of initial application as assets for right to use, which will incur amortization expenses through the period of the contract or the useful life of the asset, whichever is less. Regarding this evaluation, the Company has not yet concluded what will be the effects of the adoption of IFRS 16 in its Consolidated Financial Statements.

2.4 Basis of consolidation

a) Subsidiaries

An entity is a subsidiary when the Company can exercise control over its financial and operational policies, which usually involves owning over half its voting rights. When evaluating whether the Company controls another entity, all its currently exercisable or convertible voting rights and their effects are considered. A subsidiary is consolidated from the date on which control is transferred to the Company and is excluded from consolidation on the date on which it ceases to be controlled.

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's 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 reorganization of Salmones Camanchaca S.A. has resulted in it being consolidated with Fiordo Blanco S.A. as it has had a 99.99% interest from September 14, 2017. Nevertheless, this company is not a significant component of Salmones Camanchaca S.A. as virtually all its operating revenue is eliminated.

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 FMC (formerly Superintendent of Securities and Insurance). The purpose was to arrange an IPO for such shares, which took place on February 2, 2018 and those issued in the future or their representative certificates.

The following subsidiary is included in these consolidated financial statements, together with its functional currency:

Consolidated Company	Country	Functional Currency	Ownership Interest		12/31/2018	12/31/2017
			Direct %	Indirect %	Total %	Total %
Fiordo Blanco S.A.	Chile	US dollars	99.99	-	99.99	99.99

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.

The Salmones Camanchaca S.A. share of net income or losses in associates subsequent to acquiring them are recognized in net income, and its share of equity movements (that are not due to net income) subsequent to their 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 interest 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 2017, 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 dollars

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 Salmones 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\$
12/31/2018	694.77	0.0252	0.8742	110.3800	8.7272
12/31/2017	614.75	0.0229	0.8317	112.5900	8.1739

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, naval equipment (pontoons), hatchery centers and cultivating 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
Buildings	10 - 50
Plant and equipment	3 - 20
Vessels	50
Vehicles	7 - 10
Other fixed assets	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 include groups or families of breeders, such as eggs, smolts, fish being fattened at sea. They are valued at initial recognition and subsequently at their fair value less estimated selling costs, except where their fair value cannot be reliably measured, in accordance with IAS 41. Therefore, an active market for these assets is sought in the first instance.

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

The valuation criteria for 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 income statement for the period.

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

Fair value hierarchy is determined according to the data source, according to the IFRS 13. The Company's valuation model uses hierarchy level III. The most significant unobserved variable is the average weight.

Note 35 contains a comparison of Chilean and Norwegian practices for valuing biological assets.

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 it 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 and liabilities

Financial assets

Financial assets within the scope of IFRS 9 are classified according to the business model used by the Group to manage its financial instruments and contractually established cash flows.

Financial investments not classified at fair value through profit and loss are initially recognized at fair value plus directly attributable transaction costs.

The Company evaluates whether embedded derivatives exist in contracts or financial instruments, to determine whether their characteristics and risk are closely related to the principal contract provided that in aggregate they are not being accounted for at fair value. If they are not closely related, they are recorded separately and changes in value are accounted for directly in the statement of comprehensive income.

The Company and its subsidiaries classify their financial assets after initial recognition and, when permitted and appropriate, reassess this classification as of each year end. All regular purchases and sales of financial assets are recognized on the trade date, which is the date on which the company becomes committed to the trade. Regular purchases and sales are purchases or sales of financial assets that require the delivery of assets within the time frame established generally by market regulation or convention. The following investment classifications are used:

- a) Financial assets at fair value through profit and loss - Financial assets at fair value through profit and loss include financial assets held for sale and financial assets initially recognized at fair value through profit and loss.

Financial assets are classified as held for sale if they are acquired for the purpose of selling them in the short term.

Derivatives, including any separate embedded derivatives, are also classified as held for sale, unless designated as effective hedging instruments or as financial guarantee contracts. Gains or losses on held-for-sale instruments are recognized in the income statement.

When a contract contains one or more embedded derivatives, the entire hybrid contract can be designated as a financial asset at fair value through profit and loss, except when the embedded derivative does not significantly modify the cash flows, or it is clear that separation of the embedded derivative is prohibited.

- b) Financial assets measured at amortized cost - The entity measures assets at amortized cost when the asset complies with the following two conditions: i. The financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- c) Financial assets at fair value with changes in other comprehensive income - Financial assets are measured at fair value with changes in other comprehensive income if they meet the following two conditions: (i) They are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- d) Derivative and hedge financial instruments - Derivative financial instruments to hedge risks associated with fluctuations in interest rates and exchange rates are initially recognized at fair value at the date the derivative contract is signed and are subsequently measured at fair value. Derivatives are recorded as assets (other financial assets) when their fair value is positive and as liabilities (other financial liabilities) when their fair value is negative.

Financial liabilities

Debt and equity instruments are classified as either financial liabilities or equity, based on the substance of the contractual agreement.

Equity instruments - An equity instrument is any contract that evidences a residual interest in the assets of a company after deducting all of its liabilities. Equity instruments are recorded at the value of the consideration received, net of direct issuance costs.

Financial liabilities - Financial liabilities are classified either as financial liabilities at “fair value through profit and loss”, or as “other financial liabilities”.

a) Financial liabilities are classified at fair value through profit and loss when these are held for sale or are designated as such.

b) Other financial liabilities, including loans, are valued initially at the amount of cash received, net of transaction costs. Other financial liabilities are subsequently valued at amortized cost using the effective interest rate method, recognizing interest expense on an effective rate basis.

The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense throughout the corresponding period. The effective interest rate is the rate that exactly discounts the estimated cash flows payable over the expected life of the financial liability, or when appropriate, a shorter period when the associated liability has a prepayment option that it expects to exercise.

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.

The Group applies the simplified approach in IFRS 9 to measure expected credit losses, using an expected loss provision over the life of the instrument for all receivables.

Expected credit losses are measured by grouping receivables by their shared credit risk characteristics and days overdue. Historical loss rates are adjusted to reflect current and expected information regarding macroeconomic factors that affect the ability of customers to meet their commitments.

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 Income and deferred taxes

The tax expense on net income for the period includes current income tax and deferred tax.

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.

2.19 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.

2.20 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.

2.21 Revenue recognition

The Company has applied IFRS 15 as of January 1, 2018, and has not encountered any significant impact on the consolidated financial statements or the financial performance of Salmenes Camanchaca S.A. This standard requires more detailed disclosures than the previous standards, in order to provide more information regarding customer contracts.

Revenue is recorded at the fair value of the consideration received or receivable derived from that revenue. The Company takes into consideration all the relevant facts and circumstances when applying each step of the model established by IFRS 15 regarding customer contracts: (i) identify the contract, (ii) identify the performance obligations, (iii) determine the transaction price, (iv) assign the transaction price to the performance obligations, and (v) revenue recognition. The Company also assesses any incremental costs that arise from winning a contract and any costs directly related to fulfilling a contract. The Company recognizes revenue when the steps set out in this IFRS have been successfully completed.

(i) Operating revenue recognition from the sale of goods

Operating revenue from the sale of goods is recognized when the Company has transferred control over the goods sold to the buyer; when revenue can be reliably measured; when the Company cannot influence how the goods sold are managed; when the Company is likely to receive the financial benefits of the transaction; and when the transaction costs can be reliably measured.

Operating revenue is based on the price established in the sale agreement, net of volume discounts as of the sale date. There is no significant funding component, as sales proceeds are collected within a reduced average period, which is in line with market practice.

Revenue from export sales is based on Incoterms 2010, which are official regulations for interpreting trade terms, and they are issued by the International Chamber of Commerce.

