



**COMPAÑÍA PESQUERA CAMANCHACA S.A. AND**  
**SUBSIDIARIES**

**Quarterly Earnings Report on the Consolidated Financial Statements**

For the periods ended June 30, 2016 and 2015.

## **QUARTERLY EARNINGS REPORT**

This document contains the Quarterly Earnings Report on the Consolidated Financial Statements of Compañía Pesquera Camanchaca S.A. as of June 30, 2016, compared to December 31, 2015, for the consolidated statement of financial position, and to June 30, 2015, for the statements of cash flows and income.

### **Business Areas**

The Company is engaged in the following three lines of business:

1. **Industrial Fishing:** Our industrial fishing operations are carried out in Chile's northern and south-central zones. Our catches are intended for human consumption (canned and frozen jack mackerel and langostino lobster) and for fishmeal and fish oil (anchovy and sardine).
2. **Salmon Farming:** This business is carried out through operations in southern Chile, specifically the 8th, 10th and 11th regions. These operations cover genetics and egg production; a freshwater hatchery; 75 sea water grow-out sites in 14 neighborhoods; two primary processing plants in the 10th Region and a value-added processing and freezing plant in the 8th Region.
3. **Other Seafood:** The Company farms mussels in Chiloé and abalones in the 3rd Region, both for human consumption. The Company discontinued scallop farming on December 16, 2015.

### **Summary**

Profit for the second quarter April to June 2016 was US\$ 4.1 million, which generated a profit for the first half of the year of US\$ 1.4 million, less than the US\$ 3.1 million achieved for the same period in 2015. The favorable results for the first half of the year are influenced by US\$ 22.2 million of additional fair value adjustments to the salmon biomass, which reflects better prices in June and July of this year, although this was mitigated by an extraordinary loss of US\$ 7.8 million as a result of the harmful algal bloom in the summer of this year.

The salmon farming division reported a profit of US\$ 4.4 million for the period ended June 2016, due to the positive fair value of this biological asset of US\$ 20.9 million, which compares favorably with the negative fair value of US\$ 1.2 million in the first half of 2015, though offset by the loss of US\$ 7.8 million mentioned above. This divisional result also contained a positive effect of US\$ 1.6 million for the balance of the compensation paid by the insurance company to cover the destruction of the Petrohué hatchery, caused by the eruption of the Calbuco volcano in April 2015, which was fully liquidated during this period.

The industrial fishing division had a loss of US\$ 2.6 million for the period ended June 2016, which compares unfavorably with the profit of US\$ 1.9 million for the first half of 2015. This was mainly caused by lower anchovy and sardine catches (-59.9% and -21.6%, respectively) caused by the oceanographic consequences of the El Niño phenomenon, which was evident between the second half of 2015 and the first half of 2016. A large and efficient capture of jack mackerel (+32.5%) was not entirely reflected in the results for the first half of the year, because a large proportion of this raw material has been canned, leaving an inventory of 921 thousand boxes as of June. This margin will only be reflected in profits for the second half of this year and the first months of 2017, provided that prices remain at the levels reached in June.

Revenue increased by 14.6%, reaching US\$ 239 million, with declines from the industrial fishing (-8.1%) and other seafood (-6.1%) divisions, but with a significant increase (+27.2%) in the salmon farming division, due to increased third party salmon sales by the Camanchaca sales office in the USA.

The Company posted an EBITDA (before the fair value adjustment on the salmon biomass) for the first half of the year of US\$ 4.3 million, down US\$ 12.9 million from the June 2015 figure of US\$ 17.2 million. The reduction in EBITDA is due to the gross margin falling by US\$ 13.0 million, with US\$ 12.6 million of this fall from the salmon farming division, where there was an increase in the ex-cage cost of sales (+25.7%) driven by SRS, low sea oxygen levels and algal blooms, all phenomena that occurred between the last quarter of 2015 and the first quarter of 2016.

The main factors explaining the results for the first half of 2016 include:

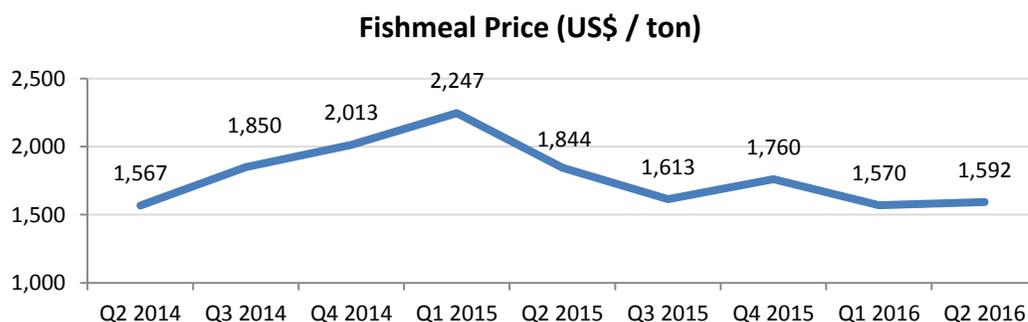
- a. An increase in salmon prices, which rose 3.4% or US\$ 0.2 per kilo WFE with respect to 2015. This increase had a direct positive effect of US\$ 3.3 million on results. The price began to improve last December when global supply clearly fell, as expected in 2016, and this was heightened by the HAB in February and March. Camanchaca only benefited from these higher prices from April, as earlier sales prices were governed by contractual commitments. In effect, an analysis of price increases in the second quarter revealed an increase of 28.3%. We believe that these prices will continue throughout the third quarter, as reflected in the fair value as of June 30, 2016.
- b. Sanitary conditions for salmon farming have been affected by SRS and low oxygen levels in the 10th Region since October 2015, most probably due to the El Niño phenomenon, which increased mortality and ex-cage costs per kilo. The latter reached US\$ 3.70 per kilo, 76 cents above the figure for June 2015. However, this cost is less than the US\$ 3.75 per kilo recorded for the first half of 2014, which provides a more suitable comparison given the Atlantic salmon's two-year cycle. These additional 76 cents in cost affected the approximately 22 thousand tons of whole fish equivalent sold, with a negative impact of US\$ 16.7 million. The impact of the HAB outbreak on ASC 2 (Reloncaví Sound) is not reflected in the ex-cage cost of fish harvested and sold during this half of the year, but rather in "Other gains (losses)" as explained above.
- c. Varied catch levels in jack mackerel, sardines and anchovy.
  - i) Good conditions for jack mackerel resulted in the Company catching practically all of its annual quota during the first six months of the year totaling 46 thousand tons, which is significantly higher than the 34 thousand tons caught in the same period in 2015. This has reduced the cost of finished products that are included in inventory, when compared with the previous year's costs.
  - ii) Sardine catches fell by 21.6% over 2015, totaling 37 thousand tons in 2016, due to reductions in third party catches of 46.9%, with an abundant biomass in the 9th and 14th regions and a reduced biomass in the 8th Region, where most sardines are traditionally caught, due to the El Niño phenomenon. The industrial fishing division increased its sardine catch from 7 thousand to 16 thousand tons.
  - iii) The El Niño phenomenon has had a marked effect on the sea in northern Chile and availability of anchovies big enough to catch, which has led to a 60% decrease in anchovy catches compared to the same period in 2015. The problem has been their size, not their abundance, which would suggest that catches should recover in the latter part of the year.

