



SALMONES CAMANCHACA S.A. AND SUBSIDIARIES

Consolidated financial statements

As of December 31, 2019

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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**

To the Board of Directors of Salmones Camanchaca S.A. and subsidiaries

Report on the audit of the consolidated financial statements

### **Our opinion**

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Salmones Camanchaca S.A. and subsidiaries (the Company) as of December 31, 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

### **Report of other auditors on the consolidated financial statements as of December 31, 2018**

The consolidated statement of financial position of Salmones Camanchaca S.A. and subsidiaries as of December 31, 2018, and the corresponding consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, were audited by other auditors, in whose report dated March 4, 2019, they expressed an unmodified opinion on those audited consolidated financial statements.

### **Reformulation of the consolidated financial statements as of December 31, 2018 and January 1, 2018**

As it is described in Note 3 to the consolidated financial statements as of December 31, 2019, the Company carried out a change in its accounting policies to determine the fair value of its biological assets. This change implied to reformulate the consolidated financial statements as of December 31, 2018 and the statement of financial position as of January 1, 2018.

As part of our audit to the 2019 consolidated financial statements, we also audited the adjustments described in Note 3, which were applied to reformulate the 2018 consolidated financial statements. In our opinion, such adjustments are appropriate and have been recorded correctly. We have not been engaged to audit, review or apply any procedure to the related 2018 consolidated financial statements, apart from the adjustments and, in consequence, we do not provide an opinion or give any sort of assurance over the 2018 consolidated financial statements, taken as a whole. Our opinion is not modified by this matter.

## **What we have audited**

The Company's financial statements comprise:

- the statement of financial position as at December 31, 2019.
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year 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.

## **Valuation of biological assets**

As described in Note 2.8 to the financial statements, Salmenes Camanchaca S.A. values all biological assets at sea sites to its fair value, less cost of sale, according to IAS 41 and live fish biomass at all their freshwater stages at accumulated cost.

The estimation of fair value of biological assets is complex and requires significant judgment from management. For fish in sea not ready for harvest (immature fish) the fair value was calculated using a model based on a net present value methodology (applying a discount risk factor). The calculation was based on assumptions of biomass, volume, quality, market prices, remaining expenses and time in sea, until the fish is ready for harvest.

At the balance sheet date, the biological assets amount to MUS\$ 142,615. Biological assets comprise ova (eggs), juveniles, broodstock and fish held for harvesting purposes (on growing stage), (see also Note 2.8 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 operating and net income for the year. The Company therefore shows the effect from changes in fair value estimates as a separate line item, below gross margin. We focused on the valuation of the biological assets due to the size of the amount on the statement of financial position, the use of criteria, management assumptions and the effect the changes in fair value estimate may have on the statement of comprehensive income.

Given the significant amount of biological assets and the degree of judgment involved in the valuation, we consider valuation of biological assets to be a key audit matter.

We evaluated the accounting principles, industry practice and assessed the model used for the fair value estimate. We compared the estimated future market prices applied with observable available market prices, achieved prices or contract prices for the period when harvesting plans, estimated growth rate and estimates, for mortality and quality. Furthermore, we analyzed and evaluated the historical accuracy of prior periods' forecasts. We also performed a sensitivity analysis of the critical assumptions in the model.

### **Measurement of biomass and number of fishes**

Biological assets are by nature difficult to count, observe and measure due to lack of sufficiently accurate measuring techniques that at the same time do not affect fish health. As a result, there is a degree of uncertainty related to the number of fish and biomass in sea water at any point in time. To mitigate this situation the Company maintains information on number of fish, average weight and biomass per groups in its Biomass System.

Another important part of the biomass measurement relates to the feeding process, which represent most of the cost per kg of the fish in sea and therefore, requires management to have a controls related to this sub process.

Due to the situation described above, we have defined the measurement of the biomass as a key audit matter

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. We have reviewed the Company's processes for registering the number of fishes and testing the Company's relevant controls as well as 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.

To evaluate the feed usage for the period were reviewed the Company's controls and tested a sample of feed invoices throughout the year.

### **Impairment test**

The Company prepared an impairment assessment based on a value in use calculation using budget and forecasts prepared for 2019 which considers the most updated information available in the last quarter of 2019. 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's forecasts. We also tested the mathematical accuracy of the value in use calculation, including comparison of certain key assumptions with market evidence. Furthermore, we involved an internal valuation 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.

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 skepticism throughout the audit. We also:**

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

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

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.

Concepción, February 28, 2020



Francisco Avendaño U.  
EY Audit SpA

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SALMONES CAMANCHACA S.A. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2019, DECEMBER 31, 2018 AND JANUARY 1, 2018

Assets	Note	As of December 31, 2019 ThUS\$	As of December 31, 2018 Reformulated ThUS\$	As of January 1, 2018 Reformulated ThUS\$
Current assets				
Cash and cash equivalents	7	13,867	13,143	846
Other financial assets, current		56	50	31
Other non-financial assets, current	12	8,518	12,363	7,041
Trade and other receivables, current	8	39,887	25,558	28,196
Related party receivables, current	9	38,600	26,952	25,585
Inventories	10	32,875	22,959	38,170
Biological assets, current	11	142,615	131,687	104,686
Tax assets, current	14	4,861	1,136	1,584
<b>Total current assets</b>		<b>281,279</b>	<b>233,848</b>	<b>206,139</b>
Non-current assets				
Other financial assets, non-current		27	27	27
Other non-financial assets, non-current	12	112	112	260
Recoverable rights, non-current	14	1,252	1,349	5,520
Equity method investments	13	4,805	4,682	5,565
Intangible Assets Other than Goodwill	15	6,948	6,948	7,083
Property, plant and equipment	16	111,888	92,269	73,646
Long-term deferred taxes	17	1,419	373	456
<b>Total non-current assets</b>		<b>126,451</b>	<b>105,760</b>	<b>92,557</b>
<b>Total assets</b>		<b>407,730</b>	<b>339,608</b>	<b>298,696</b>

The accompanying notes numbered 1 to 36 are an integral part of these consolidated financial statements.

SALMONES CAMANCHACA S.A. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2019, DECEMBER 31, 2018 AND JANUARY 1, 2018

Liabilities	Note	As of December 31, 2019 ThUS\$	As of December 31, 2018 Reformulated ThUS\$	As of January 1, 2018 Reformulated ThUS\$
Current liabilities				
Other financial liabilities, current	18	8,391	243	439
Operating lease liabilities, current	19	810	-	-
Trade and other payables, current	20	63,949	62,613	71,729
Related party payables, current	9	15,697	15,296	4,198
Other provisions, current	21	6,308	6,671	-
Tax liabilities, current	17	-	6,509	1,829
Employee benefit provisions, current	22	1,379	1,060	1,020
<b>Total current liabilities</b>		<b>96,534</b>	<b>92,392</b>	<b>79,215</b>
Non-current liabilities				
Other financial liabilities, non-current	18	90,000	50,000	100,000
Operating lease liabilities, non-current	19	270	-	102
Related party payables, non-current	9	-	591	4,572
Deferred tax liabilities	17	17,110	12,690	11,307
Employee benefit provisions, non-current	22	101	148	157
<b>Total non-current liabilities</b>		<b>107,481</b>	<b>63,429</b>	<b>116,138</b>
Equity				
Share capital	23	91,786	91,786	73,422
Share premium	23	27,539	27,539	-
Retained earnings	23	61,543	41,336	6,360
Other reserves	23	22,847	23,126	23,561
<b>Total equity</b>		<b>203,715</b>	<b>183,787</b>	<b>103,343</b>
<b>Total equity and liabilities</b>		<b>407,730</b>	<b>339,608</b>	<b>298,696</b>

The accompanying notes numbered 1 to 36 are an integral part of these consolidated financial statements.

SALMONES CAMANCHACA S.A. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	Share capital ThUS\$	Share premium ThUS\$	Foreign currency translation reserve ThUS\$	Other reserves ThUS\$	Total other reserves ThUS\$	Retained earnings ThUS\$	Equity attributable to owners of the parent company ThUS\$	Total equity ThUS\$
Opening balance as of January 1, 2019	91,786	27,539	(345)	23,471	23,126	41,336	183,787	183,787
Changes in equity								
Dividends						(22,145)	(22,145)	(22,145)
Comprehensive income								
Net income for the period						42,352	42,352	42,352
Other comprehensive income			(323)	44	(279)	-	(279)	(279)
Closing balance as of December 31, 2019	91,786	27,539	(668)	23,515	22,847	61,543	203,715	203,715

	Share capital ThUS\$	Share premium ThUS\$	Foreign currency translation reserve ThUS\$	Other reserves ThUS\$	Total other reserves ThUS\$	Retained earnings ThUS\$	Equity attributable to owners of the parent company ThUS\$	Total equity ThUS\$
Opening balance as of January 1, 2018 (Reformulated)	73,422		90	23,471	23,561	6,360	103,343	103,343
Capital increase	18,364	27,539			-	-	45,903	45,903
Changes in equity								
Dividends						(14,262)	(14,262)	(14,262)
Comprehensive income								
Net income for the period						49,238	49,238	49,238
Other comprehensive income			(435)		(435)	-	(435)	(435)
Closing balance as of December 31, 2018 (Reformulated)	91,786	27,539	(345)	23,471	23,126	41,336	183,787	183,787

The accompanying notes numbered 1 to 36 are an integral part of these consolidated financial statements.

SALMONES CAMANCHACA S.A. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF NET INCOME BY FUNCTION  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	Note	For the years ended December 31, 2019	2018 Reformulated
		ThUS\$	ThUS\$
Operating revenue	25	338,959	329,411
Cost of sales	10	(253,463)	(239,564)
<b>Gross margin</b>		<b>85,496</b>	<b>89,847</b>
Net adjustment fair value biological assets	11	311	2,327
Administrative expenses	26	(9,837)	(12,077)
Distribution expenses	27	(8,173)	(8,575)
Financial costs	28	(4,748)	(6,361)
Share of net income (losses) of equity method associates		1,604	1,629
Exchange differences	29	(723)	(1,916)
Other income (losses)	30	(6,739)	2,118
Financial income		24	49
<b>Net income before tax</b>		<b>57,215</b>	<b>67,041</b>
Income tax expense	17	(14,863)	(17,803)
<b>Net income from continuing operations</b>		<b>42,352</b>	<b>49,238</b>
Profit (loss) from discontinued operations			
<b>Net income for the period</b>		<b>42,352</b>	<b>49,238</b>
Net income attributable to:			
Profit attributable to equity holders of the parent company		42,352	49,238
Net income attributable to non-controlling interests		-	-
<b>Net income for the period</b>		<b>42,352</b>	<b>49,238</b>
Earnings per share:			
Basic earnings per share (US\$/share)	24	0.6417	0.7460
<b>Basic earnings per share</b>		<b>0.6417</b>	<b>0.7460</b>

The accompanying notes numbered 1 to 36 are an integral part of these consolidated financial statements.

SALMONES CAMANCHACA S.A. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	For the years ended December 31,	
	2019 ThUS\$	Reformulated 2018 ThUS\$
Net income for the year	42,352	49,238
Gain (loss) from cash flow hedge		
Gain (loss) from foreign currency conversion	(323)	(435)
Other income and expenses charged or credited to equity	44	-
<b>Total comprehensive income</b>	<b>42,073</b>	<b>48,803</b>

The accompanying notes numbered 1 to 36 are an integral part of these consolidated financial statements.

SALMONES CAMANCHACA S.A. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOW - DIRECT METHOD  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	For the year ended December 31, 2019 ThUS\$	For the year ended December 31, 2018 ThUS\$
<b>CASH FLOW FROM (USED BY) OPERATING ACTIVITIES</b>		
Receipts		
Receipts from selling goods and providing services	326,877	366,393
Payments		
Payments to suppliers for goods and services	(274,511)	(274,496)
Payments to and on behalf of employees	(26,780)	(27,701)
Dividends received	1,203	2,077
Interest paid	(3,884)	(5,950)
Interest received	24	47
Income taxes refunded (paid)	(5,376)	(3,053)
Other receipts (payments)	-	(20)
<b>Net cash flow from (used by) operating activities</b>	<b>17,553</b>	<b>57,297</b>
<b>CASH FLOW FROM (USED BY) FINANCING ACTIVITIES</b>		
Receipts from issuing shares	-	45,903
Receipts from loans	53,000	-
Loan repayments	(5,000)	(50,000)
Payments to related parties	-	(4,916)
Dividends paid	(23,770)	(3,354)
<b>Net cash flow from (used by) financing activities</b>	<b>24,230</b>	<b>(12,367)</b>
<b>CASH FLOW FROM (USED BY) INVESTING ACTIVITIES</b>		
Receipts from sales of property, plant and equipment	254	277
Purchases of property, plant and equipment	(40,666)	(32,044)
<b>Net cash flow from (used by) investing activities</b>	<b>(40,412)</b>	<b>(31,767)</b>
Net increase (decrease) in cash and cash equivalents, before the effect of changes in exchange rates	1,371	13,163
Effect of exchange rate changes on cash and cash equivalents	(647)	(866)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>724</b>	<b>12,297</b>
<b>CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD</b>	<b>13,143</b>	<b>846</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>13,867</b>	<b>13,143</b>

The accompanying notes numbered 1 to 36 are an integral part of these consolidated financial statements.