The principal Incoterms used by the Company are as follows:

"CFR (Cost and Freight)", where the Company is responsible for all costs, including principal transport costs, until the goods arrive at the destination port. Risk is transferred to the buyer when the goods are loaded onto the ship, in the country of origin.

"CIF (Cost, Insurance and Freight)", where the Company arranges and pays the foreign transportation costs and other costs, such as insurance. Salmenes Camanchaca S.A. ceases to be responsible for the goods once they have been delivered to the maritime or air carrier, in accordance with the corresponding deadline. The sale is complete when the goods are delivered to the carrier. This service is arranged by the seller.

FOB (Free on Board) and similar, where the buyer arranges and pays the transport costs. Therefore, the sale is complete when the goods are delivered to the carrier arranged by the buyer.

(ii) Operating revenue recognition for providing services

Operating revenue from services is recognized when the performance obligation has been satisfied. Revenue is accounted for considering the degree of service completion as of the closing date, and whether the Company has an enforceable right to payment for providing those services.

2.22 Leases

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.

2.23 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.

Distributions of dividends to shareholders are recognized as a liability as of each reporting date, in accordance with the dividend policy agreed upon by shareholders at the ordinary general shareholders' meeting.

2.24 The 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 - CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

Changes in policy:

The accounting policies described in these consolidated financial statements as of December 31, 2018 reflect the amendments to IFRS 9 and IFRS 15 that apply from January 1, 2018.

The Company has evaluated the impact of applying IFRS 9, which includes identifying gaps between these financial instrument classification and measurement criteria and those currently used, and the impact of applying an expected losses model to determine financial asset impairment. The standard requires that impairment losses are recognized based on the expected credit losses (PCE) instead of credit losses incurred as indicated in IAS 39.

This evaluation has determined that there are no significant changes affecting the classification and measurement of financial assets as a result of applying IFRS 9.

This new standard must be applied to periods beginning on or after January 1, 2018. The Company has applied this standard prospectively using the practical resources allowed by the standard, and comparatives for 2017 will not be represented given that the effects are not significant.

The basic principle in IFRS 15 is that an entity recognizes operating revenue when goods or services are transferred to customers for an amount that reflects the amount that the entity expects to receive in exchange for those goods or services. An entity recognizes operating revenue in accordance with this basic principle by applying the following 5 steps:

- Step 1 - Identify the contracts with a customer.
- Step 2 - Identify the performance obligations in the contract.
- Step 3 - Determine the transaction price.
- Step 4 - Assign the transaction price to the performance obligations.
- Step 5 - Recognize operating revenue when the entity satisfies a performance obligation.

The Company has evaluated these 5 steps and has not identified any new performance obligations or any changes to those already presented in the consolidated financial statements, and believes that there are no significant changes in applying this new standard for recognizing operating revenue. This is based on operating revenue being recognized primarily when it is probable that financial benefits will flow to the Company and can be measured with reliability, at prices that reflect the fair value of the financial benefits receivable when its performance obligations are satisfied. Operating revenue is presented in the statement of net income by function net of value added tax, returns, and discounts.

This new standard must be applied to periods beginning on or after January 1, 2018. The company applies this standard prospectively, using the practical resources allowed.

Group operating revenue is recognized when control over its products is transferred, which is when products have been delivered to the customer and the customer has full discretion over how to sell them and at what price, and there is no unsatisfied obligation that may affect the customer's acceptance of these products. Delivery is complete when products have been sent to the location specified by the customer, obsolescence and loss risks have been transferred to the customer, and the customer has accepted the products in accordance with the sale contract, the acceptance provisions have expired, or the Group has objective evidence that all the acceptance criteria have been satisfied.

When the sale contract includes volume discounts based on total sales during a specific period, operating revenue is based on the contract price, net of estimated volume discounts. Experience is used to estimate discounts using the expected value method, and operating revenue is recognized when it is very likely that there will be no significant changes. A liability is recognized for expected volume discounts on sales through to the end of the reporting period. There is no financing component, as credit sales are unusual and these have very short payment periods, which is consistent with market practice. A provision is recognized to reflect the Group's obligation to refund any defective products under its standard warranty terms.

Receivables are recognized when products have been delivered, since this is the moment when payment becomes unconditional and it is simply a matter of time before payment is made.

There are no other significant changes in the accounting policies and estimates used to prepare the consolidated financial statements of the Company and its subsidiaries with respect to the previous year, and they have been consistently prepared according to IFRS.

Changes in Accounting Estimates

There have been no changes in accounting estimates as of December 31, 2018 in comparison to December 31, 2017.

NOTE 4 - FINANCIAL RISK MANAGEMENT

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

4.1. Credit risk

a) Customer portfolio risk

The Company has no customers in default, but not impaired, as of the reporting date.

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.

4.2. 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, 2018

Item	1 to 3 months ThUS\$	3 to 12 months ThUS\$	1 to 5 years ThUS\$	Over 5 years ThUS\$	ThUS\$
Interest-bearing loans	-	2,743	58,227	-	60,970
Trade and other payables	62,436	7,698	-	-	70,134
Related party payables, current	15,296	-	-	-	15,296
Related party payables, non-current	-	-	-	591	591
Total	77,732	10,441	58,227	591	146,991

b) As of December 31, 2017

Item	1 to 3 months ThUS\$	3 to 12 months ThUS\$	1 to 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

4.3. 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 asset balance in Chilean pesos as of December 31, 2018 totaling ThUS\$ 1,677. Therefore, an increase of 5% in the exchange rate results in an exchange loss of ThUS\$ 84, while a decrease of 5% in the exchange rate results in an exchange gain 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\$ 50,243 in bank liabilities denominated in US dollars as of December 31, 2018. 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\$ 502, as appropriate.

NOTE 5 – FINANCIAL INSTRUMENTS

The Company has financial instruments as of December 31, 2018 and 2017 valued at their fair value as shown in the following table, and there are no differences between their fair value and book value.

Item	12/31/2018		12/31/2017	
	Book value ThUS\$	Fair value ThUS\$	Book value ThUS\$	Fair value ThUS\$
Financial assets at amortized cost				
Cash and cash equivalents				
Cash balances	45	45	56	56
Bank balances	13,098	13,098	790	790
Other financial assets (ii)	50	50	31	31
Trade and other receivables (i)	32,781	32,781	28,196	28,196
Related party receivables (i)	26,952	26,952	25,585	25,585
Recoverable rights, non-current (ii)	5,344	5,344	5,520	5,520
Financial liabilities at amortized cost				
Other financial liabilities (iv)	243	243	439	439
Trade and other payables, current (iii)	70,335	70,335	71,729	71,729
Related party payables, current (iii)	15,764	15,764	4,198	4,198
Other financial liabilities, non-current (iv)	50,000	50,000	100,000	100,000
Payables, non-current (iii)	-	-	102	102
Related party payables, non-current (iii)	591	591	4,572	4,572

(i) Trade and other receivables

Debtors and accounts receivable are amounts owed by customers for goods sold or services rendered in the ordinary course of business. Generally they must be settled within 30 days and, therefore, are classified as current. Customers and accounts receivable are initially recognized for the amount of unconditional consideration unless they contain significant financing components, in which case they are recognized at fair value. The Group maintains customers and accounts receivable in order to collect the contractual cash flows and, therefore, subsequently measures them at amortized cost using the effective interest rate method. The details of the Group's impairment policies and the calculation of the provision for losses are included in note 8 (Trade debtors and other accounts receivable).

Due to the short-term nature of accounts receivable, their book value is considered equal to their fair value.

Information on the impairment of customers and accounts receivable and the Group's exposure to credit risk, exchange rate risk and interest rate risk can be found in note 4 b) (Financial risk management).