## Key Business Drivers

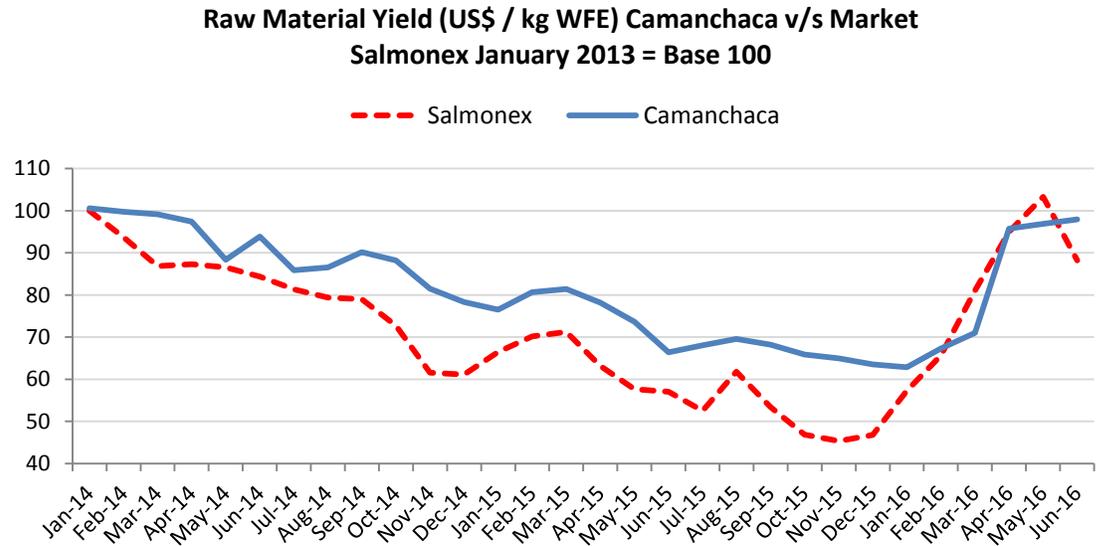
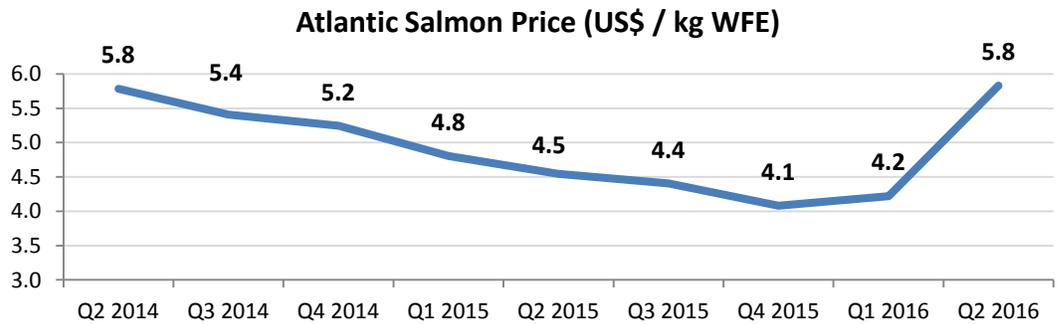
- Camanchaca's results are closely related to five key drivers:
  - i. The price of fishmeal, which is strongly correlated with Peru's catches;
  - ii. The price of Atlantic salmon, which is very sensitive to Norwegian and Chilean supply conditions, and the exchange rates of its main trading partners;
  - iii. The scale of industrial fishing catches, which impact unit costs;
  - iv. Fuel prices, which impact industrial fishing costs as well as fishmeal processing costs;
  - v. Sanitary conditions for Atlantic salmon, which affect unit costs.

- Trends in Key Drivers

- i. During the first quarter of 2015, **fishmeal prices** reached a maximum associated with the fall in Peruvian catches, and subsequently fell as catches returned to normal. The price exceeded US\$ 2,000 per ton in the first half of 2015, which was very high in comparison to the price for the first half of 2016 when it fell to between US\$ 1,570 and US\$ 1,590 per ton, a reduction of over US\$ 400. Peruvian catches were weak in the central-northern sector during the first season of the year and reached 51% of the allocated quota of 1.8 million tons. However, this will drive up the price for the third quarter of 2016, when we estimate that it will fluctuate between US\$ 1,600 and US\$ 1,700.



- ii. **Atlantic salmon prices** rose sharply during the second quarter to US\$ 5.8 per kilo WFE, which is 38% higher than the immediately preceding quarter, and 28% higher than for the same period in 2015. We believe that the price will remain at these levels during the third quarter of this year given the fall in global supplies especially in Chile. The price received by Camanchaca in March 2016 was agreed in contracts signed in previous months, so the rapid increase in the market price was not immediately captured, leaving Camanchaca's returns 86 cents below the Urner Barry index and 55 cents below the SalmonEx index. We understand that this situation arises as a result of the normal gap between sales and weekly market prices in a volatile market. The situation had returned to normal by June and Camanchaca's returns in that month were above these indices (68 cents over the Urner Barry index and 53 cents over the SalmonEx index). In aggregate, the average price for the first half of the year was 8 cents over the Urner Barry index and 2 cents over the SalmonEx index.

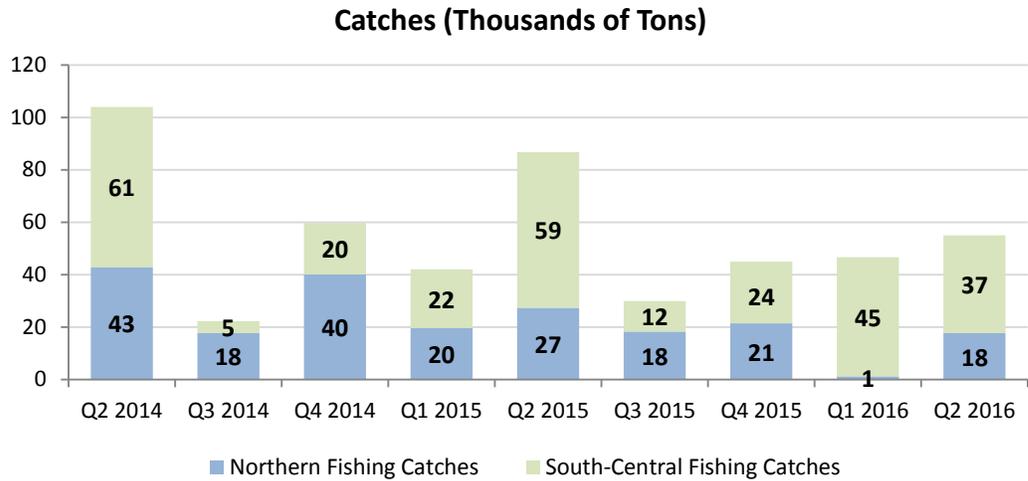


The Raw Material Yield is the final product price less distribution and specific secondary processing costs. It is a measurement of price before selecting the final destination for harvested fish and provides a homogeneous aggregate indicator for the Company's diverse products. The market Index or "Salmonex" is based on the price of fresh fillet trim D exported by Chilean firms, net of processing and distribution costs for Camanchaca's fresh trim D. It provides a comparable index to Camanchaca's Raw Material Yield.