SALMONES CAMANCHACA S.A. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF December 31, 2019

NOTE 1 - GENERAL INFORMATION

Salmones Camanchaca S.A. was formed when Compañía Pesquera Camanchaca S.A. split on January 1, 2009. It was constituted as a private limited company in 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.

The Control of the company is exercised by the company Compañía Pesquera Camanchaca S.A.

The Company's registered office and principal offices are located in Puerto Montt at Diego Portales 2000, Floor 13, Puerto Montt and its Chilean identification number (Rut) is 76,065,596-1.

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., and consolidated them with Fiordo Blanco S.A., in which it owns a 99.99% interest.

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 at a price of Ch\$ 3,268 per share, and these are now traded on the Santiago, Chile and the Oslo, Norway Stock Exchanges. Consequently, Salmones Camanchaca became a public company and is registered in the Securities Registry of the Financial Market Commission (FMC) (formerly Superintendency of Securities and Insurance), under number 1150, and is therefore subject to its regulations. Furthermore, its parent company Compañía Pesquera Camanchaca S.A. has a 69.99% interest, Inmobiliaria Camanchaca Ltda. has 0.01% and the remainder totaling 30%, is held by third parties.

Fiordo Azul S.A. was created on January 31, 2019. Its business purpose is aquaculture in general, especially breeding, producing and farming salmon, trout and other species. Salmones Camanchaca S.A. directly and indirectly owns a 100 % interest in the company.

The Company participates in the salmon business and makes a significant contribution to this industry. It has a fully integrated value chain that includes the genetic development of breeders and all the facilities required to produce fry, smolts and seasites, 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 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 Salmones 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. The partnership



earnings are divided equally between these three companies and are reflected in Other income (losses) in the statement of income by function.

Salmones Camanchaca obtained Pacific salmon smolt stocking permits in 2018, in order to take advantage of the estuary farming sites in the Tenth Region and complement the trout joint venture in this neighborhood. Its first harvests were produced in 2019. This initiative will give the Company specific experience producing and selling this species, as Chile has the best biological conditions compared to other species.

The consolidated financial statements of Salmones Camanchaca S.A. for the year ended December 31, 2019 were approved by the Board of Directors at a meeting held on February 28, 2020.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 2.1 Period covered

These consolidated financial statements cover the following periods:

- Consolidated statements of financial position as of December 31, 2019 and 2018 and January 1, 2018.
- Consolidated statements of net income by function for the years ended December 31, 2019 and 2018.
- Consolidated statements of comprehensive income for the years ended December 31, 2019 and 2018.
- Consolidated statements of cash flow, direct method for the years ended December 31, 2019 and 2018.
- Consolidated statements of changes in equity for the years ended December 31, 2019 and 2018.
- Notes to the consolidated financial statements

### 2.2 Basis of preparation

These consolidated financial statements for Salmones Camanchaca S.A. have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The consolidated financial statements present comparative information for the previous year, and the Group presents an additional statement of financial position referring to the beginning of the previous year, when there was a retroactive application of an accounting policy, a retroactive restatement or a reclassification of items within the financial statements. The consolidated financial statements include a consolidated statement of financial position as of January 1, 2018, due to the retroactive application of a change in accounting policy regarding the valuation of biological assets (see note 3).

Presenting the consolidated financial statements 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 consolidated financial statements discloses the areas which involve a higher degree of judgment and complexity, where the assumptions and estimates are significant to the consolidated financial statements.

These consolidated financial statements for Salmones 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.

The consolidated financial statements have been prepared on the basis of the principle of historical cost, with the exception of items that are recognized at fair value in accordance with International Financial Reporting Standards. The carrying amount of assets and liabilities, covered with the operations that qualify for hedge accounting, are adjusted to reflect changes in fair value in relation to the risks covered.

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 pronouncements

New pronouncements (standards, interpretations and amendments) accounting with effective application for annual periods beginning on or after January 1, 2020.

The rules and interpretations, as well as the amendments to IFRS, which have been issued, but have not yet entered into force as of the date of these financial statements, are detailed below. The Company has not applied these rules in advance:

	Standards and Interpretations	Mandatory Date	Effective
Conceptual Framework	Conceptual Framework (Revised)	January 1, 2020	
IFRS 17	Insurance Contracts	January 1, 2021	

### Conceptual Framework (Revised)

The IASB issued the revised Conceptual Framework in March 2018. It includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event. The revised Conceptual Framework is effective for annual periods beginning on or after January 1, 2020.

### IFRS 17 Insurance Contracts

The IASB issued IFRS 17 Insurance Contracts in May 2017, which is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. When effective, IFRS 17 will replace IFRS 4 Insurance Contracts that was issued in 2005. The new standard applies to all insurance contracts, regardless of the entities that issue them.

IFRS 17 applies to reporting periods starting on or after January 1, 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15.

	Amendments	Mandatory Effective Date
IFRS 3	Definition of a Business	January 1, 2020
IAS 1 and IAS 8	Definition of material	January 1, 2020
IFRS 9, IAS 9 and IFRS 7	Reference interest rate reform	January 1, 2020
IFRS 10 and IAS 28	Consolidated Financial Statements - sale or contribution of assets between an investor and its associate or joint venture	To be determined

### IFRS 3 Business Combinations - Definition of a Business

The IASB issued amendments in terms of the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. The IASB

clarifies the minimum requirements for a business; removes the assessment of whether market participants are capable of replacing any missing elements; adds guidance to help entities assess whether an acquired process is substantive; narrows the definitions of a business and of outputs; and introduces an optional fair value concentration test.

The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. Consequently, entities do not have to revisit such transactions that occurred in prior periods. Earlier application is permitted and must be disclosed.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, most entities will likely not be affected by these amendments on transition. However, entities considering the acquisition of a set of activities and assets after first applying the amendments should update their accounting policies on a timely basis.

The amendments could be relevant in other areas of IFRS. For example, the definition of a business may also be relevant where a parent loses control of a subsidiary and has early adopted Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

#### IAS 1 Financial Statement Presentation and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material

In October 2018, the IASB issued IAS 1 Financial Statement Presentation and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of "material" across all standards and to clarify certain aspects of the definition. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments must be applied prospectively. Earlier application is permitted and must be disclosed.

Although the amendments to the definition of material are not expected to have a significant impact on an entity's financial statements, the introduction of the term 'obscuring information' in the definition could potentially impact how materiality judgments are made in practice, by elevating the importance of how the information is communicated and organized in the financial statements.

#### IFRS 9, IAS 9 and IFRS 7 Reference Interest Rate Reform

The IASB issued amendments to IFRS 9, IAS 39 and IFRS 7 in September 2019, completing the first phase of its response to the effect of interbank offering rates (IBOR) reform on financial reporting. The amendments provide temporary exceptions that allow hedge accounting to continue during the period of uncertainty, prior to the replacement of current benchmark interest rates with nearly risk-free alternative interest rates.

The amendments must be applied retrospectively. However, any hedging relationship that has previously been discontinued cannot be reinstated with the application of these amendments, nor can a hedging relationship be assigned using the benefit of retrospective reasoning. Earlier application is permitted and must be disclosed.

#### IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - sale or contribution of assets between an investor and its associate or joint venture

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) address an inconsistency between the requirements of IFRS 10 and IAS 28 (2011) in the treatment of a sale or contribution of assets between an investor and its associate or joint venture. The amendments were issued in September 2014 and recognize a full gain or a loss when the transaction involves a business (whether or not in a subsidiary). They recognize a partial gain or loss when the

transaction involves assets that do not constitute a business, even if these assets are in a subsidiary. The date of mandatory application of these amendments is to be determined since IASB is waiting for the results of its research project on accounting using the equity method. These amendments must be applied retrospectively, and early adoption is permitted, which must be disclosed.

The entity will evaluate the impact of the amendments once they become applicable.

## 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.

In the consolidation process, 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. consolidates Fiordo Blanco S.A. as it owns a 99.99% interest.

Fiordo Azul S.A. was created on January 31, 2019. Its business purpose is aquaculture in general, especially breeding, producing and farming salmon, trout and other species. Salmones Camanchaca S.A. directly and indirectly owns 100 % of the company and therefore consolidates it.

The following subsidiaries are included in these interim consolidated financial statements, together with their functional currency:

Consolidated Company	Country Source	Functional Currency Functional	Ownership Interest		12/31/2019	12/31/2018
			Direct %	Indirect %	Total %	Total %
Fiordo Blanco S.A.	Chile	US dollars	99.99	-	99.99	99.99
Fiordo Azul S.A.	Chile	US dollars	99.99	0.01	100.00	-

### b) Associates

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

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 Salmenes 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 Salmenes Camanchaca S.A. providing it with slaughtering and gutting services, who also owns a 33.3% interest.

New Worlds Currents Inc. is a company incorporated in Hong Kong 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.

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

## 2.6 Foreign currency transactions

### a) Presentation currency

The Company's financial statements are presented in US dollars, which is the functional currency of the parent company and the group's presentation currency.

### 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 <sup>1</sup>
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 <sup>2</sup>
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.

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<sup>1</sup> US dollar

<sup>2</sup> Chilean peso

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 at closing rates of those monetary assets and liabilities denominated in foreign currency, are recognized in the statement of net income under "Exchange differences".

The assets and liabilities of a subsidiary or associate, whose functional currency is different from that of the group but is not that of a hyperinflationary economy, are translated on consolidation into US dollars at the exchange rate in effect on the closing date and the statements of net income are translated at the average monthly exchange rate. Exchange differences arising on translation are recognized in other comprehensive income. When a foreign investment is disposed of, the component of other comprehensive income relating to that investment is reclassified to the statement of net income.

#### d) Exchange rates

The exchange rates of foreign currencies and the Unidad de Fomento (an inflation-indexed, Chilean monetary unit) compared to the Chilean peso as of December 31, 2019 and 2018 and January 1, 2018 were as follows:

Date	Ch\$ / US\$	UF / US\$	Euro / US\$	Yen / US\$	Nok / US\$
12/31/2019	748.74	0.0264	0.8918	108.9000	8.7907
12/31/2018	694.77	0.0252	0.8742	110.3800	8.7272
01/01/2018	614.75	0.0229	0.8317	112.59	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, marine equipment (pontoons), hatchery centers and grow-out centers.

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

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.

The substitutions or renewals of complete elements that increase the useful life of the good or its economic capacity, are recorded as greater value of the respective assets, with the consequent accounting withdrawal of the replaced or renewed elements

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
Right-of-use assets	3

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.

Right-of-use assets includes assets for service contracts that qualify as financial leases under the parameters established by IFRS 16, as of December 31, 2019.

## 2.8 Biological assets

Biological assets include the following.

Biological assets include groups of breeders, eggs, smolts and fish at seasites. They are valued at initial recognition and subsequently.

Live fish biomass at all their freshwater stages, which are breeders, eggs, fry and smolts are valued at accumulated cost at the reporting date.

The fair value valuation criteria for fish at sea sites includes the value of the concession as a component of the farming risk, in accordance with the definition in IAS 41. Therefore, a valuation model has been adopted that calculates the Fair Value Adjustment (FVA) by applying a discount risk factor to the expected biomass margin at each sea site. An exponential model is used and the risk factor mentioned discounts the expected margin of biomass.

The estimated fair value of fish biomass is based on the volume of fish biomass, average biomass weights, cumulative biomass costs for each site, estimated remaining costs and estimated sales prices.

### Volume of fish biomass

The volume of fish biomass is an estimate based on the number of smolts in the sea, an estimate of their growth, identified mortality in the period, average weights, and other factors. Uncertainty with respect to the volume of biomass is normally lower in the absence of massive mortality events during the cycle, or if the fish catch acute diseases.

The biomass is the weight when it is calculated for each farming site. The target harvest weight depends on each site.

### Cumulative Costs

Cumulative costs for farming sites at the date of the fair value calculation are obtained from the company's accounts.

### Remaining Costs

Estimated remaining costs are based on the forecast direct and indirect costs that will affect the biomass at each site through to final harvest.