(ii) Other financial assets at amortized cost

The Group classifies its financial assets at amortized cost only if the following two criteria are met:

- The asset is maintained within a business model whose objective is to collect the contractual cash flows, and
- The contractual terms give rise to cash flows that are only payments of principal and interest.

These amounts generally come from transactions outside the Group's ordinary operating activities.

(iii) Trade and other payables

Accounts payable balances are not guaranteed and are generally paid within 60 days after recognition.

The carrying amounts of suppliers and other accounts payable are considered equal to their fair values, due to their short-term nature.

(iv) financial liabilities

Guaranteed liabilities and assets given as collateral.

The loans are guaranteed by the most representative and significant assets of the company, which are detailed in note 30 (Guarantees and contingencies). The Group will not provide any other guarantee on its assets and will ensure that the financial ratios described in note 18 (Other current and non-current financial liabilities) are met.

The book values of financial and non-financial assets given as collateral for current and non-current loans are disclosed in note 30 (Guarantees and contingencies).

NOTE 6 - 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, is based on all the non-current assets at the reporting date in 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 7 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents are as follows.

	12/31/2018 ThUS\$	12/31/2017 ThUS\$
Cash balances	45	56
Bank balances	13,098	790
Total cash and cash equivalents	13,143	846

NOTE 8- TRADE AND OTHER RECEIVABLES

Trade and other receivables are as follows.

	12/31/2018			12/31/2017		
	Trade receivables	Doubtful debt provision	Net trade receivables	Trade receivables	Doubtful debt provision	Net trade receivables
Customers	24,605	-450	24,155	23,395	-111	23,284
Recoverable VAT	7,223	-	7,223	3,710	-	3,710
Insurance claims	942	-	942	959	-	959
Sundry debtors	450	-	450	200	-	200
Staff receivables	11	-	11	23	-	23
Notes receivable	-	-	-	20	-	20
Others	-	-	-	-	-	-
Total	33,231	-450	32,781	28,307	-111	28,196

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 2018 and 2017.

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

Classification of receivables by due date.

	12/31/2018				12/31/2017			
Overdue ranges	Number of customers non-renegotiated portfolio	Gross non-renegotiated portfolio ThUS\$	Doubtful debt provision ThUS\$	Net trade receivables ThUS\$	Number of customers non-renegotiated portfolio	Gross non-renegotiated portfolio ThUS\$	Doubtful debt provision ThUS\$	Net trade receivables ThUS\$
Not yet due	202	27,987	-	27,987	165	20,322	-	20,322
1- 30 days	173	4,235	-	4,235	342	4,327	-	4,327
31- 60 days	13	467	-	467	29	2,318	-	2,318
61- 90 days	7	42	-37	5	3	457	-	457
91- 120 days	2	182	-100	82	-	-	-	-
121- 150 days	4	3	-	3	8	383	-	383
151-180 days	-	-	-	-	3	216	-114	102
181-210 days	-	-	-	-	2	200	1	201
211-250 days	6	5	-5	-	2	1	-1	-
>250 days	42	310	-308	2	2	83	3	86
Total	449	33,231	-450	32,781	556	28,307	-111	28,196

Movements in the non-collectable portfolio were as follows:

	12/31/2018 ThUS\$	12/31/2017 ThUS\$
Opening balance	-111	-14
Reverse for payments received	112	14
Increases	-451	-111
Total	-450	-111

NOTE 9 - 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) Related party receivables are as follows:

- Current

	Chilean ID Number:	Country	Payment terms	Currency	12/31/2018 Current ThUS\$	12/31/2017 Current ThUS\$
Camanchaca Inc.	Foreign	USA	Under 30 days	US\$	20,425	16,956
Kabushiki Kaisha Camanchaca Ltd.	Foreign	Japan	Under 30 days	US\$	4,753	7,933
Cia. Pesquera Camanchaca S.A.	93,711,000-6	Chile	Under 30 days	Ch\$	486	162
Camanchaca Cultivos Sur S.A.	96,633,150-K	Chile	Under 30 days	Ch\$	243	193
Camanchaca Pesca Sur S.A.	76,143,821-2	Chile	Under 30 days	Ch\$	861	341
Transportes Interpolar Ltda.	77,970,900-0	Chile	Under 30 days	Ch\$	184	-
Total					26,952	25,585

b) Related party payables are as follows:

- Current

	Chilean ID Number:	Country	Payment terms	Currency	12/31/2018 Current ThUS\$	12/31/2017 Current ThUS\$
Cia. Pesquera Camanchaca S.A.	93,711,000-6	Chile	Under 30 days	Ch\$	11,919	1,412
Transportes Interpolar Ltda.	77,970,900-0	Chile	Under 30 days	Ch\$	388	1,528
Kabushiki Kaisha Camanchaca Ltd.	Foreign	Japan	Under 30 days	US\$	77	204
Inmobiliaria Camanchaca S.A.	96,786,700-4	Chile	Under 30 days	Ch\$	1,546	510
Camanchaca Pesca Sur S.A.	76,143,821-2	Chile	Under 30 days	Ch\$	1,245	267
Camanchaca Cultivos Sur S.A.	96,633,150-K	Chile	Under 30 days	Ch\$	17	-
Frigorífico Pacifico S.A.	77,858,550-2	Chile	Under 30 days	Ch\$	-	188
Surproceso S.A.	76,346,370-2	Chile	Under 30 days	Ch\$	97	86
Codepack S.A.	96,974,100-8	Chile	Under 30 days	Ch\$	7	3
Total					15,296	4,198

- Non-current

	Chilean ID Number:	Country	Payment terms	Currency	12/31/2018 Non-current ThUS\$	12/31/2017 Non-current ThUS\$
Cia. Pesquera Camanchaca S.A.	93,711,000-6	Chile	No time limit	Ch\$	591	4,572
Total					591	4,572

c) Transactions with related companies for over ThUS\$20 and their effects on net income for the periods ended December 31, 2018 and 2017 are as follows.

Company	Chilean ID number	Country	Relationship	Transaction Description	Currency	12/31/2018		12/31/2017	
						Amount ThUS\$	Effect on net income (Charge)/Credit ThUS\$	Amount ThUS\$	Effect on net income (Charge)/Credit ThUS\$
Camanchaca Inc.	Foreign	USA	Common shareholder	Product sales	US\$	112,476	22,399	74,593	21,150
Kabushiki Kaisha Camanchaca Ltd.	Foreign	Japan	Common shareholder	Product sales	US\$	14,367	3,865	15,475	4,388
Kabushiki Kaisha Camanchaca Ltd.	Foreign	Japan	Common shareholder	Commissions	US\$	307	(307)	503	(503)
Cia. Pesquera Camanchaca S.A.	93,711,000-6	Chile	Parent company	Administrative services	US\$	5,529	(5,529)	5,359	(5,359)
Cia. Pesquera Camanchaca S.A.	93,711,000-6	Chile	Parent company	Product sales	Ch\$	328	14	335	95
Cia. Pesquera Camanchaca S.A.	93,711,000-6	Chile	Parent company	Payments	US\$	(4,916)	-	(10,640)	-
Camanchaca Pesca Sur S.A.	76,143,821-2	Chile	Common shareholder	Product sales	Ch\$	373	16	311	158
Camanchaca Pesca Sur S.A.	76,143,821-2	Chile	Common shareholder	Services	Ch\$	182	153	355	188
Camanchaca Pesca Sur S.A.	76,143,821-2	Chile	Common shareholder	Plant lease	US\$	1,363	-	504	(423)
Camanchaca Cultivos Sur S.A.	96,633,150-K	Chile	Common shareholder	Product sales	Ch\$	40	2	101	29
Camanchaca Cultivos Sur S.A.	96,633,150-K	Chile	Common shareholder	Product purchases	Ch\$	15	-	24	-
Camanchaca Cultivos Sur S.A.	96,633,150-K	Chile	Common shareholder	Sales of property, plant and equipment	Ch\$	35	2	-	-
Transportes Interpolar Ltda.	77,970,900-0	Chile	Common shareholder	Transport services	Ch\$	5,452	(4,582)	3,363	(2,826)
Transportes Interpolar Ltda.	77,970,900-0	Chile	Common shareholder	Sales of property, plant and equipment	Ch\$	212	9	-	-
Inmobiliaria Camanchaca S.A.	96,786,700-4	Chile	Common shareholder	Rental services	US\$	1,379	(1,159)	1,380	(1,159)
Surproceso S.A.	76,346,370-2	Chile	Associate	Salmon processing	Ch\$	3,094	-	793	-
Frigorífico Pacifico S.A.	77,858,550-2	Chile	Director and subsidiary shareholder	Leased refrigerators	Ch\$	693	(582)	222	(186)
Codepack S.A.	96,974,100-8	Chile	Related Director	Packaging	Ch\$	64	(54)	30	(26)