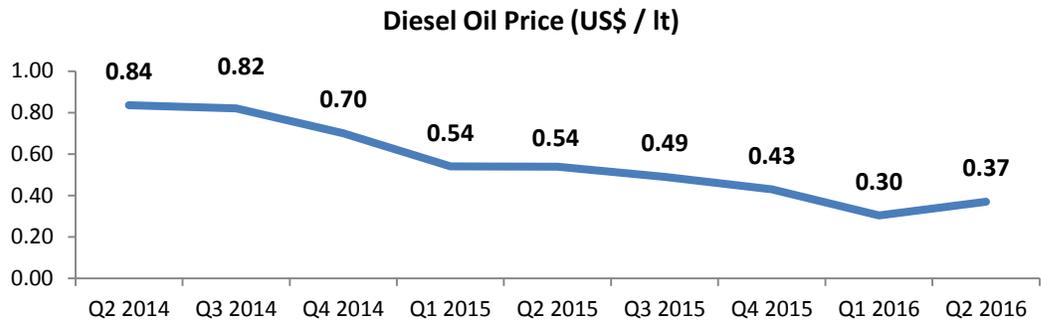
iii. **Pelagic fishing catches.** As of June anchovy catches in the north reached 18,827 tons, 60% lower than for the same period in 2015, mainly due to the El Niño phenomenon, which reduced the availability of fish big enough to catch.

Industrial fishing conditions for jack mackerel have been favorable in the south-central zone, totaling 46 thousand tons in contrast to 34 thousand caught in the first half of 2015, which represents practically the entire annual quota for this zone. The currently weak traditional markets for frozen jack mackerel have meant that these catches have mostly been canned.

In the south-central zone, the sardine biomass conditions for industrial fishing were better than in the first half of 2015, with 16 thousand tons caught by June 2016 in contrast to 7 thousand tons for the same period in 2015. This situation was not repeated for artisan fishing, which takes place closer to the coast. It was very low in the 8th Region, where the majority of the annual quota is caught. In June 2016, third party and artisan sardine catches were 21 thousand tons, a fall of 46.9% compared to the same period in 2015.

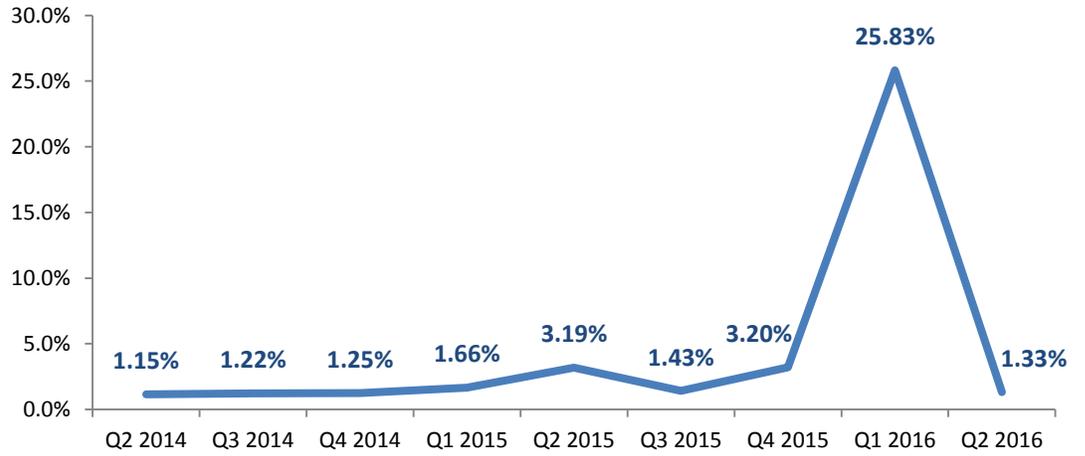


iv. The **price of diesel** purchased by Camanchaca has been falling significantly since the fourth quarter of 2014 and reached a minimum in the first quarter of 2016 at 30 cents per liter. In the second quarter the price climbed to 37 cents per liter, which was 31.3% lower than in the same quarter for 2015. Consequently, cost savings of US\$ 2 million had been achieved by the end of June, which particularly benefited industrial fishing costs. The benefits of this price reduction would have been higher if there had been better catches in the north.



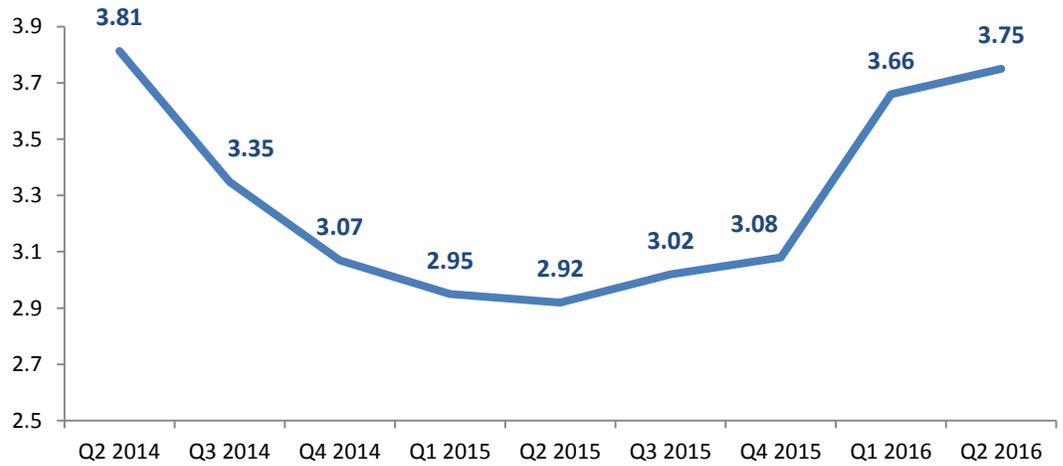
v. **Sanitary conditions for salmon farming** have deteriorated since the end of 2015, due to low oxygen levels and SRS outbreaks, especially around the Comau Fjord, which heightened during February and March this year, due to the HAB that we have already described. Mortality at sites currently operational reached 25.8% in the first quarter, but returned to normal in the second quarter, when it dropped back to 1.33%. Ex-cage costs were US\$ 3.75 per kilo in the second quarter of 2016 versus US\$ 2.92 per kilo for the same period in 2015. However, they were better than the US\$ 3.81 per kilo for the second quarter of 2014 (considering the Atlantic salmon's two-year cycle). These costs do not include the catastrophic mortality due to HAB, which was accounted for separately in the results for this period.