This estimate is refined at each calculation, and uncertainty reduces as the harvest approaches.

### Operating revenue

Revenue is calculated using several sales prices forecast by the company for each month based on future price information from public sources, adjusted to historical price behavior from the main destination market for our fish. This is reduced by the costs of harvesting, processing, packaging, distribution and sale.

A Fair Value Adjustment is applied to all fish at seasites, under the current model.

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

All biological assets are classified as current biological assets, as they form part of the normal farming cycle that concludes with harvesting the fish.

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 includes prices, costs and volumes that are estimated by the company.

## 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 variables are the sales price and the average weight.

## 2.9 Intangible assets other than goodwill

Individually acquired intangible assets are initially measured at cost. The cost of intangible assets acquired in a business combination is their fair value as of the date of acquisition.

After initial recognition, intangible assets are recorded at cost less any accumulated amortization and any accumulated impairment loss. Internally generated intangible assets, excluding capitalized development expenditure, are not capitalized and the related expense is recognized in the statement of net income for that year.

### a) Aquaculture concessions

Aquaculture concessions have an indefinite useful life, because they have no expiry date nor a measurable useful life. Therefore, 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) Water Rights

The Company carried out an analysis of the useful lives of these intangible assets that have indefinite useful lives, concluding that there is no foreseeable limit of time over which the asset generates net cash flow inflows, for which these intangible assets were determined that their useful lives are undefined.

### c) Computer programs

Licenses for acquired software are capitalized on the basis of the costs incurred to acquire them and prepare them to use the specific program. These costs are amortized over their estimated useful lives. Expenses related to the development or maintenance of computer programs are recognized as an expense when incurred. Costs directly related to the production of unique and identifiable computer programs controlled by the Company, when they are likely to generate economic benefits greater than the costs for more than one year, are recognized as intangible assets.

The direct costs include the expenses of the personnel that develops the computer programs and an adequate percentage of general expenses.



#### d) 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).

Salmones Camanchaca S.A. uses value in use to calculate the recoverable value. Value in use is based on estimated future cash flows that are discounted to present value using a before-tax discount rate that reflects current market assessments of the time value of money and any asset specific risks.

All non-financial assets are evaluated at each closing date to determine whether there is any indication that the impairment loss recorded in previous years no longer exists or has decreased. If such an indication is found, the Company estimates the recoverable value of the asset or the cash-generating units. A previously recorded impairment loss is reversed only if there has been a change in the assumptions used to determine the recoverable value since the last impairment loss was recorded. The reversal is limited to ensuring that the book value of the asset does not exceed its recoverable value, nor does it exceed its original book value net of depreciation had no impairment loss been recognized in prior years. This reversal is recorded in the statement of net income unless the asset is carried at a revalued value, in which case the reversal is recorded as an increase in the revaluation.

Intangible assets with an indefinite useful life at December 31 are tested annually for impairment. This applies to both individual assets and cash-generating units, as appropriate, and when circumstances indicate that the book value may be impaired.

#### 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 instruments held-for-sale are recognized in the statement of net income.

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 cash flow, 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.

Subsequent storage costs or costs incurred in delivering products to the customer are not included in the stock costs.

Commercial discounts, rebates obtained and other similar items are deducted in the determination of the purchase cost.

The net realizable value corresponds to the estimate of the sale price less all estimated termination costs and the costs that are incurred in the marketing and sales processes.

The Company conducts an evaluation of the net realizable value of the stocks at the end of each period or year and adjusts their carrying amount if necessary.

### 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 Statement of Cash Flow

The Company has defined the following policies in order to prepare the statement of cash flow:

Cash and cash equivalents include cash on hand, at banks, term deposits with financial institutions, mutual funds and other short-term, highly liquid investments that are readily realizable, with a low risk of changes in value and an original maturity of up to three months. Bank overdrafts are classified as third-party resources within current liabilities in the statement of financial position.

- i. Operating Activities: These comprise the Group's principal source of operating revenue as well as other activities that cannot be classified as investing or financing.
- ii. Investing Activities: These involve acquiring, selling or otherwise disposing of long-term assets and other investments not included in cash and cash equivalents.
- iii. Financing Activities: These cause changes in the size and composition of equity and financial liabilities.

## 2.15 Classification of Current and Non-Current Balances

Balances in the consolidated statement of financial position are classified by maturity with current balances maturing in less than 12 months and non-current balances in more than 12 months. However, balances associated with the normal operating cycle and mature in over one year are presented as current. Should the company have any obligations that mature in less than twelve months, but can be refinanced over the long term at management's discretion, using unconditionally available credit agreements with long-term maturities, such obligations may be classified as non-current liabilities.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

## 2.16 Earnings per Share

Basic earnings per share is calculated as the ratio between net income for the period divided by the weighted average number of ordinary shares in circulation during that period.

## 2.17 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.

## 2.18 Cash and cash equivalents

Cash and cash equivalents include cash on hand, term deposits with financial institutions, other highly liquid short-term investments that can be readily converted into known amounts of cash that are subject to a negligible risk of changes in value and have a maturity of three months or less on their acquisition date.

In the consolidated statements of financial position, bank overdrafts are included in current financial liabilities when the item so warrants.

## 2.19 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.

## 2.20 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.

## 2.21 Current and deferred income 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.

An entity must offset deferred tax assets with deferred tax liabilities only if the tax authority recognizes that it has the legal right to offset the amounts recognized in those items; and the deferred tax assets and liabilities arise from income taxes levied by the same tax authority on the same entity or taxpayer, or on different entities or taxpayers that intend either to settle current tax assets and liabilities on a net basis or to simultaneously recover the assets and pay the liabilities in each of the future periods in which significant amounts of deferred tax assets or liabilities are expected to be paid or recovered.

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.

## 2.22 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 arising from adjustments due to changes in trends of actuarial assumptions are recognized immediately in the statement of financial position with a charge or credit, as appropriate, to reserves through other comprehensive income in the period in which they occur. These changes are not reclassified to the statement of net income in subsequent periods.

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.

## 2.23 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.
- v) Legal provisions arise from a contract, legislation or other legal cause.
- vi) Site closure provisions are reliable estimates of the expenditure required to make sites operational for the next harvest cycle.

## 2.24 Revenue recognition

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. Salmones 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.

#### 2.25 Leasing

The Company has applied IFRS 16 "Leases" using the modified retrospective approach since January 1, 2019. Therefore, comparative information has not been restated and continues to be reported in accordance with IAS 17 "Leases" and IFRIC 4 "Determining whether an arrangement contains a lease".

##### a) Policy from 1 January 2019

When a contract begins, the Company assesses whether the contract contains a lease, defined as whether the contract gives the right to control the use of an identified asset for a period of time in exchange for consideration. A contract gives Salmones Camanchaca S.A. the right to control the use of an identified asset if:

- i) The contract involves the explicit or implicit use of an identified asset. If the supplier has a substantial right of substitution, then the asset is not identified;
- ii) It has the right to receive substantially all the financial benefits from using the asset during the period; and
- iii) It has the right to direct the use of the asset. This right is exercised when significant decisions are taken, for example how and why the asset is used. In exceptional cases, the decision on how and why the asset is used is predetermined. It has the right to direct the use of the asset if it has the right to operate the asset, or if it designed the asset in a manner that predetermines how and why it will be used.

At the beginning or revaluation of a contract containing a lease component, the Company assigns the consideration in the contract to each lease component on the basis of its independent relative prices, by separately allocating the associated cost of capital.

##### b) Lessee

Salmones Camanchaca S.A. recognizes a right-of-use asset and a lease liability when the lease begins. The right-of-use asset is initially valued at cost, which comprises the initial lease liability adjusted for any lease payments made on or before the start date, plus any initial direct costs and an estimate of the costs to dismantle and eliminate the underlying asset or to restore the underlying asset or the site where it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the start date to the end of its estimated useful life according to the contract term. The estimated useful lives of right-of-use assets are determined by considering future renewals according to the contract term. The value of a right-of-use asset is regularly evaluated and reduced by any impairment losses, and adjusted for specific new valuations of the lease liability.

The lease liability is initially valued at the present value of future payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's borrowing rate, incorporating additional adjustments considering the risk of the country and each of the subsidiaries.

Lease payments included in valuing the lease liability comprise the following:

- Fixed payments, included in the contract.
- The exercise price under a purchase option that the Company may reasonably exercise.
- Lease payments on an optional renewal period if the Company is reasonably certain to exercise the renewal option.
- Penalties for early termination of a lease, unless the Company is reasonably certain that it will not terminate the lease early.

The lease liability is valued at amortized cost using the effective interest method. It is revalued when there is a change in future lease payments due to a change in an index or rate.

When the lease liability is accordingly revalued, the book value of the right-of-use asset is adjusted, unless this reaches zero, in which case the adjustment is recognized in the statement of net income.

The Company presents right-of-use assets in "Property, plant and equipment" and the associated obligations in "Operating lease liabilities, current and non-current" within the consolidated statement of financial position.

The company has elected not to recognize right-of-use assets and lease liabilities for contracts with a term of 12 months or less, and for contracts whose assets have a value under US\$5,000. The Company recognizes the lease payments associated with these transactions as a straight-line expense over the contract term.

#### Treatment under IAS 17

The Company as a lessee classified as finance leases all those leases that transfer substantially all the risks and rewards of ownership, during the comparative period.

Assets held under other leases were classified as operating leases and were not recognized in the consolidated statement of financial position. Payments for operating leases were recognized in the statement of net income on a straight-line basis over the contract term.

The lease incentives received were recognized as an integral part of the total lease expense during the contract term.

#### c) Lessor

The Company as a lessor determined whether each contract was a finance lease or an operating lease when the lease contract began.

The Company's accounting policies as lessor in the comparative period are as stipulated by IFRS 16.

#### 2.26 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.

#### 2.27 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

#### 3.1 Change in fair value calculation of biological assets

Salmones Camanchaca S.A. revised its accounting policy for calculating the fair value of biological assets during 2019, in line with changes in the Chilean salmon industry in recent years. Previously, fair value was the market price less estimated processing and sales costs for fish at grow-out sites that weighed over 4 kg for Atlantic salmon and 2.5 kg for Pacific salmon. In this way, the market price was adjusted appropriately for each sea group at the reporting date, from which the harvesting, processing, packaging, distributing and selling costs were deducted, and the volume was adjusted for process yields. Smaller fish were valued at cost and were subject to impairment testing. Market prices were obtained from international reference price publications for the Atlantic salmon published by Urner Barry Publications Inc. in its report "Urner Barry's Seafood Price-Current" and the Coho from the DataSalmon page for the Japan market.

Beginning with these financial statements, the Company has chosen to migrate to the valuation method detailed in note 2.8. This model values all fish at sea sites at fair value, where the value of the concession has been incorporated as part of the farming risk, in accordance with the definition in IAS 41. Therefore, a valuation model has been adopted that calculates the Fair Value Adjustment (FVA) by applying a risk factor to the expected biomass margin at each sea site. Changes in the fair value of biological assets are recorded in the statement of net income for the period. All biological assets are classified as current biological assets, as they form part of the normal farming cycle that concludes with harvesting the fish. The Company has applied the new valuation model retroactively for comparison purposes to its financial statements as of December 31, 2018.

Similarly from December 31, 2019, as the Association in Participation Account (ACP) of the trout business, where Salmones Camanchaca (the Company) participates in a third of the results obtained, is not a legal entity other than from the Manager or Operator, Caleta Bay, the Company does not exercise joint control (or significant influence) over the key business decisions, which fall entirely on the Manager throughout its value chain, who commits said transaction to its own name and risk as well as the responsibility before the aquaculture, sanitary, environmental or other authorities. The only asset that Salmones Camanchaca brings to this ACP is the concessions where the fish are grown, obtaining a variable retribution associated with that contribution. Therefore, for its accounting treatment, the definition of a joint operation is not fulfilled nor can the operation be measured at fair value as a financial asset under IFRS 9, since the Company's accounting policy is to measure the concessions at cost. In this way, and according to IAS 8.10, since the assets contributed by Salmones Camanchaca (the concessions) to the ACP have never generated a transfer of ownership to the Manager, the concessions cannot remain at fair value. As a result of the above, the accounting treatment applied is to recognize the third of the ACP result in the line of other gains (losses) of the income statement by function and not as part of the income from ordinary activities, amount that is recycled annually. This change has been made comparatively with the financial statements as of December 31, 2018.