Fiordo Blanco S.A. transactions are only disclosed for 2017, as it was consolidated into Salmenes Camanchaca S.A. with effect from September of that year.

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\$378 during 2018 (ThUS\$173 in 2017).

The remuneration of Senior Management during 2018 amounted to ThUS\$1,143 (ThUS\$943 in 2017).

NOTE 10 - INVENTORIES

Inventories as of each reporting date are as follows.

	Unit of Measure	12/31/2018		12/31/2017	
		Quantity	ThUS\$	Quantity	ThUS\$
Finished products*	Kilo	2,700,807	13,595	5,143,345	26,988
Fair value of biological assets harvested but not sold*	N/A	-	4,298	-	6,629
Production supplies	N/A	-	5,590	-	6,049
Net realizable value provision*	N/A	-	-225	-	-787
Decrease in provisions			-299		-709
Total			22,959		38,170

* Total Finished Product Inventory to Net Realizable Value plus Fair Value.

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

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

10.1 Inventory valuation policy

The Company values its inventories as follows.

- a) 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.

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

10.2 Inventory cost calculation formula

Inventories of finished products are valued using the weighted average cost method, which is the cost of each product unit based on the weighted average cost at the beginning of the period and the cost of articles bought or produced during the period.

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

10.3 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, 2018 and December 31, 2017.

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).

10.4 Reconciliation of finished products

Movements in finished products are as follows.

	12/31/2018 ThUS\$	12/31/2017 ThUS\$
Opening balance	32,830	17,321
Increases for production costs	56.343	33.576
Increases for harvested biological assets	159.385	116.604
Cost of sales	-228.335	-136.175
Fair value of harvested biological assets	97.950	51.352
Fair value of harvested and sold biological assets	-100.280	-49.061
Net realizable value provision	-225	-787
Total	17,668	32,830

Cost of sales is composed as follows.

	12/31/2018 ThUS\$	12/31/2017 ThUS\$
Cost of products sold	228,335	136,175
Cost of services	5,776	3,792
Cost of fallow periods	4,484	4,892
Mortality costs	969	-
Total	239,564	144,859

NOTE 11 - BIOLOGICAL ASSETS

Current and non-current biological assets are as follows.

Item	12/31/2018			12/31/2017		
	Current ThUS\$	Non-current ThUS\$	Total ThUS\$	Current ThUS\$	Non-current ThUS\$	Total ThUS\$
Salmon	113,237	18,607	131,844	97,522	14,472	111,994
Total	113,237	18,607	131,844	97,522	14,472	111,994

Movements in biological assets are as follows.

	12/31/2018 ThUS\$	12/31/2017 ThUS\$
Opening balance as of January 1	111,994	78,176
Increases from cultivating and production	182,699	147,412
Decreases from harvests (measured at cost)	-159,385	-116,604
Fair value adjustment for the period	95,455	54,362
Fair value of harvested biological assets, transferred to inventories	-97,950	-51,352
Mortality losses	-969	-
Closing biological assets	131,844	111,994

Biological assets are as follows:

Biomass as of 12/31/2018	Thousand units	Final biomass Ton	Production costs ThUS\$	Fair value adjustments ThUS\$	Total cost ThUS\$
Fish in sea water	12,805	24,670	107,438	13,816	121,254
Fish in fresh water	17,477	578	10,590	-	10,590
		Total	118,028	13,816	131,844

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

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

	12/31/2018 ThUS\$	12/31/2017 ThUS\$
Opening fair value of biological assets	22,941	17,640
Increase due to biological adjustments for the period	95,455	54,362
Less: Fair value adjustment for sales of inventories	-100,280	-49,061
Closing balance	18,116	22,941

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.

	Variation in ThUS\$			
Species	1% increase	1% reduction	5% increase	5% reduction
Atlantic salmon	508	-1,484	3,351	-4,579

NOTE 12 - OTHER CURRENT AND NON-CURRENT NON-FINANCIAL ASSETS

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

	12/31/2018		12/31/2017	
	Current ThUS\$	Non-current ThUS\$	Current ThUS\$	Non-current ThUS\$
Insurance policies	3,296	-	4,929	-
Prepaid expenditure at centers	1,590	-	377	-
Prepaid rent	40	-	40	-
Other prepaid expenditure	1,064	-	1,695	-
Other non-financial assets	-	112	-	260
Total	5,990	112	7,041	260

NOTE 13 - EQUITY METHOD INVESTMENTS

Investments in associates as of December 31, 2018 are as follows.

Chilean ID number	Name	Country	Investments in associates ThUS\$	Interest %
77,970,900-0	Surproceso S.A.	Chile	4,681	33.33
Foreign	New World Currents Inc.	Panama	1	25.00
Total			4,682	

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

Chilean ID number	Name	Country	Investments in associates ThUS\$	Interest %
77,970,900-0	Surproceso S.A.	Chile	5,564	33.33
Foreign	New World Currents Inc.	Panama	1	25.00
Total			5,565	

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

	12/31/2018		12/31/2017	
	Assets ThUS\$	Liabilities ThUS\$	Assets ThUS\$	Liabilities ThUS\$
Current	4,882	1,757	5,751	1,621
Non-current	10,917	14,042	12,561	16,691
Total	15,799	15,799	18,312	18,312

Revenue and net income for the year for these associates are as follows.

	As of 12/31/2018 ThUS\$	As of 12/31/2017 ThUS\$
Operating revenue	19,654	20,282
Net income for the year (1)	4,887	4,698

(1) Salmenes 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, 2017. Therefore, the net income earned by these associates were reflected in the financial statements of the owners of those shares until the reporting date.

NOTE 14 - TAX ASSETS AND RIGHTS RECEIVABLE

Current tax assets are as follows.

	12/31/2018 ThUS\$	12/31/2017 ThUS\$
Provisional payment for absorbed profits	630	1,085
Training expenses, Sence	226	167
Labor bonus tax	73	-
Other recoverable taxes	207	332
Total	1,136	1,584

Non-current rights receivable are as follows.

	12/31/2018 ThUS\$	12/31/2017 ThUS\$
Tax incentive for investment (1)	1,349	5,520
Total	1,349	5,520

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

NOTE 15 - INTANGIBLE ASSETS OTHER THAN GOODWILL

Non-internally created intangible assets are as follows.