### Atlantic Salmon Mortality (%)



\*Total quarterly mortality including both closed and open sites.

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



## **Highlights and Financial Results for Camanchaca S.A.**

- Aggregate catches for the industrial fishing division fell 21.1% in the first half of 2016, mainly due to lower anchovy catches in the north. The increase in industrial catches for jack mackerel and sardine were offset by lower artisan catches for sardine, which left a neutral effect on catches for the south-central zone. Divisional revenue was US\$ 55.5 million for the first half of 2016, a fall of 8.1% compared to the same period in 2015. EBITDA was US\$ 6.1 million, marginally lower than the US\$ 6.3 million recorded for the same period in 2015. The results went from a profit of US\$ 1.9 million to a loss of US\$ 2.6 million in 2016, but with a special net positive effect in the previous year of US\$ 5.0 million explained by insurance compensation received for the Iquique plant assets damaged by the earthquake in 2014. Removing this non-recurring effect leaves an improvement of US\$ 500 thousand. Additional Information:
  - i. In line with the poor catches in the northern zone, the Company produced 4,413 tons of fishmeal, down 62.6% from the first half of 2015, and fish oil production was affected by yields falling to almost zero (0.7% in 2016 vs 1.9% in 2015) due to warmer seas.
  - ii. Sardine catches fell by 21.6%, totaling 37,186 tons, while the production of fishmeal and fish oil in the south fell by 5.8% and 20.1%, respectively. Here, the Company produced 13,072 tons of fishmeal and 3,425 tons of fish oil. Similarly, the seas were also warmer and fish oil yields fell to 5.5% from normal levels of 6.5% recorded in the same period for 2015.
  - iii. The normal prices for fishmeal enabled fishmeal and fish oil sales to increase by 11% and 68% respectively, reaching 16,880 and 3,177 tons, respectively, during the first 6 months of the year, with inventories similar to 2015 levels. Fishmeal prices dropped 17% to US\$ 1,585 per ton as of June 2016, which we consider to be slightly below historical trends, while fish oil prices held steady at US\$ 1,800 per ton.
  - iv. Good oceanographic conditions for jack mackerel fishing enabled 45,595 tons to be caught, which is 32.5% more than during the first half of 2015. This had a big impact on the cost of canned products, which will be reflected in margins as these units are sold. Production of frozen mackerel fell, due to a combination of fish not suitable for freezing and weaknesses in the main frozen fish market (Nigeria). During the first half of 2016, 1.3 million boxes of canned fish were produced (87.2% more than for the same period in 2015) and 434 thousand boxes were sold (-2.7%) at an average price of US\$ 24.6 per box (-4%), leaving an inventory at the end of June of 921 thousand boxes.
  - v. The langostino lobster business accounts for just above 5% of the Company's annual revenue and more than 15% of the industrial fishing division's revenue. Its season started on March 19, 2016, and the Company produced 356 thousand tons as of June, down 13.4% from the previous year, due to lower catch quotas.
  - vi. The results of the Company's industrial fishing operations as of June 2016 were:
    - The northern industrial fishing division had a loss of US\$ 6.7 million, compared to a profit of US\$ 3.6 million for the same period last year, due to lower catches in 2016 caused by several stoppages as a result of closed seasons and reduced fishing, which left US\$ 9 million in expenses that could not be added to inventories. The results for January-June 2015 were improved by an extraordinary profit of US\$ 6.3 million associated with the final settlement of the insurance claim associated with the earthquake in April 2014 that affected Iquique.
    - The southern industrial fishing division
      - is run by our subsidiary Camanchaca Pesca Sur, which recorded a profit of US\$ 7.4 million, compared to a loss of US\$ 745 thousand for the first half of 2015. These results are attributable to the improved jack mackerel season, which enabled the Company to allocate to inventories expenses that had been directly expensed in 2015. Furthermore, there was an extraordinary loss of US\$ 1.2 million in 2015 associated with the sale of a high-seas fishing vessel.
      - Our 70% interest in this subsidiary gave us US\$ 5.2 million of its result. This was combined with other fishing businesses in the southern division not included in Camanchaca Pesca Sur of US\$ -1.1 million, leaving a divisional result of US\$ 4.1 million.

- The increase in our own sales volumes within the **salmon farming** division (+5.8%) for the first half of 2016, together with higher salmon sales to third parties through our offices abroad of US\$ 57.4 million (over twice the volume sold as of June 2015), led revenues to increase to US\$ \$169.6 million (versus US\$ 133.4 million as of June 2015). A profit of US\$ 4.4 million was achieved, which was 126.5% higher than the same period in 2015, influenced this year by a positive fair value effect of US\$ 20.9 million, caused by a rapid and substantial increase in the price of salmon. Additional Information:
  - i. Sales volumes increased to 20,370 tons WFE (+5.8%), due to sales of 2015 inventory, since production fell 15.8% to 15,565 tons WFE, in line with harvests of 15,814 tons WFE (-4.0%).
  - ii. The strategy of maximizing returns on underused assets by providing services to third parties generated net operating income of US\$ 2.1 million for the first half of the year, up 35% from the same half in 2015. Furthermore, Salmenes Camanchaca has a one-third interest in a trout business that generated a profit of US\$ 0.7 million.
  - iii. The fair value adjustment produced a gain of US\$ 20.9 million as of June 2016, which compares favorably to the loss of US\$ 1.2 million as of June 2015. This increase is explained by the sharp rise in salmon prices on the Miami spot market (a key component of the fair value calculation) with a one month forward lag.
  - iv. EBITDA before fair value for salmon farming as of June 2016 was a negative US\$ 2.1 million, which compares unfavorably with the positive US\$ 10.4 million for the first half of 2015, explained by an increase in the ex-cage cost from US\$ 2.94 to US\$ 3.70 per kilo of live fish, partially offset by a price hike of 3.4%.
  - v. Reconstruction at the Petrohué hatchery began in October 2015 and was completed and commissioned in June 2016. The insurance compensation was UF 383 thousand paid in three installments (approximately US\$ 15 million), and the final one was received on May 30.
- Revenue fell at the **other seafood** division to US\$ 14 million (-6.1%) for the period ended June 30, 2016. This division recorded a loss of US\$ 534 thousand, compared to a loss of US\$ 730 thousand for the same period in 2015. Additional Information:
  - i. The subsidiary **Camanchaca Cultivos Sur (mussels)** has also been affected by abnormal oceanographic phenomena, with a shortage of food in the sea and consequential low mussel growth and yields. Production fell 35.6% to 4,288 tons as of June 2016. Revenue totaled US\$ 11.6 million with a positive EBITDA of US\$ 726 thousand and profit of almost zero. Revenue fell by a smaller proportion (4.7%), due to the sale of 2015 inventories. These sea conditions affected the whole industry. Sales and prices fell 21.7% and 5.7% respectively, affecting EBITDA and results, which decreased by US\$ 1.4 million and US\$ 0.9 million, respectively.
  - ii. In the **abalone business**, farming and production reported significant improvements in costs with yields of 6.8 units/kg and a 32.8% rise in prices. Sales doubled to 130 tons during the first half of the year, compared to the same period in 2015, due to opening up new markets such as the United States. Inventories were reduced to 4 months of production, much lower than the situation a year earlier.
- On a consolidated level, administrative expenses as a percentage of revenue fell from 5.7% to 5.0%, while distribution costs fell from 5.9% to 4.8%. Administrative and distribution expenses in aggregate fell from 11.6% to 9.8% of revenue.
- Other gains and losses included a net loss of US\$ 5.8 million as of June 2016, associated with the effects of two incidents covered by insurance. The Company has estimated a loss net of deductibles of US\$ 7.8 million related to the HAB outbreak as of June 2016. Simultaneously there was a gain of US\$ 1.6 million for the remaining balance of insurance compensation from the eruption of the Calbuco volcano, which has now been liquidated.
- Prices for all of Camanchaca's products as a whole fell 2% for the first half of 2016 with respect to 2015, with a negative effect on revenue and margins of approximately US\$ 3 million related mainly to fishmeal prices, but compensated by salmon prices.