The Company has reformulated its financial statements as of December 31, 2018, in accordance with International Financial Reporting Standards, due to the change in accounting policies effects on the account Biological assets for ThUS \$ 157, decrease of deferred tax liabilities for ThUS \$ 43 and decrease of equity for ThUS \$ 114. Regarding the reclassifications, the current biological asset was modified because it is the normal crop cycle that concludes with the harvest of the fish, these effects are shown below:

#### STATEMENTS OF FINANCIAL POSITION (December 31, 2018 reformulated)

	Original presentation	Adjustments and reclassifications		Reformulated
	As of December 31, 2018	Change in Accounting Policy	Reclassification	As of December 31, 2018
	MUS\$	MUS\$	MUS\$	MUS\$
Current assets				
Other non-financial assets, current	5,990	-	6,373	12,363
Trade and other receivables, current	32,781	-	(7,223)	25,558
Biological assets, current	113,237	(157)	18,607	131,687
Other Current assets	64,240	-	-	64,240
<b>Total Current assets</b>	<b>216,248</b>	<b>(157)</b>	<b>17,757</b>	<b>233,848</b>
Non-current assets				
Biological assets, non-current	18,607	-	(18,607)	-
Other Non-current assets	105,760	-	-	105,760
<b>Total Non-current assets</b>	<b>124,367</b>	<b>-</b>	<b>(18,607)</b>	<b>105,760</b>
<b>Total current</b>	<b>340,615</b>	<b>(157)</b>	<b>(850)</b>	<b>339,608</b>
Current liabilities				
Trade and other payables, current	70,134	-	(7,521)	62,613
Other provisions, current	-	-	6,671	6,671
Employee benefit provisions, current	1,056	-	4	1,060
Other Current liabilities	22,048	-	-	22,048
<b>Total Current liabilities</b>	<b>93,238</b>	<b>-</b>	<b>(846)</b>	<b>92,392</b>
Non-current liabilities				
Deferred tax liabilities	12,733	(43)	-	12,690
Employee benefit provisions, non-current	152	-	(4)	148
Other Non-current liabilities	50,591	-	-	50,591
<b>Total Non-current liabilities</b>	<b>63,476</b>	<b>(43)</b>	<b>(4)</b>	<b>63,429</b>
Equity				
Retained earnings	41,450	(114)	-	41,336
Other Equity	142,451	-	-	142,451
<b>Total Equity</b>	<b>183,901</b>	<b>(114)</b>	<b>-</b>	<b>183,787</b>
<b>Total equity and liabilities</b>	<b>340,615</b>	<b>(157)</b>	<b>(850)</b>	<b>339,608</b>

Regarding the Result, the effect of the change in policy is ThUS \$ 5,221, for the concept of a positive fair value adjustment (ThUS \$ 7,152) and a negative tax for ThUS \$ 1,931, as reflected in the reclassification is for the trout ACP already explained above. The above is reflected in the following chart:

#### STATEMENTS OF NET INCOME BY FUNCTION (December 31, 2018 reformulated)

	Original presentation	Impact and reclassifications		Reformulated
	For the year ended December 31, 2018	Change in Accounting Policy	Reclassification	For the year ended December 31, 2018
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Operating revenue	332,301	-	(2,890)	329,411
Cost of sales	(239,564)	-	-	(239,564)
<b>Gross margin</b>	<b>92,737</b>	<b>-</b>	<b>(2,890)</b>	<b>89,847</b>
Net adjustment fair value biological assets	(4,825)	7,152	-	2,327
Administrative expenses	(12,077)	-	-	(12,077)
Distribution expenses	(8,575)	-	-	(8,575)

Financial costs	(6,361)	-	-	(6,361)
Share of net income (losses) of equity method associates	1,629	-	-	1,629
Exchange differences	(1,916)	-	-	(1,916)
Other income (losses)	(772)	-	2,890	2,118
Financial income	49	-	-	49
Net income before tax	59,889	7,152	-	67,041
Income tax expense	(15,872)	(1,931)	-	(17,803)
Net income from continuing operations	44,017	5,221	-	49,238

The Statement of Comprehensive Income underwent changes with respect to the result according to the following table:

	Original presentation	Impact and reclassifications		Reformulated
	For the year ended December 31, 2018	Change in Accounting Policy	Reclassification	For the year ended December 31, 2018
	MUS\$	MUS\$	MUS\$	MUS\$
Net income for the year	44,017	5,221	-	49,238
Gain (loss) from foreign currency conversion	(435)	-	-	(435)
Total comprehensive income	43,582	5,221	-	48,803

With regard to January 1, 2018, there is an effect of a decrease in biological assets due to the effect of Fair Value and liabilities for deferred taxes of ThUS \$ 7,308 and ThUS \$ 1,973 respectively and the effect of decrease of equity due to the accumulated result of ThUS \$ 5,335. Regarding the reclassification, it is due to the biological asset that was taken to the current category as already explained by the fish cycle:

#### STATEMENTS OF FINANCIAL SITUATION (January 1, 2018 reformulated)

	Original presentation	Adjustments and reclassifications		Reformulated
	As of December 31, 2017	Change in Accounting Policy	Reclassification	As of January 01, 2018
	MUS\$	MUS\$	MUS\$	MUS\$
Current assets				
Biological assets, current	97,522	(7,308)	14,472	104,686
Other Current assets	101,453	-	-	101,453
Total Current assets	198,975	(7,308)	14,472	206,139
Non-current assets				
Biological assets, non-current	14,472	-	(14,472)	-
Other Non-current assets	92,557	-	-	92,557
Total Non-current assets	107,029	-	(14,472)	92,557
Total current	306,004	(7,308)	-	298,696
Current liabilities				
Total Current liabilities	79,215	-	-	79,215
Non-current liabilities				
Deferred tax liabilities	13,280	(1,973)	-	11,307
Other Non-current liabilities	104,831	-	-	104,831
Total Non-current liabilities	118,111	(1,973)	-	116,138
Equity				
Retained earnings	11,695	(5,335)	-	6,360
Other Equity	96,983	-	-	96,983
Total Equity	108,678	(5,335)	-	103,343
Total equity and liabilities	306,004	(7,308)	-	298,696

### 3.2 New standards, interpretations and amendments

The Company applied certain standards, interpretations and amendments for the first time, which are effective for periods beginning on or after January 1, 2019.

The standards, interpretations and amendments to IFRS that became effective at the date of the financial statements, their nature and impacts are as follows:

Standards and Interpretations		Mandatory Effective Date
<b>IFRS 16</b>	Leasing	January 1, 2019
<b>IFRIC 23</b>	Uncertainty over Income Tax Treatments	January 1, 2019

## IFRS 16 Leases

IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement Contains a Lease, SIC-15 Operating Leases - Incentives, and SIC-27 Evaluating the Substance of Transactions in the Legal Form of a Lease. The standard establishes the recognition, measurement, presentation and disclosure principles for leases and requires lessees to account for most leases using a single model.

The lessor's accounting under IFRS 16 remains substantially unchanged from IAS 17. Lessors shall continue to classify leases as operating or finance leases using principles similar to those in IAS 17.

IFRS 16 requires that lease contracts that were classified as operating leases with a contract term greater than 12 months have a similar accounting treatment to finance leases. In general terms, this means that right-of-use assets subject to operational lease contracts must be recognized, together with a liability for the present value of the payments associated with the contract.

Monthly lease payments in the statement of net income will be replaced by asset depreciation, together with the corresponding finance charges. If lease contracts are amended, such as the lease value, term, inflation indexation, associated interest rate, etc., the lessee shall recognize any change to the revalued lease liability as an adjustment to the value of the right-of-use asset.

The method adopted by the Company is the simplified retrospective approach.

The Company has determined the following changes for lease commitments that fall within the scope of IFRS 16, as of December 31, 2019.

	ThUS\$
Total non-current assets	1,966
Total current liabilities	(810)
Total non-current liabilities	(270)
<b>Total equity</b>	<b>886</b>
Lease expense	909
Interest	(73)
Depreciation	(873)
Gain (loss) on deferred taxes	10
<b>Net income (loss)</b>	<b>(27)</b>

## IFRIC 23 Uncertainty over Income Tax Treatments

The Interpretation addresses accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies that are outside the scope of IAS 12, nor does it specifically include requirements related to interest and penalties associated with uncertain tax treatment. The Interpretation specifically addresses the following:

- Whether an entity treats uncertain tax positions separately
- An entity's assumptions about the tax authority's assessment of tax treatments
- How an entity determines taxable income (tax loss), tax bases, unused tax losses, unused tax credits, and tax rates.

- How an entity treats changes in facts and circumstances.

The entity must determine whether to treat each uncertain tax position separately, or in conjunction with one or more treatments of uncertain tax positions. The entity should select the approach that best anticipates how to resolve the uncertainty

IFRIC 23 clarifies how to apply the recognition and measurement requirements of IAS 12 when there is uncertainty regarding income tax treatments. The Company has determined that this standard has no impact on the consolidated financial statements.

The rules, interpretations and amendments to IFRS that entered into force on the date of the financial statements and which are detailed below had no impact on these financial statements:

Amendments		Mandatory Effective Date
IFRS 3	Business combinations – previously held interests in a joint operation	January 1, 2019
IFRS 9	Financial instruments – payments with negative compensation	January 1, 2019
IFRS 11	Joint arrangements – previously held interests in a joint operation	January 1, 2019
IAS 12	Income taxes – tax consequences of payments related to financial instruments classified as equity	January 1, 2019
IAS 23	Borrowing costs – borrowing costs eligible for capitalization	January 1, 2019
IAS 28	Investments in associates – long-term investments in associates or joint ventures	January 1, 2019
IAS 19	Employee benefits - plan amendments, curtailments or settlements	January 1, 2019

#### NOTE 4 – FINANCIAL RISK MANAGEMENT

The Company's business is exposed to a variety of financial risks, including credit risk, liquidity risk and market risk.

##### 4.1. Credit risk

Credit risk is the risk that a counterparty fails to meet its obligations arising from a financial instrument or purchase contract and this results in a financial loss. The Group is exposed to credit risk in its operating activities (mainly within trade debtors).

##### a) Customer portfolio risk

The Company has no customers in arrears 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, 2019

Description	1 to 3 months ThUS\$	3 to 12 months ThUS\$	1 to 5 years ThUS\$	Over 5 years ThUS\$	ThUS\$
Interest-bearing loans	-	11,976	97,506	-	109,482
Trade and other payables	53,974	9,975	-	-	63,949
Related party payables, current	15,697	-	-	-	15,697
Total	69,671	21,951	97,506	-	189,128

##### b) As of December 31, 2018

Description	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	54,915	7,698	-	-	62,613
Related party payables, current	15,296	-	-	-	15,296
Related party payables, non-current	-	-	-	591	591
Total	70,211	10,441	58,227	591	139,470

#### 4.3. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument may fluctuate because of changes in market prices. Market risk comprises exchange rate risk and interest rate risk,

##### a) Exchange rate risk

Exchange rate risk is the risk that the fair value of future cash flows of a financial instrument may fluctuate because of changes in exchange rates.

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 liability balance in Chilean pesos as of December 31, 2019 totaling ThUS\$9,509 (Net assets of ThUS\$1,677 as of December 31, 2018), therefore, an increase of 5% in the exchange rate results in an exchange loss of ThUS\$475 (ThUS\$84 as of December 31, 2018), while a decrease of 5% in the exchange rate results in an exchange gain of the same amount.

##### b) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument may fluctuate because of changes in market 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\$ 98,391 in bank liabilities denominated in US dollars as of December 31, 2019 (ThUS\$50,243 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\$ 984, as appropriate, (ThUS\$502 as of December 31, 2018).

## NOTE 5 – FINANCIAL INSTRUMENTS

The Company has financial instruments as of December 31, 2019 and December 31, 2018 valued at their fair value as shown in the following table, and there are no differences between their fair value and book value.

Item	12/31/2019		12/31/2018	
	Book Value	Fair Value	Book Value	Fair Value
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Financial assets at amortized cost				
Cash and cash equivalents				
Cash balances	106	106	45	45
Bank balances	13,761	13,761	13,098	13,098
Other financial assets (ii)	56	56	50	50
Trade and other receivables (i)	39,887	39,887	25,558	25,558
Related party receivables (i)	38,600	38,600	26,952	26,952
Recoverable rights, non-current (ii)	1,252	1,252	1,349	1,349
Financial liabilities at amortized cost				
Other financial liabilities (iv)	8,391	8,391	243	243
Operating lease liabilities (iii)	810	810	-	-
Trade and other payables, current (iii)	63,949	63,949	62,613	62,613
Related party payables (iii)	15,697	15,697	15,296	15,296
Other financial liabilities, non-current (iv)	90,000	90,000	50,000	50,000
Operating lease liabilities, non-current (iii)	270	270	-	-
Related party payables, non-current (iii)	-	-	591	591

### (i) Trade and other receivables

Trade and other receivables are amounts owed by customers for goods sold or services rendered in the ordinary course of business. They are usually settled within a period of 30 days, so are classified as current. Trade and other receivables are initially recognized at the value of the unconditional commitment, unless they contain significant financing components, in which case they are recognized at fair value. The Group accepts trade and other receivables with the objective of collecting the corresponding contractual cash flows and subsequently values them at amortized cost using the effective interest method. The details of Group impairment policies and calculations of impairment loss provisions are included in Note 8 (Trade and other receivables).