	Useful life	12/31/2018 ThUS\$	12/31/2017 ThUS\$
Aquaculture concessions and water rights	Indefinite	6,948	7,083
Total		6,948	7,083

Movements of intangible assets as of December 31, 2018 and December 31, 2017, are detailed as follows:

	12/31/2018 ThUS\$	12/31/2017 ThUS\$
Opening balance as of January 1	7,083	4,216
Movement during the year	-135	2,867
Closing balance	6,948	7,083

Water rights

No	DGA Resolution No	Water source	Location	Owner	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	Fallow
Chaiquen	X	1	1	Puerto Varas	Sea Water	3.74	Fallow
Pucheguin	X	1	1	Cochamo	Sea Water	3	Fallow
Pucheguin coast	X	1	1	Cochamo	Sea Water	9	Fallow
Farellones	X	1	1	Cochamo	Sea Water	21.06	Fallow
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	Use
Cascajal	X	1	1	Cochamo	Sea Water	9	Fallow
Factoría	X	1	1	Cochamo	Sea Water	9	Fallow
Puelche	X	1	2	Hualaihue	Sea Water	7.54	Fallow
Manihueico	X	1	2	Hualaihue	Sea Water	15	Fallow
Contao	X	1	2	Hualaihue	Sea Water	15	Fallow
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	Use
Pilpilehue	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
Islets	X	5	14	Chaitén	Sea Water	36	Use
Edwards	X	0	15	Chaitén	Sea Water	9.04	Fallow
Yelcho	X	5	16	Chaitén	Sea Water	4.5	Use
Chilco	X	5	16	Chaitén	Sea Water	6.5	Use
Fiordo Largo	X	5	16	Chaitén	Sea Water	6	Use
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	Use
Reñihue 3	X	5	16	Chaitén	Sea Water	6.32	Fallow
Loncochagua	X	5	17a	Hualaihue	Sea Water	8	Use
Porcelana	X	5	17a	Chaitén	Sea Water	18.54	Use
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	Fallow

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	Fallow
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	Fallow
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	Use
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	Fallow
Johnson 2	XI	6	19a	Cisnes	Sea Water	6.35	Fallow
Midhurst	XI	6	19a	Cisnes	Sea Water	N/A	Use
Tahuenahuec	XI	6	20	Cisnes	Sea Water	5.52	Fallow
Benjamin	XI	6	20	Cisnes	Sea Water	50.88	Use
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 Róbaló	XI	6	20	Cisnes	Sea Water	14.07	Fallow
Williams 1	XI	6	21d	Cisnes	Sea Water	11.95	Use
Williams 2	XI	6	21d	Cisnes	Sea Water	10.28	Fallow
Williams Sector 2	XI	6	21d	Cisnes	Sea Water	N/A	Fallow

NOTE 16 - PROPERTY, PLANT AND EQUIPMENT

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

	Land ThUS\$	Buildings ThUS\$	Plant and equipment ThUS\$	Vessels ThUS\$	Motor Vehicles ThUS\$	Other property, plant and equipment ThUS\$	Total ThUS\$
Opening balance as of January 1, 2018							
Cost or valuation	5,322	39,397	121,460	2,715	149	3,338	172,381
Accumulated depreciation	-	-16,326	-77,737	-2,465	-94	-2,113	-98,735
Net balance as of January 1, 2018	5,322	23,071	43,723	250	55	1,225	73,646
Additions	-	957	28,619	52	-	970	30,598
Disposals	-15	-96	-695	-	-11	-18	-835
Transfers	-	1,077	-1,112	7	-	28	-
Depreciation	-	-1,268	-9,253	-38	-7	-574	-11,140
Closing balance as of December 31, 2018	5,307	23,741	61,282	271	37	1,631	92,269
	Land ThUS\$	Buildings ThUS\$	Plant and equipment ThUS\$	Vessels ThUS\$	Motor Vehicles ThUS\$	Other property, plant and equipment ThUS\$	Total ThUS\$
Opening balance 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 balance 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	-
Contributed assets	180	7	994	-	-	3	1,184
Depreciation	-	-1,782	-8,454	-34	-8	-402	-10,680
Closing balance as of December 31, 2017	5,322	23,071	43,723	250	55	1,225	73,646

Property, plant and equipment as of December 31, 2018 is as follows.

	Gross value ThUS\$	Accumulated depreciation ThUS\$	Net value ThUS\$
Land	5,307	-	5,307
Buildings	41,490	-17,749	23,741
Plant and equipment	153,943	-92,661	61,282
Vessels	2,777	-2,506	271
Motor vehicles	138	-101	37
Other property plant and equipment	4,258	-2,627	1,631
Total	207,913	-115,644	92,269

Property, plant and equipment as of December 31, 2017 is 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

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 property, plant and equipment to guarantee the syndicated loan.

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.

	12/31/2018 Gross value ThUS\$	12/31/2017 Gross value ThUS\$
Buildings	8,823	6,540
Plant and equipment	40,335	48,339
Vessels	2,387	2,369
Motor vehicles	86	86
Other property plant and equipment	-	1,007
Total	51,631	58,341

- 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 17 – CURRENT AND DEFERRED INCOME TAXES

The corporate income tax rate is 25.5% for 2017 and from 2018 onwards it is 27%, according to the law.

Deferred tax assets and liabilities are as follows.

	12/31/2018		12/31/2017	
	Deferred tax assets ThUS\$	Deferred tax liabilities ThUS\$	Deferred tax assets ThUS\$	Deferred tax liabilities ThUS\$
Tax losses	1,066	-	1,178	-
Inventory provisions	-	14	-	388
Staff vacation provisions	-	285	-	275
Staff severance indemnity provision	-	41	-	42
Doubtful debt provisions	-	122	-	30
Prepaid revenue	-	1,437	-	1,017
Property, plant and equipment	69	-270	63	-180
Manufacturing expenses	-	-9,161	-	-8,985
Concessions	-762	-34	-785	20
Income from compensation claims	-	-	-	-55
Biological assets	-	-4,891	-	-6,194
Other provisions	-	12	-	362
Capitalized prepaid costs	-	-288	-	-
Total	373	-12,733	456	-13,280
Net Total		-12,360		-12,824

Income taxes are as follows.

Tax (expense) benefit

	12/31/2018 ThUS\$	12/31/2017 ThUS\$
Current tax expense	-16,335	-1,829
Tax expense adjustment (prior period)	-1	88
Deferred tax expense for the period	464	-9,478
Total	-15,872	-11,219

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

	12/31/2018 ThUS\$	12/31/2017 ThUS\$
Income tax expense using the statutory rate	-16,170	-11,007
Second category tax (on salaries and wages)	-29	-34
Tax effect of non-taxable revenue	440	195
Tax effect of non-deductible expenses	-113	88
Tax effect on changes in rates for deferred taxes	-	-461
Total	-15,872	-11,219

Current tax liabilities are as follows:

	12/31/2018 ThUS\$	12/31/2017 ThUS\$
Certain tax	16.306	4.451
Austral Law Credit	-6.871	-2.701
Monthly Provisional Payments	-2.956	-
Other taxes	30	79
Total	6,509	1,829

NOTE 18 - OTHER CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Other financial liabilities are as follows.

Current

	12/31/2018 ThUS\$	12/31/2017 ThUS\$
Interest-bearing loans	243	439
Total current	243	439

Non-current

	12/31/2018 ThUS\$	12/31/2017 ThUS\$
Interest-bearing loans	50,000	100,000
Total non-current	50,000	100,000

On November 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., in order for these companies to reschedule their liabilities. The rescheduling covers three financing tranches.