- The Company's inventory of finished products as of June 30, 2016 valued at cost totaled US\$ 57 million with surpluses concentrated in canned products, langostino lobster and fishmeal, which contain a margin (not yet earned) at June 2016 prices of close to US\$ 4 million.

# 1. STATEMENT OF INCOME (CONSOLIDATED AND BY SEGMENT).

## For the period ended June 30 (ThUS\$):

STATEMENT OF INCOME	YTD Q2 2016				YTD Q2 2015			
	FISHING	SALMON	OTHER SEAFOOD	TOTAL	FISHING	SALMON	OTHER SEAFOOD	TOTAL
Revenue	55,500	169,628	13,971	239,098	60,386	133,367	14,872	208,625
Cost of sales	(46,556)	(166,522)	(11,315)	(224,393)	(51,812)	(117,647)	(11,426)	(180,884)
<b>Gross margin before fair value adjustments</b>	<b>8,944</b>	<b>3,105</b>	<b>2,656</b>	<b>14,705</b>	<b>8,574</b>	<b>15,720</b>	<b>3,446</b>	<b>27,740</b>
Fair value adjustment to biological assets		20,616		20,616		(1,155)		(1,155)
Fair value adjustment to harvest and sales		328		328		(89)		(89)
<b>Gross margin</b>	<b>8,944</b>	<b>24,049</b>	<b>2,656</b>	<b>35,649</b>	<b>8,574</b>	<b>14,477</b>	<b>3,446</b>	<b>26,497</b>
<b>OTHER INCOME AND EXPENSES</b>								
Administrative expenses	(5,167)	(5,044)	(1,748)	(11,960)	(5,084)	(4,781)	(2,079)	(11,943)
Distribution costs	(4,293)	(5,712)	(1,381)	(11,386)	(4,338)	(6,116)	(1,781)	(12,235)
Finance costs	(1,029)	(1,750)	(270)	(3,048)	(1,260)	(2,259)	(346)	(3,865)
Share of profit (loss) of associates	0	666	0	666	(38)	981	0	943
Exchange differences	935	(676)	(28)	231	(879)	(6)	(40)	(925)
Other income (losses)	50	(5,857)	8	(5,799)	4,966	18	(24)	4,960
Finance income	0	25	0	25	173	155	0	327
<b>Other income and expenses, net</b>	<b>(9,504)</b>	<b>(18,348)</b>	<b>(3,419)</b>	<b>(31,271)</b>	<b>(6,460)</b>	<b>(12,008)</b>	<b>(4,269)</b>	<b>(22,737)</b>
<b>Profit (loss) before taxes</b>	<b>(560)</b>	<b>5,701</b>	<b>(763)</b>	<b>4,378</b>	<b>2,114</b>	<b>2,468</b>	<b>(822)</b>	<b>3,760</b>
Income taxes	236	(1,253)	229	(788)	(485)	(504)	92	(897)
<b>Profit (loss) from continuing operations</b>	<b>(324)</b>	<b>4,448</b>	<b>(534)</b>	<b>3,591</b>	<b>1,630</b>	<b>1,964</b>	<b>(730)</b>	<b>2,863</b>
Profit (loss) from discontinued operations	0	0	0	0	0	0	0	0
<b>Profit (loss) for the period</b>	<b>(324)</b>	<b>4,448</b>	<b>(534)</b>	<b>3,591</b>	<b>1,630</b>	<b>1,964</b>	<b>(730)</b>	<b>2,863</b>
Non-controlling interest	(2,235)	0	0	(2,235)	223	0	0	223
<b>Profit (loss) for the period attributable to owners of the parent</b>	<b>(2,558)</b>	<b>4,448</b>	<b>(534)</b>	<b>1,356</b>	<b>1,853</b>	<b>1,964</b>	<b>(730)</b>	<b>3,087</b>
<b>EBITDA</b>	<b>6,109</b>	<b>(2,076)</b>	<b>295</b>	<b>4,327</b>	<b>6,257</b>	<b>10,447</b>	<b>544</b>	<b>17,248</b>
<b>EBITDA after fair value adjustments</b>	<b>6,109</b>	<b>18,868</b>	<b>295</b>	<b>25,271</b>	<b>6,257</b>	<b>9,203</b>	<b>544</b>	<b>16,004</b>