The book values of trade and other receivables are treated as equal to their fair values, due to their short-term nature.

Information about the impairment of trade and other receivables 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 provided they meet the following two criteria:

- The asset is held within a business model that aims to receive contractual cash flows.

- The contractual terms give rise to cash flows that are solely receipts of principal and interest.

These amounts generally come from transactions outside the normal course of business for the Group.

#### (iii) Trade and other payables

Trade and other payables are not guaranteed and are generally paid within 60 days of recognition.

The book values of trade and other payables are treated as equal to their fair values, due to their short-term nature.

#### (iv) Loans

Secured liabilities and encumbered assets.

Loans are guaranteed using significant and representative Company assets, which are detailed in Note 31 (Guarantees and contingencies). The Group does not provide any other guarantee using its assets, and ensures that it complies with the financial ratios described in Note 18 (Other current and non-current financial liabilities).

The book values of financial and non-financial assets encumbered in order secure current and non-current loans are disclosed in Note 31 (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 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 with indefinite lives. 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, which is 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 consolidated 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 consolidated 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.

	12/31/2019 ThUS\$	12/31/2018 ThUS\$
Cash balances	106	45
Bank balances	13,761	13,098
Total cash and cash equivalents	13,867	13,143

## NOTE 8- TRADE AND OTHER RECEIVABLES

Trade and other receivables are as follows.

	12/31/2019			12/31/2018		
	Trade receivables	Doubtful debt provision	Net trade receivables	Trade receivables	Doubtful debt provision	Net trade receivables
Customers	38,027	(160)	37,867	24,605	(450)	24,155
Insurance claims	-	-	-	942	-	942
Sundry debtors	2,020	-	2,020	450	-	450
Staff receivables	-	-	-	11	-	11
<b>Total Current Assets</b>	<b>40,047</b>	<b>(160)</b>	<b>39,887</b>	<b>26,008</b>	<b>(450)</b>	<b>25,558</b>

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 2019 and 2018.

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

Classification of receivables by due date.

Overdue ranges	12/31/2019				12/31/2018			
	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	120	4,219	-	4,219	202	20,764	-	20,764
1- 30 days	561	22,433	-	22,433	173	4,235	-	4,235
31- 60 days	47	8,268	-	8,268	13	467	-	467
61- 90 days	8	1,477	-	1,477	7	42	(37)	5
91-120 days	57	2,369	-	2,369	2	182	(100)	82
121-150 days	15	581	-	581	4	3	-	3
151-180 days	6	540	-	540	-	-	-	-
181-210 days	13	6	(6)	-	-	-	-	-
211-250 days	13	96	(96)	-	6	5	(5)	-
>250 days	99	58	(58)	-	42	310	(308)	2
<b>Total</b>	<b>939</b>	<b>40,047</b>	<b>(160)</b>	<b>39,887</b>	<b>449</b>	<b>26,008</b>	<b>(450)</b>	<b>25,558</b>

Movements in the non-collectable portfolio were as follows:

	12/31/2019 ThUS\$	12/31/2018 ThUS\$
Opening balance	(450)	(111)
Reversal for payments received	523	112
Increases	(233)	(451)
<b>Closing balance</b>	<b>(160)</b>	<b>(450)</b>

## 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.

Transactions made with related entities are related to equity with other operations that are carried out regularly.

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	12/31/2019 Current ThUS\$	12/31/2018 Current ThUS\$
Camanchaca Inc.	Foreign	USA	Under 30 days	US\$	30,506	20,425
Kabushiki Kaisha Camanchaca Ltd.	Foreign	Japan	Under 30 days	US\$	6,485	4,753
Cía. Pesquera Camanchaca S.A.	93,711,000-6	Chile	Under 30 days	Ch\$	888	486
Camanchaca Cultivos Sur S.A.	96.633.150-K	Chile	Under 30 days	Ch\$	306	243
Camanchaca Pesca Sur S.A.	76,143,821-2	Chile	Under 30 days	Ch\$	78	861
Transportes Interpolar Ltda.	77,970,900-0	Chile	Under 30 days	Ch\$	337	184
Total					38,600	26,952

b) Related party payables are as follows:

- Current

	Chilean ID Number	Country	Payment terms	Currency	12/31/2019 Current ThUS\$	12/31/2018 Current ThUS\$
Cia. Pesquera Camanchaca S.A.	93,711,000-6	Chile	Under 30 days	Ch\$	9,748	11,919
Transportes Interpolar Ltda.	77,970,900-0	Chile	Under 30 days	Ch\$	2,734	388
Kabushiki Kaisha Camanchaca Ltd.	Foreign	Japan	Under 30 days	US\$	62	77
Inmobiliaria Camanchaca S.A.	96,786,700-4	Chile	Under 30 days	Ch\$	2,453	1,546
Camanchaca Pesca Sur S.A.	76,143,821-2	Chile	Under 30 days	Ch\$	493	1,245
Camanchaca Cultivos Sur S.A.	96.633.150-K	Chile	Under 30 days	Ch\$	-	17
Frigorífico Pacífico S.A.	77,858,550-2	Chile	Under 30 days	Ch\$	138	-
Surproceso S.A.	76,346,370-2	Chile	Under 30 days	Ch\$	-	97
Codepack S.A.	96974100-8	Chile	Under 30 days	Ch\$	14	7
New World Currents	Foreign	Hong Kong	Under 30 days	US\$	55	-
<b>Total</b>					<b>15,697</b>	<b>15,296</b>

- Non-current

	Chilean ID Number	Country	Payment terms	Currency	12/31/2019 Non-current ThUS\$	12/31/2018 Non-current ThUS\$
Cia. Pesquera Camanchaca S.A.	93,711,000-6	Chile	No time limit	Ch\$	-	591
<b>Total</b>					<b>-</b>	<b>591</b>

- c) Transactions with related companies for over ThUS\$20 and their effects on the statement of net income for the years ended December 31, 2019 and 2018 are as follows.

Company	Chilean ID number	Country	Relationship	Description	Currency	12/31/2019		12/31/2018	
						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\$	133,012	19,633	112,476	22,399
Kabushiki Kaisha Camanchaca Ltd.	Foreign	Japan	Common shareholder	Product sales	US\$	21,868	3,003	14,367	3,865
Kabushiki Kaisha Camanchaca Ltd.	Foreign	Japan	Common shareholder	Commissions	US\$	-	-	307	(307)
Cia. Pesquera Camanchaca S.A.	93,711,000-6	Chile	Parent company	Administrative services	US\$	6,443	(6,443)	5,529	(5,529)
Cia. Pesquera Camanchaca S.A.	93,711,000-6	Chile	Parent company	Product sales	Ch\$	307	13	328	14
Cia. Pesquera Camanchaca S.A.	93,711,000-6	Chile	Parent company	Office leases	US\$	156	131	-	-
Camanchaca Pesca Sur S.A.	76,143,821-2	Chile	Common shareholder	Product sales	Ch\$	424	18	373	16
Camanchaca Pesca Sur S.A.	76,143,821-2	Chile	Common shareholder	Operating services	Ch\$	284	-	182	153
Camanchaca Pesca Sur S.A.	76,143,821-2	Chile	Common shareholder	Plant lease	US\$	493	-	1,363	-
Camanchaca Pesca Sur S.A.	76,143,821-2	Chile	Common shareholder	Product purchases	US\$	40	-	-	-
Camanchaca Cultivos Sur S.A.	96.633.150-K	Chile	Common shareholder	Product sales	Ch\$	54	2	40	2
Camanchaca Cultivos Sur S.A.	96.633.150-K	Chile	Common shareholder	Product purchases	Ch\$	18	-	15	-
Camanchaca Cultivos Sur S.A.	96.633.150-K	Chile	Common shareholder	Sales of property, plant and equipment	Ch\$	42	-	35	2
Transportes Interpolar Ltda.	77,970,900-0	Chile	Common shareholder	Transport services	Ch\$	5,689	(4,781)	5,452	(4,582)
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)	1,379	(1,159)
Surproceso S.A.	76,346,370-2	Chile	Associate	Salmon processing	Ch\$	2,488	-	3,094	-
Frigorífico Pacífico S.A.	77,858,550-2	Chile	Director and subsidiary shareholder	Leased refrigerators	Ch\$	155	(131)	693	(562)
Codepack S.A.	96,974,100-8	Chile	Related Director	Packaging	Ch\$	116	(98)	64	(54)
New World Currents Inc.	Foreign	Hong Kong	Associate	Commissions	Ch\$	98	(98)	-	-

- 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\$358 during 2019 (ThUS\$378 in 2018).

The remuneration of Senior Management during 2019 amounted to ThUS\$931 (ThUS\$1,143 in 2018).

## NOTE 10 - INVENTORIES

Inventories as of each reporting date are as follows.

	Unit of Measure	12/31/2019		12/31/2018	
		Quantity	ThUS\$	Quantity	ThUS\$
Finished products*	Kilo	3,894,549	25,690	2,700,807	13,595
Fair value of biological assets harvested but not sold*	N/A	-	2,639	-	4,298
Production supplies	N/A	-	6,213	-	5,590
Net realizable value provision*	N/A	-	(1,195)	-	(225)
Decrease in provisions	N/A	-	(472)	-	(299)
Total			32,875		22,959

\* Total finished product inventory at 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 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, 2019 and December 31, 2018.

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).

### 10.2 Reconciliation of finished products

Movements in finished products are as follows.

	12/31/2019 ThUS\$	12/31/2018 ThUS\$
Opening balance	17,668	32,830
Increases for production costs	47,926	56,343
Increases for harvested biological assets	204,740	159,385
Cost of sales	(240,346)	(228,335)
Fair value of harvested biological assets in inventory	79,520	90,642
Fair value of harvested biological assets sold	(81,179)	(92,972)
Net realizable value provision	(1,195)	(225)
Closing balance	27,134	17,668

Cost of sales is composed as follows.

	12/31/2019 ThUS\$	12/31/2018 ThUS\$
Cost of products sold	240,346	228,335
Cost of services	2,046	5,776
Cost of smolts sold	2,157	-
Cost of fallow periods	7,598	4,484
Mortality costs	1,316	969
Total	253,463	239,564

## NOTE 11 - BIOLOGICAL ASSETS

Biological assets are composed of Atlantic and Pacific salmon, which are valued at fair value. A new valuation model has been implemented from 2019 onwards, covering the entire fish growing stage.

As this is a change in accounting policy, the balances as of the following dates were amended and the effects are reflected in the following table:

	12/31/2019	12/31/2018	01/01/2018
Item	ThUS\$	ThUS\$	ThUS\$
Biological assets before the change	142,615	131,844	111,994
Fair value adjustments	-	(157)	(7,308)
Total biological assets after the change	142,615	131,687	104,686

Movements in biological assets are as follows.

	12/31/2019	12/31/2018
	ThUS\$	ThUS\$
Opening balance as of January 1	131,687	104,686
Increases from farming and production	219,775	182,698
Decreases from harvests (measured at cost)	(204,740)	(159,385)
Smolts sale cost	(2,157)	-
Fair value adjustment for the period	81,490	95,299
Fair value adjustment harvested biological assets, transferred to inventories	(79,520)	(90,642)
Mortality losses	(3,920)	(969)
Closing balance	142,615	131,687

Biological assets are as follows:

Biomass as of 12/31/2019	Thousand units	Final biomass Ton.	Production costs ThUS\$	Fair value adjustments ThUS\$	Total cost ThUS\$
Fish in sea water	12,337	32,368	113,385	15,631	129,016
Fish in fresh water	21,276	643	13,599	-	13,599
		Total	126,984	15,631	142,615

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	13,659	121,097
Fish in fresh water	17,477	578	10,590	-	10,590
		Total	118,028	13,659	131,687

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

	12/31/2019 ThUS\$	12/31/2018 ThUS\$
Opening fair value of biological assets	17,959	15,632
Increase due to biological adjustments for the period	81,490	95,299
Less: Fair value adjustment for sales of inventories	(81,179)	(92,972)
Closing balance	18,270	17,959

Sensitivity analysis on the effect on fair value, due to an increase or decrease in price at the reporting date is as follows.