- Tranche A conditions
 - Debtor: Compañía Pesquera Camanchaca S.A.
 - Amount: US\$ 25 million
 - Maturity: November 2019, fully prepaid on February 12, 2018
 - 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
 - Debtor: 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
 - Debtor: Salmones 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

Salmones Camanchaca S.A. has guaranteed the obligations of Compañía Pesquera Camanchaca S.A. with respect to tranches A and B, whereas Compañía Pesquera Camanchaca has guaranteed the obligations of its subsidiary in respect of tranche C. However, the IPO for Salmones Camanchaca S.A. was completed on February 2, 2018 and according to the Financing Agreement, it then ceased to guarantee the obligations of its parent company while the latter also ceased to guarantee the obligations of the subsidiary.

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, and this margin will fluctuate between 2.25% and 3.25%.

The most representative and significant assets of the borrower are pledged in guarantee. The loan has financial covenants: a) Borrowing Ratio, which shall not exceed 4, defined as the ratio between Net Financial Borrowing and EBITDA for the previous 12 months, and (b) Equity Ratio, which should be at least 40%, defined as the ratio between Total Equity and Total Assets. These are measured on a quarterly basis.

On March 15, 2018, Salmones Camanchaca S.A. voluntarily repaid US\$20 million and on September 13, 2018 repaid another US\$10 million.

On November 9, 2018, Salmones Camanchaca S.A. voluntarily repaid US\$20 million and on November 27, 2018 repaid another US\$10 million.

Interest-bearing loans

Obligations that mature in under 12 months

	12/31/2018 ThUS\$	12/31/2017 ThUS\$
Interest payable	243	439
Total	243	439

Obligations that mature in over 12 months

	12/31/2018 ThUS\$	12/31/2017 ThUS\$
DNB Bank ASA	17,000	34,000
Rabobank Cooperate U.A.	23,000	46,000
Banco Santander	10,000	20,000
Total	50,000	100,000

The Company's loans are as follows.

a) As of December 31, 2018

Debitor ID Number	Debitor	Country	Creditor ID Number	Creditor	Country	Currency	Repayments	Nominal rate	Effective rate	Guarantees	Current			Non-Current			
											Maturity		Total current	Maturity			Total non-current
											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	Noruega	US\$	Semestral y al vencimiento	5,49	5,49	% de activos	82	-	82	3.400	13.600	-	17.000
76.065.596-1	Salmones Camanchaca S.A.	Chile	97.036.000-k	Banco Santander	Chile	US\$	Semestral y al vencimiento	5,49	5,49	% de activos	49	-	49	2.000	8.000	-	10.000
76-065.596-1	Salmones Camanchaca S.A.	Chile	0-E	Rabobank Cooperate U.A.	Holanda	US\$	Semestral y al vencimiento	5,49	5,49	% de activos	112	-	112	4.600	18.400	-	23.000
											243	-	243	10.000	40.000	-	50.000

b) As of December 31, 2017

Debitor ID Number	Debitor	Country	Creditor ID Number	Creditor	Country	Currency	Repayments	Nominal rate	Effective rate	Guarantees	Current			Non-Current			
											Maturity		Total current	Maturity			Total non-current
											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	Noruega	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 Cooperative U.A.	Holanda	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

Reconciliation of financial obligations for the statement of cash flows:

a) As of December 31, 2018

Other financial liabilities	Balance as of January 01, 2018 ThUS\$	Cash Flows			Accrual ThUS\$	Others ThUS\$	Balance as of December 31, 2018 ThUS\$
		Payments		Acquisitions ThUS\$			
		Capital ThUS\$	Interest ThUS\$				
Current							
Bank loans	439	-	-4,251	-	4,055	-	243
Total other financial liabilities, current	439	-	-4,251	-	4,055	-	243
Non-current							
Bank loans	100,000	-50,000	-	-	-	-	50,000
Total other financial liabilities, non-current	100,000	-50,000	-	-	-	-	50,000
Total other financial liabilities	100,439	-50,000	-4,251	-	4,055	-	50,243

b) As of December 31, 2017

Other financial liabilities	Closing balance as of January 01, 2017 ThUS\$	Cash Flows			Accrual ThUS\$	Others ThUS\$	Closing 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

NOTE 19 – TRADE AND OTHER PAYABLES

Trade and other payables are as follows:

	12/31/2018 ThUS\$	12/31/2017 ThUS\$
Trade payables	60,579	49,220
Notes payable	2,086	16,402
Withholdings	1,463	1,361
Dividends payable	4,279	3,354
Other	1,727	1,392
Total	70,134	71,729

Trade payables as of December 31, 2018 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		
Products	16,073	9,850	7,830	7,698	-	41,451	62
Services	14,780	3,875	16	-	-	18,671	48
Grand Total	30,853	13,725	7,846	7,698	-	60,122	

- Suppliers with payments overdue

Supplier	Amount by overdue range in days					Total ThUS\$	Average payment period (days)
	Under 30 days	31-60	61-90	91-120	121-180		
Products	150	18	-	-	-	52	220
Services	132	29	1	-	11	64	237
Grand Total	282	47	1	-	11	116	457

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 366 days		
Products	11,456	8,236	7,720	6,425	-	-	33,837	59
Services	12,608	1,878	6	6	201	-	14,699	43
Grand 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 181 days	
Products	160	-	-	-	-	131	291
Services	243	53	39	12	10	36	393
Grand Total	403	53	39	12	10	167	684

The Company has no confirming transactions.

NOTE 20 - EMPLOYEE BENEFIT PROVISIONS

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

	Current	
	12/31/2018 ThUS\$	12/31/2017 ThUS\$
Opening balance	1,020	681
Increase (decrease)	36	339
Total	1,056	1,020

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

	Non-current	
	12/31/2018 ThUS\$	12/31/2017 ThUS\$
Opening balance	157	136
Payments	-7	-
Increase (decrease)	2	21
Total	152	157

NOTE 21 – EQUITY

a) Share capital

The Company's share capital is as follows.

	12/31/2018 ThUS\$	12/31/2017 ThUS\$
Share capital		
Capital subscribed but not paid	18,364	-
Share capital paid	73,422	73,422
Total	91,786	73,422

Common Shares	Total number of shares	
As of December 31, 2018 and December 31, 2017	66,000,000	56,818,008

b) Share premium

	12/31/2018 ThUS\$	12/31/2017 ThUS\$
Share premium	27,539	-
Total	27,539	-

Share premium is the difference between the IPO proceeds from placing 9,181,992 shares on February 2, 2018 (approx. US\$5 per share) and the book value of those shares (US\$2 per share).

c) 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-first each year.

Net income for the year will be distributed as follows.

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

d) Dividend provision

The Company proposed a final dividend of US\$3,354, as of December 31, 2017, which was approved at an Annual General Shareholders' Meeting held on April 26, 2018 and was paid on May 25, 2018. The Company has provided for a dividend of US\$14,262, as of December 31, 2018, which shall be subject to approval at an Ordinary Shareholders' Meeting to be held on April 26, 2019. This dividend has been calculated as follows:

Item	As of 12/31/2018 ThUS\$	As of 12/31/2017 ThUS\$
Retained losses	-	16,672
Net income, according to statement of financial position	44,017	31,721
Dividends equivalent to 30%	44,017	15,049
Reductions to distributable income		
Fair value adjustment for 2018	4,825	-5,301
Deferred tax (27%)	-1,303	1,431
Net fair value adjustment	3,522	-3,870
Income distributable to shareholders	47,539	11,179
Dividends equivalent to 30%	14,262	3,354
Distribution of Dividends		
Controller Camanchaca	9,983	2,348
Minority shareholders	4,279	1,006
Total Dividends	14,262	3,354

e) Other reserves

Other reserves are as follows.

	12/31/2018 ThUS\$	12/31/2017 ThUS\$
Conversion in other companies reserves	-345	90
Corporate reorganization reserves (*)	23,471	23,471
Total	23,126	23,561

(*) These reserves include the difference between the book value and the proceeds from the capital increase in Fiordo Blanco S.A. and Surproceso S.A. shares, as this transaction was carried out between companies under common control.

f) Retained earnings are as follows.