## Second Quarter (ThUS\$):

STATEMENT OF INCOME	Q2 2016				Q2 2015			
	FISHING	SALMON	OTHER SEAFOOD	TOTAL	FISHING	SALMON	OTHER SEAFOOD	TOTAL
Revenue	34,770	86,784	6,651	128,205	40,957	56,470	7,443	104,870
Cost of sales	(26,035)	(80,579)	(5,025)	(111,639)	(28,859)	(52,216)	(5,637)	(86,713)
<b>Gross margin before fair value adjustments</b>	<b>8,734</b>	<b>6,204</b>	<b>1,627</b>	<b>16,565</b>	<b>12,098</b>	<b>4,254</b>	<b>1,805</b>	<b>18,157</b>
Fair value adjustment to biological assets		10,988		10,988		(3,189)		(3,189)
Fair value adjustment to harvest and sales		(4,581)		(4,581)		1,132		1,132
<b>Gross margin</b>	<b>8,734</b>	<b>12,610</b>	<b>1,627</b>	<b>22,972</b>	<b>12,098</b>	<b>2,196</b>	<b>1,805</b>	<b>16,099</b>
<b>OTHER INCOME AND EXPENSES</b>								
Administrative expenses	(2,361)	(2,613)	(841)	(5,815)	(2,487)	(2,180)	(986)	(5,653)
Distribution costs	(2,412)	(2,417)	(725)	(5,555)	(2,486)	(2,577)	(1,052)	(6,114)
Finance costs	(532)	(1,129)	(135)	(1,795)	(810)	(1,405)	(217)	(2,432)
Share of profit (loss) of associates	0	141	0	141	6	468	0	474
Exchange differences	127	(792)	(1)	(667)	(48)	352	(13)	291
Other income (losses)	98	(1,921)	8	(1,815)	6,554	2	(28)	6,528
Finance income	0	19	0	19	172	137	0	309
<b>Other income and expenses, net</b>	<b>(5,080)</b>	<b>(8,712)</b>	<b>(1,694)</b>	<b>(15,486)</b>	<b>902</b>	<b>(5,203)</b>	<b>(2,296)</b>	<b>(6,598)</b>
<b>Profit (loss) before taxes</b>	<b>3,654</b>	<b>3,898</b>	<b>(67)</b>	<b>7,485</b>	<b>12,999</b>	<b>(3,006)</b>	<b>(491)</b>	<b>9,502</b>
Income taxes	(955)	(855)	59	(1,751)	(3,013)	699	49	(2,265)
<b>Profit (loss) from continuing operations</b>	<b>2,699</b>	<b>3,043</b>	<b>(8)</b>	<b>5,734</b>	<b>9,986</b>	<b>(2,307)</b>	<b>(442)</b>	<b>7,237</b>
Profit (loss) from discontinued operations	0	0	0	0	0	0	0	0
<b>Profit (loss) for the period</b>	<b>2,699</b>	<b>3,043</b>	<b>(8)</b>	<b>5,734</b>	<b>9,986</b>	<b>(2,307)</b>	<b>(442)</b>	<b>7,237</b>
Non-controlling interest	(1,648)	0	0	(1,648)	(1,155)	0	0	(1,155)
<b>Profit (loss) for the period attributable to owners of the parent</b>	<b>1,051</b>	<b>3,043</b>	<b>(8)</b>	<b>4,086</b>	<b>8,831</b>	<b>(2,307)</b>	<b>(442)</b>	<b>6,082</b>
<b>EBITDA</b>	<b>7,263</b>	<b>3,953</b>	<b>451</b>	<b>11,667</b>	<b>10,596</b>	<b>2,296</b>	<b>237</b>	<b>13,129</b>
<b>EBITDA after fair value adjustments</b>	<b>7,263</b>	<b>10,359</b>	<b>451</b>	<b>18,073</b>	<b>10,596</b>	<b>239</b>	<b>237</b>	<b>11,072</b>

EBITDA: gross margin before fair value adjustments + depreciation - administrative expenses - distribution costs  
EBITDA after fair value adjustments: EBITDA + fair value adjustments to biological assets - fair value adjustments to harvest and sales

## Sales Volumes

		Fishing				Fishing			
		Catches				Catches			
		YTD Q2 2016	YTD Q2 2015	Change	Change %	Q2 2016	Q2 2015	Change	Change %
Northern Zone		18,827	46,970	-28,143	-59.9%	17,611	27,409	-9,798	-35.7%
Own	tons	18,191	38,789	-20,598	-53.1%	17,025	23,269	-6,244	-26.8%
Third Party	tons	636	8,181	-7,545	-92.2%	586	4,140	-3,554	-85.8%
South-Central Zone		82,781	81,831	950	1.2%	37,401	59,386	-21,985	-37.0%
Own	tons	61,343	41,428	19,915	48.1%	30,076	31,831	-1,755	-5.5%
Third Party	tons	21,438	40,403	-18,965	-46.9%	7,325	27,555	-20,230	-73.4%
<b>Total</b>	<b>tons</b>	<b>101,608</b>	<b>128,801</b>	<b>-27,193</b>	<b>-21.1%</b>	<b>55,012</b>	<b>86,795</b>	<b>-31,783</b>	<b>-36.6%</b>

		Production				Production			
		YTD Q2 2016	YTD Q2 2015	Change	Change %	Q2 2016	Q2 2015	Change	Change %
Fishmeal	tons	17,485	25,612	-8,127	-31.7%	10,030	16,501	-6,471	-39.2%
Fish Oil	tons	3,567	5,169	-1,602	-31.0%	1,571	2,779	-1,208	-43.5%
Canned Fish	boxes	1,309,943	699,808	610,135	87.2%	566,820	577,685	-10,865	-1.9%
Langostino Lobster	kg.	356,267	411,201	-54,934	-13.4%	332,794	339,629	-6,835	-2.0%
Frozen Jack Mackerel	tons	3,687	6,514	-2,827	-43.4%	3,687	6,505	-2,818	-43.3%

		Sales				Sales			
		YTD Q2 2016	YTD Q2 2015	Change	Change %	Q2 2016	Q2 2015	Change	Change %
Fishmeal	tons	16,880	15,227	1,653	10.9%	11,504	12,677	-1,173	-9.3%
Fish Oil	tons	3,177	1,891	1,286	68.0%	2,354	682	1,672	245.2%
Canned Fish*	boxes	433,521	445,480	-11,959	-2.7%	282,520	262,255	20,265	7.7%
Langostino Lobster**	kg.	256,387	314,238	-57,851	-18.4%	242,644	314,238	-71,594	-22.8%
Frozen Jack Mackerel	tons	1,613	3,086	-1,473	-47.7%	807	1,710	-903	-52.8%

\* Does not consider sales of 524,450 boxes to Rabo Services \*\* Consider shipments made from Chile

		Salmon				Salmon			
		Harvest				Harvest			
		YTD Q2 2016	YTD Q2 2015	Change	Change %	Q2 2016	Q2 2015	Change	Change %
Trout	tons WFE	0	0	0	-	0	0	0	-
Atlantic Salmon	tons WFE	15,814	16,476	-662	-4.0%	6,723	4,880	1,843	37.8%

		Production				Production			
		YTD Q2 2016	YTD Q2 2015	Change	Change %	Q2 2016	Q2 2015	Change	Change %
Trout	tons WFE	0	0	0	-	0	0	0	-
Atlantic Salmon	tons WFE	15,565	18,490	-2,925	-15.8%	6,529	7,111	-582	-8.2%

		Sales				Sales			
		YTD Q2 2016	YTD Q2 2015	Change	Change %	Q2 2016	Q2 2015	Change	Change %
Trout	tons WFE	0	195	-195	-100.0%	0	27	-27	-100.0%
Atlantic Salmon	tons WFE	20,370	19,247	1,123	5.8%	8,107	7,729	378	4.9%