SPECIES	Change in ThUS\$			
	Increase US\$0.1	Decrease US\$0.1	Increase US\$0.2	Decrease US\$0.2
Atlantic salmon	1,235	(1,223)	2,480	(2431)

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

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

	12/31/2019		12/31/2018	
	Current ThUS\$	Non-current ThUS\$	Current ThUS\$	Non-Current ThUS\$
Insurance policies	1,038	-	3,296	-
Recoverable taxes	5,834	-	6,373	-
Prepaid rent	-	-	40	-
Prepaid expenditure at centers	854	-	1,590	-
Other prepaid expenditure	792	112	1,064	112
Total	8,518	112	12,363	112

## NOTE 13 - EQUITY METHOD INVESTMENTS

Investments in associates as of December 31, 2019 are as follows.

Chilean ID number	Name	Country	Investments in associates ThUS\$	Interest %
77,970,900-0	Surproceso S.A.	Chile	4,750	33.33
Foreign	New World Currents Inc.	Hong Kong	55	25.00
Total			4,805	

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	



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

	12/31/2019		12/31/2018	
	Assets ThUS\$	Liabilities ThUS\$	Assets ThUS\$	Liabilities ThUS\$
Current	7,370	2,282	4,882	1,757
Non-current	9,382	14,470	10,917	14,042
Total	16,752	16,752	15,799	15,799

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

	For the year ended 12/31/2019 ThUS\$	For the year ended 12/31/2018 ThUS\$
Operating revenue	21,586	19,654
Net income for the year	4,823	4,887

#### NOTE 14 - TAX ASSETS AND RIGHTS RECEIVABLE

Current tax assets are as follows.

	12/31/2019 ThUS\$	12/31/2018 ThUS\$
Monthly provisional tax payments	3,808	-
Provisional payment for absorbed profits	737	630
Training expenses, Sence	218	226
Labor bonus tax	-	73
Other recoverable taxes	98	207
Total	4,861	1,136

Non-current rights receivable are as follows.

	12/31/2019 ThUS\$	12/31/2018 ThUS\$
Tax incentive for investment (1)	1,252	1,349
Total	1,252	1,349

(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	12/31/2019 ThUS\$	12/31/2018 ThUS\$
Aquaculture concessions and water rights	Indefinite	6,948	6,948
Total		6,948	6,948

Movements of intangible assets as of December 31, 2019 and 2018 are as follows:

	12/31/2019 ThUS\$	12/31/2018 ThUS\$
Opening balance as of January 1	6,948	6,948
Closing balance	6,948	6,948

## 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)
Playa Maqui (Center of Lake)	X	6	1	Frutillar	Fresh Water	7.5	Use
Chaiquen	X	1	1	Puerto Varas	Sea Water	3.74	Use
Pucheguin	X	1	1	Cochamo	Sea Water	3	Fallow
Pucheguin coast	X	1	1	Cochamo	Sea Water	9	Use
Farellones	X	1	1	Cochamo	Sea Water	21.06	Use
Marimelli	X	1	1	Cochamo	Sea Water	24.98	Fallow
Chilco River 1	X	1	1	Cochamo	Sea Water	6	Use
Chilco River 2	X	1	1	Cochamo	Sea Water	6.75	Use
Cascajal	X	1	1	Cochamo	Sea Water	9	Use
Factoría	X	1	1	Cochamo	Sea Water	9	Use
Puelche	X	1	2	Hualaihue	Sea Water	7.54	Fallow
Manihueico	X	1	2	Hualaihue	Sea Water	15	Use
Contao	X	1	2	Hualaihue	Sea Water	15	Use
Chagual River	X	1	2	Hualaihue	Sea Water	7.2	Fallow
Aulen	X	1	2	Hualaihue	Sea Water	3.25	Fallow
San José	X	1	3b	Calbuco	Sea Water	3.75	Fallow
Penasmo	X	1	3b	Calbuco	Sea Water	28.56	Fallow
Pilpilehue	X	3	10b	Chonchi	Sea Water	32	Fallow
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	Use
Yelcho	X	5	16	Chaitén	Sea Water	4.5	Fallow
Chilco	X	5	16	Chaitén	Sea Water	6.5	Fallow
Fiordo Largo	X	5	16	Chaitén	Sea Water	6	Fallow
Cabudahue	X	5	16	Chaitén	Sea Water	6	Fallow
Pillán	X	5	16	Chaitén	Sea Water	19.63	Fallow
Isla Nieves	X	5	16	Chaitén	Sea Water	6.5	Fallow
Puerto Argentino	X	5	16	Chaitén	Sea Water	6.5	Fallow
Reñihue 3	X	5	16	Chaitén	Sea Water	6.32	Fallow
Loncochalgua	X	5	17a	Hualaihue	Sea Water	8	Use
Porcelana	X	5	17a	Chaitén	Sea Water	18.54	Use
Leptepu	X	5	17a	Chaitén	Sea Water	24.5	Fallow
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	Use
Licha	XI	6	18c	Cisnes	Sea Water	12.5	Fallow
Garrao	XI	6	18c	Cisnes	Sea Water	12.5	Fallow
Gallo Stream	XI	6	18c	Cisnes	Sea Water	12.5	Fallow
Southwest Leucayec	XI	6	18c	Guaitecas	Sea Water	11.08	Use
Piure Channel	XI	6	18c	Cisnes	Sea Water	12.5	Fallow
Northeast Francisco	XI	6	18d	Cisnes	Sea Water	12.5	Fallow
East Jechica	XI	6	18d	Cisnes	Sea Water	12.5	Fallow
South Garrao	XI	6	18d	Cisnes	Sea Water	12.5	Fallow
South Jechica	XI	6	18d	Cisnes	Sea Water	12.5	Fallow
West Filomena	XI	6	18d	Cisnes	Sea Water	12.5	Fallow
SWest Filomena	XI	6	18d	Cisnes	Sea Water	12.5	Fallow
Carmencita	XI	6	18d	Cisnes	Sea Water	6.06	Fallow
Forsyth	XI	6	19a	Cisnes	Sea Water	8.45	Use
Johnson 1	XI	6	19a	Cisnes	Sea Water	10.6	Use
Johnson 2	XI	6	19a	Cisnes	Sea Water	6.35	Use
Midhurst	XI	6	19a	Cisnes	Sea Water	N/A	Fallow
Tahuenahuec	XI	6	20	Cisnes	Sea Water	5.52	Fallow
Benjamin	XI	6	20	Cisnes	Sea Water	50.88	Fallow
King	XI	6	20	Cisnes	Sea Water	29.38	Fallow
Punta Alta	XI	6	20	Cisnes	Sea Water	26.56	Fallow
No Name	XI	6	20	Cisnes	Sea Water	17.84	Use
South Izaza	XI	6	20	Cisnes	Sea Water	8.96	Use
Martita	XI	6	20	Cisnes	Sea Water	17.57	Use
Paso Lautaro	XI	6	20	Cisnes	Sea Water	9.8	Use
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	Use
Williams 1	XI	6	21d	Cisnes	Sea Water	11.95	Fallow
Williams 2	XI	6	21d	Cisnes	Sea Water	10.28	Fallow
Williams Sector 2	XI	6	21d	Cisnes	Sea Water	N/A	Fallow

# NOTE 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\$	Vehicles ThUS\$	Other property, plant and equipment ThUS\$	Total property, plant and equipment ThUS\$
Opening balance as of January 1, 2019							
Cost or valuation	5,307	41,335	148,272	2,773	138	4,318	202,143
Accumulated depreciation	-	(17,594)	(86,990)	(2,502)	(101)	(2,687)	(109,874)
Net balance as of January 1, 2019	5,307	23,741	61,282	271	37	1,631	92,269

Additions *	-	1,417	32,412	-	783	-	34,612
Disposals	-	(63)	(1,878)	-	(28)	10	(1,959)
Transfers	-	2,872	(3,050)	-	-	178	-
Depreciation	-	(1,336)	(10,623)	(40)	(349)	(686)	(13,034)
Balances as of December 31, 2019	5,307	26,631	78,143	231	443	1,133	111,888

	Land ThUS\$	Buildings ThUS\$	Plant and equipment ThUS\$	Vessels ThUS\$	Vehicles ThUS\$	Other property, plant and equipment ThUS\$	Total property, plant and equipment 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)
Balances as of December 31, 2018	5,307	23,741	61,282	271	37	1,631	92,269

\* Contains Austral law credit reductions of ThUS\$4,288 in 2019 and ThUS\$2,542 in 2018.

Property, plant and equipment as of December 31, 2019 is as follows.

	Gross value ThUS\$	Accumulated depreciation ThUS\$	Net value ThUS\$
Land	5,307	-	5,307
Buildings	45,561	(18,930)	26,631
Plant and equipment	175,098	(97,613)	77,485
Vessels	2,774	(2,543)	231
Motor vehicles	457	(450)	7
Other assets	4,506	(3,373)	1,133
Right-to-use assets*	1,966	(872)	1,094
<b>Total</b>	<b>235,669</b>	<b>(123,781)</b>	<b>111,888</b>

\* Right-to-use assets are mainly site equipment and transport vehicles for the business, according to IFRS 16. These leasing contracts are normally for a 3 year period.

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 assets	4,258	(2,627)	1,631
<b>Total</b>	<b>207,913</b>	<b>(115,644)</b>	<b>92,269</b>

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.

The distribution of the depreciation expense is as follows.

	Administrative expense ThUS\$	Distribution expense ThUS\$	Production ThUS\$	Total ThUS\$
Depreciation	84	92	12,858	13,034

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, and the details are disclosed in Note 32.

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.

	12/31/2019 Gross value ThUS\$	12/31/2018 Gross value ThUS\$
Buildings	7,458	8,823
Plant and equipment	36,120	40,335
Vessels	2,214	2,387
Motor vehicles	86	86
<b>Total</b>	<b>45,878</b>	<b>51,631</b>

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 - INCOME AND DEFERRED TAXES

Deferred tax assets and liabilities are as follows.

	12/31/2019		12/31/2018	
	Deferred tax assets ThUS\$	Deferred tax liabilities ThUS\$	Deferred tax assets ThUS\$	Deferred tax liabilities ThUS\$
Tax losses	1,939	-	1,066	-
Inventory provisions	78	245	-	14
Staff vacation provisions	-	363	-	285
Staff severance indemnity provision	-	37	-	41
Doubtful debt provisions	-	43	-	122
Prepaid income	-	2,363	-	1,437
Leases (Right-to-use)	-	292	-	-
Property, plant and equipment	48	(729)	69	(270)
Manufacturing expenses	-	(14,208)	-	(9,161)
Concessions	(762)	(34)	(762)	(34)
Biological assets	116	(5,298)	-	(4,848)
Other provisions	-	30	-	12
Other assets	-	(214)	-	(288)
<b>Total</b>	<b>1,419</b>	<b>(17,110)</b>	<b>373</b>	<b>(12,690)</b>

Income taxes are as follows.

Tax (expense) benefit

	12/31/2019 ThUS\$	12/31/2018 ThUS\$
Current tax expense	(12,666)	(16,335)
Tax expense adjustment (prior period)	1,177	(1)
Deferred tax expense for the period	(3,374)	(1,467)
<b>Total</b>	<b>(14,863)</b>	<b>(17,803)</b>

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

	12/31/2019 ThUS\$	12/31/2018 ThUS\$
Income tax expense using the statutory rate (27%)	(15,448)	(18,101)
Income tax on salaries and wages	(25)	(29)
Tax effect of non-taxable revenue	1,184	440
Tax effect of non-deductible expenses	(574)	(113)
<b>Total</b>	<b>(14,863)</b>	<b>(17,803)</b>
<b>Effective rate</b>	<b>25.98%</b>	<b>26.56%</b>

Current tax liabilities are as follows:

	12/31/2019 ThUS\$	12/31/2018 ThUS\$
Corporation tax	12,666	16,335
Austral law credits	(4,288)	(6,871)
Monthly provisional tax payments	(8,378)	(2,985)
Other credits	-	30
<b>Total</b>	<b>0</b>	<b>6,509</b>

#### NOTE 18 - OTHER CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Other financial liabilities are as follows.

Current

	12/31/2019 ThUS\$	12/31/2018 ThUS\$
Interest-bearing loans	8,391	243
<b>Total current</b>	<b>8,391</b>	<b>243</b>

Non-current

	12/31/2019 ThUS\$	12/31/2018 ThUS\$
Interest-bearing loans	90,000	50,000
<b>Total non-current</b>	<b>90,000</b>	<b>50,000</b>



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., as legalized in a public deed. It rescheduled these company's liabilities as of that date amounting to ThUS\$ 165,000. The rescheduling covers three financing tranches.