	12/31/2018 ThUS\$	12/31/2017 ThUS\$
Opening balance	11,695	-16,672
Dividends	-14,262	-3,354
Retained income for the period	44,017	31,721
Total	41,450	11,695

NOTE 22 - EARNINGS PER SHARE

Earnings per share are as follows.

Detail	12/31/2018 ThUS\$	12/31/2017 ThUS\$
Net income (loss) for the period (ThUS\$)	44,017	31,721
Weighted average number of shares	66,000,000	56,818,008
Basic earnings per share (US\$/share)	0.6669	0.5583

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 23 - OPERATING REVENUE

Operating revenue is as follows.

	For the years ended December 31,	
	2018 ThUS\$	2017 ThUS\$
Fresh salmon sales	125,104	80,681
Frozen salmon sales	193,486	110,648
Services	7,456	5,072
Share of trout production	2,889	6,115
Other products	3,366	554
Total	332,301	203,070

Operating revenue by destination market is as follows:

DESTINATION	12/31/2018 %	12/31/2017 %
Exports	93.98	93.55
Domestic	6.02	6.45
Total	100.00	100.00

DESTINATION	12/31/2018 %	12/31/2017 %
USA	29.17	35.02
Europe + Eurasia	28.75	15.69
Asia, except Japan	8.34	8.07
Japan	4.99	9.46
LATAM, except Chile	21.86	24.13
Chile	6.02	6.45
Others	0.87	1.18
Total	100.00	100.00

The Company does not have final clients abroad that represent more than 10% of sales and do not have foreign assets.

Revenue in ThUS\$ by the Company's markets are as follows:

a) As of December 31, 2018

Product or Species	USA ThUS\$	Europe + Eurasia ThUS\$	Asia, except Japan ThUS\$	Japan ThUS\$	LATAM, except Chile ThUS\$	Chile ThUS\$	Others ThUS\$	TOTAL ThUS\$
Atlantic salmon	96,211	95,510	27,648	14,695	72,618	9,066	2,842	318,590
Trout	716	25	67	1,885	10	115	72	2,890
Others	-	-	-	-	-	10,821	-	10,821
Total	96,927	95,535	27,715	16,580	72,628	20,002	2,914	332,301

b) As of December 31, 2017

Product or Species	USA	Europe + Eurasia	Asia, except Japan	Japan	LATAM, except Chile	Chile	Others	TOTAL
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Atlantic salmon	70,189	31,847	16,390	14,356	49,004	4,988	2,169	188,943
Trout	926	12	-	4,850	-	103	224	6,115
Others	-	-	-	-	-	8,012	-	8,012
Total	71,115	31,859	16,390	19,206	49,004	13,103	2,393	203,070

NOTE 24 - ADMINISTRATIVE EXPENSES

Administrative expenses are as follows.

	For the years ended December 31,	
	2018 ThUS\$	2017 ThUS\$
Corporate support services	4,492	4,515
Remuneration	3,916	3,328
Communications	460	480
Leases	552	519
Depreciation	149	181
Audit and consultancy	216	388
Travel and traveling allowances	171	197
Legal expenses	229	100
Overhead expenses	839	413
Stock market expenses	335	-
Other administrative expenses	718	629
Total	12,077	10,750

NOTE 25 - DISTRIBUTION COSTS

Distribution costs are as follows.

	For the years ended December 31,	
	2018 ThUS\$	2017 ThUS\$
Distribution services	936	662
Remuneration	1,315	959
Storage expenses	1,094	840
Commissions	911	826
Haulage costs	1,605	751
Maritime freight	595	274
Shipment costs	562	289
Travel and Traveling allowances	88	30
Samples and analysis	107	56
Export certificates	395	81
Other expenses	967	899
Total	8,575	5,667

NOTE 26 - FINANCIAL COSTS

Financial costs are as follows:

	For the years ended December 31,	
	2018 ThUS\$	2017 ThUS\$
Financial interest	4,051	3,489
Commercial current account interest	3	241
Financial commissions	472	308
Income from financial instruments	1,699	-
Other expenses	136	198
Total	6,361	4,236

NOTE 27 – EXCHANGE DIFFERENCES

Exchange differences are as follows.

		For the years ended December 31,	
Item	Currency	2018 ThUS\$	2017 ThUS\$
Assets (charge) / credit			
Bank accounts	Ch\$	-624	-604
Bank accounts	Euros	-104	28
Domestic customers	Ch\$	-170	77
Foreign customers	Yen	-	52
Foreign customers	Euros	-79	44
Foreign customers	GBP	4	-
Other receivables	Ch\$	-697	56
Miscellaneous receivables	UF	-	3
Commercial current accounts with related companies	Ch\$	-992	326
Commercial current accounts with related companies	Euros	58	-
Recoverable taxes	Ch\$	-326	551
Other financial assets	Ch\$	-138	-
Prepaid expenses	Ch\$	-172	6
Total		-3,240	539
Liabilities (charge) / credit			
Trade payables	Ch\$	1131	-884
Payables	Euros	-5	-
Payables	NOK	-2	-
Payables	GBP	2	-
Notes payable	Ch\$	28	11
Notes payable	Euros	5	-27
Provisions and withholdings	Ch\$	171	-94
Provisions and withholdings	NOK	-6	-
Total		1,324	-994
Gain (loss) on foreign currency conversion		-1,916	-455

NOTE 28 - OTHER GAINS (LOSSES)

Other gains and losses for the year are as follows.

	For the years ended December 31,	
	2018 ThUS\$	2017 ThUS\$
Net gain on selling assets	42	16
Gain (loss) on insurance claims	21	-328
Costs of disposing of property, plant and equipment	-835	-947
Others	-	1,199
Total	-772	-60

NOTE 29 - ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are as follows:

Item	Currency	12/31/2018 ThUS\$	12/31/2017 ThUS\$
Current assets			
Cash and cash equivalents	US\$	5,738	531
Cash and cash equivalents	Ch\$	5,540	-121
Cash and cash equivalents	Euro	1,865	436
Other financial assets, current	US\$	19	-
Other financial assets, current	Ch\$	31	31
Other non-financial assets, current	US\$	5,990	7,041
Trade and other receivables, current	US\$	23,904	21,297
Trade and other receivables, current	Ch\$	7,974	4,259
Trade and other receivables, current	Euro	903	2,429
Trade and other receivables, current	GBP	-	211
Related company receivables	US\$	25,620	25,076
Related company receivables	Ch\$	1,332	509
Inventories	US\$	22,959	38,170
Biological assets, current	US\$	113,237	97,522
Tax assets, current	Ch\$	1,136	1,584
Total		216,248	198,975

Item	Currency	12/31/2018 ThUS\$	12/31/2017 ThUS\$
Non-current assets			
Other financial assets, non-current	US\$	27	27
Other non-financial assets	US\$	112	260
Rights receivable, non-current	US\$	1,349	3,995
Rights receivable, non-current	Ch\$	-	1,525
Equity method investments	US\$	4,682	5,565
Intangible assets other than goodwill	US\$	6,948	7,083
Property, plant and equipment	US\$	92,269	73,646
Biological assets, non-current	US\$	18,607	14,472
Deferred tax assets	US\$	373	456
Total		124,367	107,029