		Other Seafood				Other Seafood			
		Production				Production			
		YTD Q2 2016	YTD Q2 2015	Change	Change %	Q2 2016	Q2 2015	Change	Change %
Scallops	tons	0	78	-78	-100.0%	0	29	-29	-100.0%
Abalone	tons	92	110	-19	-17.1%	32	48	-15	-32.3%
Canned Abalone	boxes	0	128	-128	-100.0%	0	128	-128	-100.0%
Mussels	tons	4,288	6,653	-2,366	-35.6%	2,120	3,574	-1,454	-40.7%

		Sales				Sales			
		YTD Q2 2016	YTD Q2 2015	Change	Change %	Q2 2016	Q2 2015	Change	Change %
Scallops	tons	0	134	-134	-100.0%	0	77	-77	-100.0%
Abalone	tons	130	66	64	96.6%	81	42	39	93.1%
Canned Abalone	boxes	686	840	-154	-18.3%	420	796	-376	-47.2%
Mussels	tons	3,620	4,623	-1,003	-21.7%	1,644	2,388	-744	-31.1%

## Average Sales Prices

		Average Sales Price of Products				Average Sales Price of Products			
		YTD Q2 2016	YTD Q2 2015	Change	Change %	Q2 2016	Q2 2015	Change	Change %
Fishmeal	US\$ x ton	1,585	1,912	-327	-17.1%	1,592	1,844	-252	-13.7%
Fish Oil	US\$ x ton	1,790	1,801	-11	-0.6%	1,786	1,849	-63	-3.4%
Canned Fish	US\$ x box	24.6	25.7	-1.0	-4.0%	24.4	26.2	-1.8	-6.8%
Langosino Lobster	US\$ x kg	21.9	21.8	0.1	0.5%	21.9	-	-	-
Frozen Jack Mackerel	US\$ x ton	839	1,239	-399.6	-32.3%	1,021	1,351	-329.9	-24.4%
Trout	US\$ x kg	-	2.4	-	-	-	3.4	-	-
Atlantic Salmon	US\$ x kg	4.9	4.7	0.2	3.4%	5.8	4.5	1.3	28.3%
Scallops	US\$ x kg	-	12.4	-	-	-	13.9	-	-
Abalone	US\$ x kg	18.1	13.6	4.5	32.8%	17.5	12.6	4.9	38.8%
Canned Abalone	US\$ x box	383.4	272.8	110.6	40.5%	378.7	274.0	104.7	38.2%
Mussels	US\$ x kg	2.6	2.8	-0.16	-5.7%	2.6	2.8	-0.18	-6.6%

## Change in Revenue due to Price Effect\*

		Change in Revenue due to Price Effect				Change in Revenue due to Price Effect			
		YTD Q2 2016	YTD Q2 2015	Change	Change %	Q2 2016	Q2 2015	Change	Change %
Fishmeal	ThUS\$	26,756	32,272	-5,515	-17.1%	18,318	21,218	-2,901	-13.7%
Fish Oil	ThUS\$	5,687	5,721	-34	-0.6%	4,206	4,354	-149	-3.4%
Canned Fish	ThUS\$	10,675	11,122	-447	-4.0%	6,907	7,409	-502	-6.8%
Langosino Lobster	ThUS\$	5,627	5,602	25	0.5%	5,326	-	-	-
Frozen Jack Mackerel	ThUS\$	1,353	1,998	-645	-32.3%	824	1,090	-266	-24.4%
Trout	ThUS\$	0	-	-	-	0	-	-	-
Atlantic Salmon	ThUS\$	99,020	95,724	3,297	3.4%	47,248	36,835	10,413	28.3%
Scallops	ThUS\$	0	-	-	-	0	-	-	-
Abalone	ThUS\$	2,347	1,767	580	32.8%	1,417	1,021	396	38.8%
Canned Abalone	ThUS\$	263	187	76	40.5%	159	115	44	38.2%
Mussels	ThUS\$	9,464	10,040	-576	-5.7%	4,247	4,546	-299	-6.6%
<b>Total</b>	<b>ThUS\$</b>	<b>161,193</b>	<b>164,433</b>	<b>-3,240</b>	<b>-2.0%</b>	<b>88,651</b>	<b>76,588</b>	<b>6,737</b>	<b>15.8%</b>

\* With constant volume 2016

## Change in Fuel Expenses due to Price Effect\*

		Change in Fuel Expenditures due to Price Effect				Change in Fuel Expenditures due to Price Effect			
		YTD Q2 2016	YTD Q2 2015	Change	Change %	Q2 2016	Q2 2015	Change	Change %
Diesel Oil	ThUS\$	2,386	3,760	-1,374	-36.5%	1,459	2,127	-668	-31.4%
Bunker Oil	ThUS\$	1,246	2,034	-788	-38.7%	758	1,139	-381	-33.5%
<b>Total</b>	<b>ThUS\$</b>	<b>3,632</b>	<b>5,794</b>	<b>-2,162</b>	<b>-37.3%</b>	<b>2,217</b>	<b>3,266</b>	<b>-1,049</b>	<b>-32.1%</b>

\* With constant volume 2016

## 2. Statement of Financial Position

	Jun 2016 ThUS\$	Dec 2015 ThUS\$	Difference ThUS\$	Change
<b>ASSETS</b>				
Current assets	258,573	252,053	6,520	2.6%
Property, plant and equipment	231,367	235,457	-4,090	-1.7%
Other non-current assets	122,260	117,188	5,072	4.3%
<b>Total Assets</b>	<b>612,200</b>	<b>604,698</b>	<b>7,502</b>	<b>1.2%</b>
<b>LIABILITIES</b>				
Current liabilities	109,155	94,364	14,791	15.7%
Non-current liabilities	188,483	199,900	-11,417	-5.7%
<b>Total Liabilities</b>	<b>297,638</b>	<b>294,264</b>	<b>3,374</b>	<b>1.1%</b>
Net equity attributable to owners of the parent				
	255,791	253,942	1,849	0.7%
Non-controlling interest	58,771	56,492	2,279	4.0%
<b>Total Equity</b>	<b>314,562</b>	<b>310,434</b>	<b>4,128</b>	<b>1.3%</b>
<b>Total Liabilities and Equity</b>	<b>612,200</b>	<b>604,698</b>	<b>7,502</b>	<b>1.2%</b>

### 3. FINANCIAL ANALYSIS

#### A. Consolidated Analysis:

This section compares the Company's key financial indicators based on its consolidated financial statements for the periods ended June 30, 2016 compared to December 31, 2015.

	Period	
	Jun 2016	Dec 2015
<b>Liquidity Indicators</b>		
1) Current Liquidity	2.37	2.67
2) Acid Ratio	1.17	1.03
3) Working Capital (US\$ million)	149.4	157.7
<b>Debt Indicators</b>		
4) Net Debt Ratio	0.82	0.92
5) Current Liabilities / Total Liabilities	0.37	0.32
6) Non-Current Liabilities / Total Liabilities	0.63	0.68
<b>Profitability Indicators</b>		
	(6 months)	(12 months)
7) Return on Equity	0.43%	-2.79%
8) Return on Assets	2.40%	7.27%

Notes:

7) Return on Equity: Profit (loss) attributable to owners of the parent / total equity.