- Tranche A conditions
  - Debtor: Compañía Pesquera Camanchaca S.A.
  - Quantity: approximately US\$ 25 million.
  - Maturity: November 2019, fully prepaid on February 12, 2018 when the Salmones Camanchaca S.A. IPO took place.
  - Six-monthly repayments in 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.
  - Quantity: approximately US\$ 40 million.
  - Maturity: November 2022.
  - Six-monthly repayments in six installments from May 27, 2020 to November 27, 2022, whose value will depend on the amount used from the line on the payment date.
  - Rate: Applicable Margin + Libor for the defined period
- Tranche C conditions
  - Debtor: Salmones Camanchaca S.A.
  - Quantity: approximately US\$ 100 million.
  - Maturity: November 2022.
  - Six-monthly repayments in two equal installments of 10% of the line on November 27, 2020 and 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

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%.

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 S.A. has guaranteed the obligations of its subsidiary in respect of tranche C. The guarantees associated with these tranches consist of pledged shares owned by the parent company in its subsidiaries Camanchaca Pesca Sur S.A., Camanchaca Cultivos Sur S.A. and the shares of Salmones Camanchaca S.A. that were not part of the IPO. The most representative and significant assets of the respective borrowers are also pledged in guarantee. However, the IPO for Salmones Camanchaca S.A. was completed on February 2, 2018 and the full repayment of Tranche A, then Salmones Camanchaca S.A. ceased to guarantee the obligations of its parent company, while Compañía Pesquera Camanchaca S.A. also ceased to guarantee the obligations of its subsidiary, all in accordance with the Financing Agreement.

The current loan has the following financial covenants:

- a) Debt ratio must not exceed 4 times, defined as the ratio of Net Financial Debt to EBITDA for the last 12 calendar months.
- b) Equity ratio must be at least 40%, defined as the ratio of Total Equity to Total Assets.

These ratios must be measured every quarter, and they have both been met.

On February 12, 2018, Compañía Pesquera Camanchaca S.A. had to repay the entire Tranche A of US\$25 million.

On March 15, 2018, Salmones Camanchaca S.A. voluntarily repaid US\$20 million of Tranche C, 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.

On April 23, 2019, Salmones Camanchaca S.A. requested US\$44 million as a disbursement under Tranche C. On October 24, 2019, a short term loan was received from BCI bank of US\$4 million, which will mature in April 2020.

#### Interest-bearing loans

##### Obligations that mature in under 12 months

	12/31/2019 ThUS\$	12/31/2018 ThUS\$
DNB Bank ASA	1,360	-
Rabobank Cooperate U.A.	1,840	-
Banco Santander	800	-
Banco Crédito e Inversiones	4,000	-
Interest payable	391	243
<b>Total</b>	<b>8,391</b>	<b>243</b>

##### Obligations that mature in over 12 months

	12/31/2019 ThUS\$	12/31/2018 ThUS\$
DNB Bank ASA	30,600	17,000
Rabobank Cooperate U.A.	41,400	23,000
Banco Santander	18,000	10,000
<b>Total</b>	<b>90,000</b>	<b>50,000</b>

The Company's loans are as follows.

a) For the year ended December 31, 2019

RUT entidad deudores	Sociedad Deudores	País	RUT entidad acreedora	Acreedor	País	Moneda	Tipo de amortización	Tasa nominal	Tasa efectiva	Garantías	Corrientes			No corrientes			
											Vencimientos		Total Corrientes	Vencimientos			Total No Corrientes
											hasta 90 días	mas de 90 días a 1 año		más de 1 año a 3 años	más de 3 años a 5 años	más de 5 años	
76-065.596-1	Salmones Camanchaca S.A.	Chile	0-E	DNB Bank ASA	Noruega	US\$	Semestral y al vencimiento	4,17	4,17	% de activos	-	1.486	1.486	30.600	-	-	30.600
76.065.596-1	Salmones Camanchaca S.A.	Chile	97.036.000-k	Banco Santander	Chile	US\$	Semestral y al vencimiento	4,17	4,17	% de activos	-	874	874	18.000	-	-	18.000
76-065.596-1	Salmones Camanchaca S.A.	Chile	0-E	Rabobank Cooperate U.A.	Holanda	US\$	Semestral y al vencimiento	4,17	4,17	% de activos	-	2.010	2.010	41.400	-	-	41.400
76-065.596-2	Salmones Camanchaca S.A.	Chile	97.006.000-6	Banco de Crédito e inversiones	Chile	US\$	Semestral y al vencimiento	2,81	2,81	% de activos	-	4.021	4.021	-	-	-	-
											-	8.391	8.391	90.000	-	-	90.000

b) As of December 31, 2018

RUT entidad deudores	Sociedad Deudores	País	RUT entidad acreedora	Acreedor	País	Moneda	Tipo de amortización	Tasa nominal	Tasa efectiva	Garantías	Corrientes			No corrientes			
											Vencimientos		Total Corrientes	Vencimientos			Total No Corrientes
											hasta 90 días	mas de 90 días a 1 año		más de 1 año a 3 años	más de 3 años a 5 años	más de 5 años	
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

Reconciliation of financial obligations for the statement of cash flows:

a) For the year ended December 31, 2019

Other financial liabilities	Balance as of January 1, 2019 ThUS\$	Cash Flows			Accrual  ThUS\$	Others  ThUS\$	Balance as of December 31, 2019 ThUS\$
		Payments		Acquisitions ThUS\$			
		Capital ThUS\$	Interest ThUS\$				
Current							
Bank loans	243	(5,000)	(3,884)	9,000	4,032	4,000	8,391
Total other financial liabilities, current	243	(5,000)	(3,884)	9,000	4,032	4,000	8,391
Non-current							
Bank loans	50,000		-	44,000	-	(4,000)	90,000
Total other financial liabilities, non-current	50,000	-	-	44,000	-	(4,000)	90,000
Total other financial liabilities	50,243	(5,000)	(3,884)	53,000	4,032	-	98,391

b) As of December 31, 2018

Other financial liabilities	Balance as of January 1, 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

## NOTE 19 - OPERATING LEASE LIABILITIES

These include obligations arising from commercial operating leases with third parties, which were signed in the normal course of business.

As of December 31, 2019 and December 31, 2018, operating lease liabilities are as follows:

	12/31/2019 ThUS\$	12/31/2018 ThUS\$
Operating lease liabilities, current	810	-
Operating lease liabilities, non-current	270	-
<b>Total</b>	<b>1,080</b>	<b>-</b>

These liabilities as of December 31, 2019, are detailed as follows.

	Maturities of Operating Lease Liabilities					Total
	Under 90 days ThUS\$	91 days to 1 year ThUS\$	1 to 3 years ThUS\$	3 to 5 years ThUS\$	Over 5 years ThUS\$	ThUS\$
Finance lease liabilities	125	685	270	-	-	1,080
<b>Total</b>	<b>125</b>	<b>685</b>	<b>270</b>	<b>-</b>	<b>-</b>	<b>1,080</b>

The effects on the statement of net income of operating lease contracts are as follows:

	ThUS\$
Lease expense	909
Interest	(73)
Depreciation	(873)
Gain (loss) on deferred taxes	10
<b>Net income (loss)</b>	<b>(27)</b>

Operating lease contracts that are not included because they cover variable rents, total ThUS\$705 per year.

## NOTE 20 – TRADE AND OTHER PAYABLES

Trade and other payables are as follows:

	12/31/2019 ThUS\$	12/31/2018 ThUS\$
Trade payables	56,004	53,971
Notes payable	798	2,086
Retentions	738	613
Dividends payable	3,791	4,279
Other	2,618	1,664
<b>Total</b>	<b>63,949</b>	<b>62,613</b>

Trade payables as of December 31, 2019 and 2018 by suppliers are as follows.

- Suppliers with payments not overdue

Supplier	Amount by payment terms in days					Total ThUS\$	Average Payment Period (days)
	Under 30	31-60	61-90	91-120	121-365		
Products	4,470	14,502	9,236	8,458	1,385	38,051	57
Services	4,823	9,643	2	-	132	14,600	39
Grand Total	9,293	24,145	9,238	8,458	1,517	52,651	

- Suppliers with payments overdue

Supplier	Amount by overdue range in days						Total ThUS\$
	Under 30	31-60	61-90	91-120	121-180	Over 181	
Products	529	1,176	1,038	23	-	-	2,766
Services	313	46	-	11	-	217	587
Grand Total	842	1,222	1,038	34	-	217	3,353

Trade payables as of December 31, 2018 by suppliers are as follows.

- Suppliers with payments not overdue

Supplier	Amount by payment terms in days					Total ThUS\$	Average Payment Period (days)
	Under 30	31-60	61-90	91-120	121-365		
Products	16,073	9,850	7,830	7,698	-	41,451	62
Services	9,545	2,502	16	-	-	12,063	48
Grand Total	25,618	12,352	7,846	7,698	-	53,514	

Suppliers with payments overdue

Supplier	Amount by overdue range in days						Total ThUS\$
	Under 30	31-60	61-90	91-120	121-180	Over 181	
Products	150	18	-	-	-	52	220
Services	132	29	1	-	11	64	237
Grand Total	282	47	1	-	11	116	457

The Company has no confirming transactions.

## NOTE 21 - OTHER PROVISIONS

The items that comprise Other provisions at the reporting date are as follows:

	12/31/2019 ThUS\$	12/31/2018 ThUS\$
Provisions for legal proceedings*	111	63
Closed sites	6,197	6,608
Total	6,308	6,671

\* Legal proceedings are described under Note 32 d) on contingencies

Movements in provisions are as follows:

	Provisions for legal proceedings		Site closure costs	
	12/31/2019 ThUS\$	12/31/2018 ThUS\$	12/31/2019 ThUS\$	12/31/2018 ThUS\$
Opening balance	63	168	6,608	-
Increases	48	-	6,197	6,608
Decreases or payments	-	(105)	(6,608)	-
Closing balance	111	63	6,197	6,608

## NOTE 22 - EMPLOYEE BENEFIT PROVISIONS

As of December 31, 2019 and 2018, these are as follows:

	Current		Non-current	
	12/31/2019 ThUS\$	12/31/2018 ThUS\$	12/31/2019 ThUS\$	12/31/2018 ThUS\$
Vacation provision	1,342	1,056	-	-
Staff severance indemnities	37	4	101	148
Total	1,379	1,060	101	148

## NOTE 23 – EQUITY

### a) Capital Management

Capital management aims to safeguard its ability to continue as a ongoing entity, to generate returns for its shareholders, to generate benefits for other stakeholders and to maintain an optimal structure that reduces its cost of capital.

Capital Management is part of the Company's Investment and Financing Policy, which establishes that each investments must have appropriate project-specific financing, to maintain its productive assets in optimal operating conditions as well as those that increase its productive capacity to comply with the Company's strategic development plan. Therefore, financing should provide the funds required for its existing assets to operate and for new investments, in accordance with the investment policy. Financing includes using its own resources and external resources up to a limit that does not compromise the Company's equity position or limit its growth. The Company maintain several financing options open, such as short and long-term bank loans, supplier credit and other sources.

Salmones Camanchaca S.A. reports its compliance with the commitments to financial institutions every quarter. There are covenants related to its capacity to generate profits and equity, which are presented in note 18. As of December 31, 2019 and 2018, the Company has complied with the financials indicators required by those commitments.

### b) Capital

The Company's share capital is as follows.

	12/31/2019 ThUS\$	12/31/2018 ThUS\$
Share capital		
Share capital paid	91,786	91,786
Total	91,786	91,786

  

Common Shares	Total number of shares	
Balance as of December 31, 2019 and December 31, 2018	66,000,000	66,000,000

c) Share premium

	12/31/2019 ThUS\$	12/31/2018 ThUS\$
Share premium	27,539	27,539
Total	27,539	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).

d) Dividend provision

As of December 31, 2019, the Company had a final dividend provision of ThUS\$12,637, equivalent to 30% of distributable net earnings. As of December 31, 2018, the Company had a final dividend provision of ThUS\$14,262, equivalent to 30% of distributable net earnings. The Company's Annual General Shareholders' Meeting held on April 26, 2019 agreed to distribute 50% of the distributable net earnings equivalent to ThUS\$ 23,770, which were paid on May 13, 2019. The calculation of dividends are as follows, including for the reformulated balances in 2018:

Item	For the year ended 12/31/2019 ThUS\$	For the year ended 12/31/2018 ThUS\$	For the year ended 12/31/2018 Reformulated ThUS\$
Net income, according to statement of financial position	42,352	44,017	49,238
Reductions to distributable earnings			
Fair value adjustment for the year	(311)	4,825	(2,327)
Deferred tax (27%)	83	(1,303)	628
Net fair value adjustment	(228)	3,522	(1,699)
Earnings distributable to shareholders	42,124	47,539	47,539
Dividends equivalent to 30%	12,637	14,262	14,262
<b>DIVIDENDS</b>	<b>ThUS\$</b>	<b>ThUS\$</b>	<b>ThUS\$</b>
Controller Camanchaca	8,846	9,983	9,983
Minority shareholders	3,791	4,279	4,279
Total Dividends	12,637	14,262	14,262

e) Other reserves

Other reserves are as follows.