Item	Currency	12/31/2018 ThUS\$	12/31/2017 ThUS\$
Current liabilities			
Other financial liabilities, current	US\$	243	439
Trade and other payables, current	US\$	53,739	43,803
Trade and other payables, current	Ch\$	13,128	28,250
Trade and other payables, current	UF	446	412
Trade and other payables, current	Euro	2,799	-738
Trade and other payables, current	NOK	10	-
Trade and other payables, current	DKK	-	-10
Trade and other payables, current	GBP	12	12
Related party payables, current	US\$	15,296	2,393
Related party payables, current	Ch\$	-	1,805
Tax liabilities, current	US\$	6,509	1,829
Employee benefit provisions, current	Ch\$	1,056	1,020
Total		93,238	79,215

Item	Currency	12/31/2018 ThUS\$	12/31/2017 ThUS\$
Non-current liabilities			
Other financial liabilities, non-current	US\$	50,000	100,000
Trade and other payables, current	Ch\$	-	102
Related party payables, current	US\$	591	9,703
Related party payables, current	Ch\$	-	-6,213
Related party payables, current	Euro	-	1,082
Deferred tax liabilities	US\$	12,733	13,280
Employee benefit provisions, non-current	Ch\$	152	157
Total		63,476	118,111

NOTE 30 - GUARANTEES AND CONTINGENCIES

a) Bank loan conditions

On November 27, 2017 the Parent Company 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. An Initial Public Offering of shares in Salmones Camanchaca S.A. took place on February 2, 2018, and in accordance with the debt scheduling agreement, the cross guarantees granted by the parent company and its other subsidiaries were lifted, leaving only the assets of Salmones Camanchaca S.A. and subsidiaries pledged in guarantee, as follows.

- i. Mortgage on six plots including everything built on them, four in Tome, one in Puerto Varas and one in Calbuco.
- ii. One mortgage on fishing vessels and four on naval crafts owned by Salmones Camanchaca.
- iii. Pledge
 - a. Non-possessory pledge over the salmon processing plant in Tome, Calbuco and the Fish Farm in Petrohue.
 - b. Salmones Camanchaca S.A. and subsidiary mortgaged to the Banks all the aquaculture concessions that it owns for salmon and trout.

b) Direct guarantees

Debtor		Guarantee	Property	Book value ThUS\$
Name	Relationship			
Salmones Camanchaca S.A.	Commercial	Property mortgage	Tome real estate	3,876
Salmones Camanchaca S.A.	Commercial	Property mortgage	Puerto Varas real estate	2,215
Salmones Camanchaca S.A.	Commercial	Property mortgage	Calbuco real estate	214
Salmones Camanchaca S.A.	Commercial	Property mortgage	Salmon vessels	1,665
Salmones Camanchaca S.A.	Commercial	Pledge	Machinery and equipment	10,737
Salmones Camanchaca S.A.	Commercial	Pledge	Buildings and construction	13,511

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. Salmones 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, 2018.

Proceedings	Number of cases	Accounting provision ThUS\$
Civil	4	47
Administrative	3	16
Total	7	63

NOTE 31 - SANCTIONS

The Company, its Directors and Managers have not been subject to sanctions of any kind by the FMC (formerly the Superintendent of Securities and Insurance) or other administrative authorities as of the date these financial statements were issued.

NOTE 32 – ENVIRONMENT

Salmones 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 environmental mitigation projects during the period January 1 to December 31, 2018.

Project	12/31/2018 Investment ThUS\$
Waste management	615
Environmental services	335
Total	950

The Company invested in the following projects during the period January 1 to March 31, 2017.

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

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 33 - SUBSEQUENT EVENTS

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 34 - OTHER INFORMATION

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

Laborers	Professionals and Technicians	Senior Executives	Total 12/31/2018
1,045	277	13	1,335

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

NOTE 35 - 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 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 Fall 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 with 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, 2018.

- a) An increase in net income for the period of ThUS\$30,201 (ThUS\$9,589 in 2017), 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\$41,371 (ThUS\$13,135 in 2017).
- c) An increase in biological assets within current assets of ThUS\$41,371 (ThUS\$13,135 in 2017). an increase in deferred tax liabilities of ThUS\$11,170 (ThUS\$ 3,546 in 2017) and an increase in equity of ThUS\$30,201 (ThUS\$9,589 in 2017).

The consolidated statements of financial position and the consolidated statements of net income by function including these effects are as follow:

SALMONES CAMANCHACA S.A. AND SUBSIDIARY
CONSOLIDATED CLASSIFIED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018 AND 2017

Assets	Note	As of December 31, 2018 ThUS\$	As of December 31, 2017 ThUS\$
Current assets			
Cash and cash equivalents	7	13,143	846
Other financial assets, current		50	31
Other non-financial assets, current	12	5,990	7,041
Trade and other receivables, current	8	32,781	28,196
Related party receivables, current	9	26,952	25,585
Inventories	10	22,959	38,170
Biological assets, current	11-35	154,608	110,657
Tax assets, current	14	1,136	1,584
Total current assets		257,619	212,110
Non-current assets			
Other financial assets, non-current		27	27
Other non-financial assets, non-current	12	112	260
Rights receivable, non-current	14	1,349	5,520
Equity method investments	13	4,682	5,565
Intangible assets other than goodwill	15	6,948	7,083
Property, plant and equipment	16	92,269	73,646
Biological assets, non-current	11-35	18,607	14,472
Long-term deferred taxes	17	373	456
Total non-current assets		124,367	107,029
Total assets		381,986	319,139

SALMONES CAMANCHACA S.A. AND SUBSIDIARY
CONSOLIDATED CLASSIFIED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018 AND 2017

Liabilities	Note	As of December 31, 2018 ThUS\$	As of December 31, 2017 ThUS\$
Current liabilities			
Other financial liabilities, current	18	243	439
Trade and other payables, current	19	70,134	71,729
Related party payables, current	9	15,296	4,198
Tax liabilities, current	17	6,509	1,829
Employee benefit provisions, current	20	1,056	1,020
Total current liabilities		93,238	79,215
Non-current liabilities			
Other financial liabilities, non-current	18	50,000	100,000
Trade and other payables, non-current		-	102
Related party payables, non-current	9	591	4,572
Deferred tax liabilities	17-35	23,903	16,826
Employee benefit provisions, non-current	20	152	157
Total non-current liabilities		74,646	121,657
Equity			
Share capital	21	91,786	73,422
Share premium	21	27,539	-
Retained earnings	21	71,651	21,284
Other reserves	21	23,126	23,561
Total equity		214,102	118,267
Total equity and liabilities		381,986	319,139

SALMONES CAMANCHACA S.A. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF NET INCOME BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

		For the years ended December 31,	
		2018 ThUS\$	2017 ThUS\$
Operating revenue	23	332,301	203,070
Cost of sales	10	-239,564	-144,859
Gross profit before fair value adjustment		92,737	58,211
Gain (loss) on fair value of biological assets	11	136,826	67,497
Fair value adjustment to biological assets harvested and sold	11	-100,280	-49,061
Gross profit		129,283	76,647
Administrative expenses	24	-12,077	-10,750
Distribution costs	25	-8,575	-5,667
Financial costs	26	-6,361	-4,236
Share of net income (losses) of equity method associates	13	1,629	541
Exchange differences	27	-1,916	-455
Other gains (losses)	28	-772	-60
Financial income		49	55
Net income (loss) before tax		101,260	56,075
Income tax (expense) income	17	-27,042	-14,765
Net income (loss) from continuing operations		74,218	41,310
Net income (loss) from discontinued operations			
Net income (loss) for the period		74,218	41,310
Net Income (loss) attributable to:			
Net income (loss) attributable to owners of the parent company		74,218	41,310
Net income attributable to non-controlling interests		-	-
Net income (loss) for the period		74,218	41,310
Earnings (loss) per share			
Basic earnings (loss) per share (US\$/share)	22	1.1245	0.7271
Basic earnings (loss) per share		1.1245	0.7271