8) Return on Assets: Gross margin before fair value adjustment / total assets.

The decrease of 0.30 in current liquidity as well as the US\$ 8.3 million in working capital stem from a net increase in current liabilities (trade payables) and a decrease of US\$ 19.1 million in current biological assets, as explained above.

The acid ratio increased due to a significant improvement in cash.

The net debt ratio decreased from 0.92 to 0.82 mainly due to increases in cash and equity already explained in the statement of financial position. The decrease in the proportion of long-term debt from 0.68 to 0.63 is due to the May 2016 installment payment and extraordinary debt repayment at the subsidiary Camanchaca Pesca Sur S.A., due to its cash sweep in accordance with its contractual conditions.

Return on equity and return on assets can be explained mainly by the Company's margins and the results for the respective periods.

**B. Cumulative Indicators for the Salmon Division:**

	<b>Period</b>	
	<b>Jun-16</b>	<b>Jun-15</b>
a) Atlantic Salmon Harvests / Site	2,834	3,543
b) Atlantic Salmon Farming Density (kg/m3)	7.96	7.0
c) Atlantic Salmon Group Survival Rate (sea water)	82.9%	92.0%

EBIT / kg WFE:

(gross margin before fair value adjustment - administrative expenses - distribution costs) / kg WFE sold

d) Total Weighted Average for Salmon and Trout Businesses	-0.38	0.25
• Salmon Business	-0.38	0.25
• Trout Business	N/A	-0.02

Notes:

- a Harvests for the period, expressed in ex-cage tons / number of sites used, expressed in ex-cage tons per site.
- b Average farming density, expressed in kilos per cubic meter (for sites harvested during the corresponding period).
- c Survival rate, expressed as groups of harvested fish from the smolt transfer. A harvest group is fish of a similar origin and strain.
- d Includes other income and related costs (mainly from third-party fish processing, smolt sales, concession leases and intercompany salmon sales to foreign offices). It assumes that total revenue is distributed based on sales per species, total costs based on cost of sales per species, administrative expenses based on harvested ton per species and distribution costs based on sales per species.

**Fair Value for the Period Ended June 30 (ThUS\$):**

	<b>Fair Value Adjustment to Biological Assets</b>		<b>Fair Value Adjustment to Harvest and Sales</b>	
	<b>YTD Q2 2016</b>	<b>YTD Q2 2015</b>	<b>YTD Q2 2016</b>	<b>YTD Q2 2015</b>
Atlantic Salmon	20,616	(1,155)	328	255
Trout	0	0	0	(345)
<b>TOTAL</b>	<b>20,616</b>	<b>(1,155)</b>	<b>328</b>	<b>(89)</b>

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

- i) "Fair Value Adjustment to Biological Assets" records the estimated gain or loss as of the period end from valuing the biomass of live and harvested fish that will be sold in future periods. It can be positive or negative based on variations in the biomass included in the valuation and its market price. A gain of US\$ 20.6 million was recorded for the fair value adjustment of the live and harvested biomass as of June 30, 2016, compared to a loss of US\$ 1.2 million as of the same date in 2015. This can be explained mainly by increases in Miami spot market prices.
- ii) "Fair Value Adjustment to Harvest and Sales" records the realized gain or loss on the live biomass, and the biomass harvested in current and prior periods, that was sold in the current period. This account reverses the estimated gain or loss for the current and prior periods and the actual result of the transaction is recorded in revenue and cost of sales. The net effect of the biomass sold as of June 2016 was a gain of US\$ 328 thousand, as compared to a loss of US\$ 89 thousand in June 2015.

The net effect of the fair value adjustment for the salmon biomass for the period ended June 30, 2016, is a positive US\$ 20.9 million, as opposed to the negative US\$ 1.2 million recorded for the same period in 2015.

## Salmon Farming Revenue:

### June 2016

Product or Species	U.S. ThUS\$	Europe + EuroAsia ThUS\$	Asia ex Japan ThUS\$	Japan ThUS\$	LATAM ex Chile ThUS\$	National Market ThUS\$	Others ThUS\$	TOTAL ThUS\$
Atlantic Salmon	44,203	19,097	8,846	5,860	19,392	1,601	22	99,020
Trout	0	0	0	0	0	0	0	0
OTHERS	57,391	0	0	3,605	0	9,611	0	70,607
<b>TOTAL</b>	<b>101,594</b>	<b>19,097</b>	<b>8,846</b>	<b>9,465</b>	<b>19,392</b>	<b>11,212</b>	<b>22</b>	<b>169,628</b>

### June 2015

Product or Species	U.S. ThUS\$	Europe + EuroAsia ThUS\$	Asia ex Japan ThUS\$	Japan ThUS\$	LATAM ex Chile ThUS\$	National Market ThUS\$	Others ThUS\$	TOTAL ThUS\$
Atlantic Salmon	48,485	13,308	8,270	1,655	17,139	1,591	0	90,447
Trout	258	0	0	30	139	35	0	462
OTHERS	24,550	0	0	1,320	0	16,587	0	42,457
<b>TOTAL</b>	<b>73,293</b>	<b>13,308</b>	<b>8,270</b>	<b>3,005</b>	<b>17,278</b>	<b>18,214</b>	<b>0</b>	<b>133,367</b>

The Company's commercial policy seeks to diversify its products and target markets. To accomplish this, Camanchaca has offices and representatives in the U.S., Japan and Mexico. Through its subsidiary Salmenes Camanchaca, the Company has owned a stake in "New World Currents" since November 2013, which is a joint venture with three other Chilean producers to satisfy the demand for salmon in the Chinese market. In short, Camanchaca focuses its strategies to target the most attractive markets with the best raw material yield. The Company defines its value-added products as those containing some degree of secondary processing. These products account for 88.2% and 85.0% of sales in the first half of 2016 and 2015, respectively. The remainder are sales of fresh whole salmon that have only undergone primary processing (bleeding and gutting). Fresh Atlantic salmon fillets are sold preferably in the U.S.; frozen Atlantic salmon fillets and portions in Europe; whole Atlantic salmon in Asia (excluding Japan); frozen Atlantic salmon fillets in Japan; whole fresh Atlantic salmon in Brazil and frozen Atlantic salmon fillets in the rest of Latin America.

The U.S. market as a percentage of total sales increased from 55.0% as of June 2015 to 59.9% as of June 2016. Europe and Eurasia increased from 10.0% to 11.3%. Asia excluding Japan fell from 6.2% to 5.2% and Japan increased from 2.3% to 5.6%. Latin America excluding Chile fell from 13.0% to 11.4%. The account "others" includes services and sales to third parties, and intercompany salmon sales to our offices in the U.S. and Japan.