	12/31/2019 ThUS\$	12/31/2018 ThUS\$
Conversion in other companies reserves	(668)	(345)
Corporate reorganization reserves (*)	23,515	23,471
Total	22,847	23,126

(\*) 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) The movement of the Accumulated Results account is as follows

	12/31/2019 ThUS\$	12/31/2018 ThUS\$
Opening balance	41,336	6,360
Interim dividends as of the reporting date (Legal minimum)	(12,637)	(14,262)
Final dividends above the legal minimum, according to JGOA	(9,508)	-
Net income for the period	42,352	49,238
Closing balance	61,543	41,336

#### NOTE 24 - EARNINGS PER SHARE

Earnings per share are as follows.

Description	12/31/2019 ThUS\$	12/31/2018 ThUS\$
Net income (loss) for the period (ThUS\$)	42,352	49,238
Weighted average number of shares	66,000,000	66,000,000
Basic earnings per share (US\$/share)	0.6417	0.7460

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 25 - OPERATING REVENUE

Operating revenue is as follows.

	For the years ended December 31,	
	2019 ThUS\$	2018 ThUS\$
Fresh salmon sales	121,532	125,104
Frozen salmon sales	205,557	193,486
Services	4,901	7,456
Other products	6,969	3,365
Total	338,959	329,411

Operating revenue by destination market is as follows:

DESTINATION	12/31/2019 %	12/31/2018 %
Exports	92.00	93.96
Domestic	8.00	6.04
Total	100.00	100.00

DESTINATION	12/31/2019 %	12/31/2018 %
USA	34.02	29.21
Europe + Eurasia	18.15	28.99
Asia, except Japan	7.21	8.39
Japan	11.00	4.46
LATAM, except Chile	20.26	22.04
Chile	8.00	6.04
Others	1.36	0.87
Total	100.00	100.00

The Company has no final customers that represent more than 10% of sales. The related company Camanchaca Inc. distributes in the US market and is owned by the parent company. It represents more than 10% of sales abroad. The company has no assets abroad.

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

a) For the year ended December 31, 2019

Products	USA ThUS\$	Europe + Eurasia ThUS\$	Asia excluding Japan ThUS\$	Japan ThUS\$	LATAM, except Chile ThUS\$	Chile ThUS\$	Others ThUS\$	TOTAL ThUS\$
Atlantic salmon	114,175	59,587	24,313	29,368	68,330	14,839	4,612	315,224
Pacific salmon	1,147	1,949	115	7,911	344	-	-	11,466
Others	-	-	-	-	-	12,269	-	12,269
Total	115,322	61,536	24,428	37,279	68,674	27,108	4,612	338,959

b) For the year ended December 31, 2018

Products	USA ThUS\$	Europe + Eurasia ThUS\$	Asia excluding 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
Pacific salmon	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	10,821	-	10,821
Total	96,211	95,510	27,648	14,695	72,618	19,887	2,842	329,411

## NOTE 26 - ADMINISTRATIVE EXPENSES

Administrative expenses are as follows.

	For the years ended December 31,	
	2019 ThUS\$	2018 ThUS\$
Corporate support services	4,485	4,492
Remuneration	1,781	3,916
Communications	430	460
Leases	536	552
Depreciation	84	149
Audit and consultancy	218	216
Travel and travelling allowances	155	171
Legal expenses	212	229
Overhead expenses	665	839
Stock market expenses	406	335
Other administrative expenses	865	718
<b>Total</b>	<b>9,837</b>	<b>12,077</b>

## NOTE 27 - DISTRIBUTION COSTS

Distribution costs are as follows.

	For the years ended December 31,	
	2019 ThUS\$	2018 ThUS\$
Distribution services	1,756	936
Remuneration	1,123	1,315
Storage expenses	833	1,094
Commissions	322	911
Haulage costs	1,426	1,605
Maritime freight	906	595
Shipment costs	261	562
Travel and traveling allowances	70	88
Samples and analysis	5	107
Export certificates	474	395
Other expenses	997	967
<b>Total</b>	<b>8,173</b>	<b>8,575</b>

## NOTE 28 - FINANCIAL COSTS

Financial costs are as follows:

	For the years ended December 31,	
	2019 ThUS\$	2018 ThUS\$
Financial interest	4,060	4,051
Commercial current account interest	-	3
Financial commissions	475	472
Interest on leases - IFRS 16	73	-
Gain (loss) on foreign exchange hedges	-	1,699
Other expenses	140	136
<b>Total</b>	<b>4,748</b>	<b>6,361</b>

## NOTE 29 – EXCHANGE DIFFERENCES

Exchange differences are as follows.

		For the years ended December 31,	
Item	Currency	2019 ThUS\$	2018 ThUS\$
Assets (charge) / credit			
Bank accounts	Ch\$	(636)	(762)
Bank accounts	Euros	(11)	(104)
Domestic customers	Ch\$	(104)	(170)
Foreign customers	Yen	-	(79)
Foreign customers	Euros	(14)	4
Other receivables	Ch\$	(6)	(697)
Commercial current accounts with related companies	Ch\$	-	(992)
Recoverable taxes	Ch\$	(1,084)	(323)
Prepaid expenses	Ch\$	(2)	(172)
Others	Ch\$	73	-
Total		(1,784)	(3,295)
Liabilities (charge) / credit			
Loans from banks	Yen		
Trade payables	Ch\$	1,243	1,186
Trade payables	Euros	(27)	(5)
Trade payables	NOK	-	(2)
Trade payables	JPY	-	2
Trade payables	GBP	(1)	-
Notes payable	Ch\$	(8)	28
Notes payable	Euros	(3)	5
Provisions and retentions	Ch\$	(193)	171
Provisions and retentions	NOK	50	(6)
Total		1,061	1,379
Gain (loss) on foreign currency conversion		(723)	(1,916)

#### NOTE 30 - OTHER INCOME (LOSSES)

Other net income and losses for the period are as follows.

	For the years ended December 31,	
	2019 ThUS\$	2018 ThUS\$
Net gain on selling assets	(190)	42
Gain (loss) on insurance claim	(2,607)	21
Costs of disposing of property, plant and equipment (misappropriations)	(1,439)	(835)
Earnings from the joint venture - Trout	(2,536)	2,890
Others	33	-
<b>Total</b>	<b>(6,739)</b>	<b>2,118</b>

Since the Association in Participation Account (ACP) of the trout business, where Salmones Camanchaca (the Company) participates in a third of the results obtained, is not a legal entity other than from the Manager or Operator, Caleta Bay, The Company does not exercise joint control (or significant influence) over the key business decisions, which its entirely on the Manager throughout its value chain, who commits this operation to its own name and risk as well as the responsibility before the authorities of aquaculture, sanitary, environmental or others. The only asset that Salmones Camanchaca brings to this ACP is the concessions where the fish are grown, obtaining a variable retribution associated with that contribution. Therefore, for its accounting treatment, the definition of a joint operation is not fulfilled nor can the operation be measured at fair value as a financial asset under IFRS 9, since the Company's accounting policy is to measure the concessions at cost. In this way, and according to IAS 8.10, since the assets contributed by Salmones Camanchaca (the concessions) to the ACP have never generated a transfer of ownership to the Manager, the concessions cannot remain at fair value. As a result of the above, the accounting treatment applied is to recognize the third of the ACP result in the line of other gains (losses) of the income statement.

#### NOTE 31 - ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are as follows:

Item	Currency	12/31/2019 ThUS\$	12/31/2018 ThUS\$
Current assets			
Cash and cash equivalents	US\$	6,530	5,738
Cash and cash equivalents	Ch\$	6,226	5,540
Cash and cash equivalents	Euro	1,111	1,865
Other financial assets, current	US\$	23	19
Other financial assets, current	Ch\$	33	31
Other non-financial assets, current	US\$	3,751	5,990
Other non-financial assets, current	Ch\$	4,767	6,373
Trade and other receivables, current	US\$	37,059	23,904
Trade and other receivables, current	Ch\$	2,236	751
Trade and other receivables, current	Euro	592	903
Related company receivables	US\$	38,600	25,620
Related company receivables	Ch\$	-	1,332
Inventories	US\$	32,875	22,959
Biological assets, current	US\$	142,615	131,687
Tax assets, current	Ch\$	4,861	1,136
<b>Total</b>		<b>281,279</b>	<b>233,848</b>

Item	Currency	12/31/2019 ThUS\$	12/31/2017 ThUS\$
Non-current assets	US\$		
Other financial assets, non-current	US\$	27	27
Other non-financial assets, non-current	US\$	112	112
Recoverable rights, non-current	US\$	1,252	1,349
Equity method investments	US\$	4,805	4,682
Intangible Assets Other than Goodwill	US\$	6,948	6,948
Property, plant and equipment	US\$	111,888	92,269
Deferred tax assets	US\$	1,419	373
<b>Total</b>		<b>126,451</b>	<b>105,760</b>

Item	Currency	12/31/2019 ThUS\$	12/31/2018 ThUS\$
Current liabilities			
Other financial liabilities, current	US\$	8,391	243
Operating lease liabilities, current	US\$	72	-
Operating lease liabilities, current	Ch\$	411	-
Operating lease liabilities, current	UF	327	-
Trade and other payables, current	US\$	43,461	46,281
Trade and other payables, current	Ch\$	19,255	13,065
Trade and other payables, current	UF	1,224	446
Trade and other payables, current	Euro	-	2,799
Trade and other payables, current	NOK	5	10
Trade and other payables, current	DKK	4	-
Trade and other payables, current	GBP	-	12
Related party payables	US\$	15,697	15,296
Other provisions, current	Ch\$	6,308	6,671
Tax liabilities, current	US\$	-	6,509
Employee benefit provisions, current	Ch\$	1,379	1,060
<b>Total</b>		<b>96,534</b>	<b>92,392</b>

Item	Currency	12/31/2019 ThUS\$	12/31/2018 ThUS\$
Non-current liabilities			
Other financial liabilities, non-current	US\$	90,000	50,000
Operating lease liabilities, non-current	US\$	81	-
Operating lease liabilities, non-current	Ch\$	178	-
Operating lease liabilities, non-current	UF	11	-
Related party payables	US\$	-	591
Deferred tax liabilities	US\$	17,110	12,690
Employee benefit provisions, non-current	Ch\$	101	148
<b>Total</b>		<b>107,481</b>	<b>63,429</b>

## NOTE 32 - 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, 2019.

Proceedings	12/31/2019		12/31/2018	
	Number of cases	Accounting provision ThUS\$	Number of cases	Accounting provision ThUS\$
Civil	4	90	4	47
Employment	6	21	3	16
Criminal	1	-	-	-
Total	11	111	7	63

### NOTE 33 - 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 consolidated financial statements were issued.

### NOTE 34 – THE 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 year ended December 31, 2019.

Project	12/31/2019 Investment ThUS\$
Waste management	820
Environmental services	239
Total	1,059

The Company invested in the following projects during the year ended December 31, 2018.

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

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 35 - SUBSEQUENT EVENTS

Import restrictions were applied by the Russian authorities at the end of February 2020, which affected many Chilean processing plants. These restrictions also applied to Salmones Camanchaca's processing plants, which will require redirecting volume to other markets over the next few months. The Russian market represents around 5% of world consumption of farmed Atlantic salmon, and it purchased 8% of Chilean Atlantic salmon exports in 2019 (source: Kontali). Salmones Camanchaca sent 18% of its Atlantic salmon to the Russian market in 2019. The Company believes that it can divert this sales volume to other markets, as it usually does when relative conditions change, and does not anticipate any changes to its farming or investment plans.

Another difficult situation of access to markets occurred in early 2020 as the effects of the Coronavirus virus affected China, a country that extended its annual holiday in January and limited the movement of people for health reasons, causing a drop-in consumption and logistic chains. This situation stopped the order orders and new shipments of salmon, an event that began to revert towards February fines. The Chinese market represents only 3.3% of the Company's sales in 2019.



# NOTE 36 - OTHER INFORMATION

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

Laborers	Professionals and Technicians	Senior Executives	Total 12/31/2019
1,492	326	13	1,831

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