COMPAÑÍA PESQUERA CAMANCHACA S.A. AND SUBSIDIARIES

Earnings Report on the Consolidated Financial Statements
For the periods ended June 30, 2019

About Camanchaca

The Company currently operates three business divisions:

1. *Salmon Farming: Camanchaca operates through its subsidiary in the 8th, 10th and 11th regions. These operations cover genetics and egg production; a freshwater recirculation hatchery for Atlantic salmon and other fresh water species; 74 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.*

2. *Industrial Fishing: The Company's industrial fishing operations are carried out in northern and south-central Chile. Catches are intended for human consumption such as fish oils high in omega 3, canned and frozen jack mackerel and langostino lobster; and protein for animal consumption in fishmeal and fish oil from small pelagic fish.*

3. *Other Seafood: Operations in Chiloé focus on purchasing seeds and farming mussels for human consumption in three dedicated grow-out sites, plus a processing and freezing plant located in Rauco. An on-land site in the Atacama Region produces abalone seeds and grows them for human consumption.*

Camanchaca is vertically integrated throughout its supply and distribution chain and exports its products to over 50 countries through seven offices and commercial agents in its main markets. It has approximately 3,500 employees.

Highlights for the Year

- **Operating revenues fell 16.9%** with respect to H1 2018, reaching US$ 270 million in H1 2019, which can be attributed to reduced operating revenues from the Northern Fishing Operations due to the late start to the fishing season and small fish size, and to a 16.5% decrease in sales volumes in the Salmon Farming Division during H1 2019 and harvests with lower average weights because of algae and low oxygen levels.

- **EBITDA was down 42.4%** to US$ 31.9 million in H1 2019, equivalent to 11.8% of operating revenues, which is below the figure of 17.0% for H1 2018. In the Salmon Farming Division, EBITDA before fair value adjustment of the salmon biomass was down 34.1% to US$ 22.4 million, while the same indicator for the Industrial Fishing Division dropped 60.1% to US$ 9.0 million. The Other Seafood Division reported an improved EBITDA of US$ 0.6 million, compared to a negative US$ 1 million last year.

- **Salmon (company farmed) harvest volumes decreased 16.4%** in comparison to H1 2018, reaching 17,327 tons WFE in H1 2019. This decrease is explained by a smaller number of fish scheduled for harvest and a lower average harvest weight due to algae and low oxygen levels, which led to a reduction in feeding. For 2Q 2019, there is a 35.9% drop, making it the quarter with the lowest expected harvests for the year with approximately 13% of the annual total. The Company expects to harvest close to two thirds of its yearly volume in H2 2019.

- **Higher Atlantic salmon prices**. Average sales price was US$ 6.55/kg WFE, 2.8% greater than US$ 6.37/kg WFE in H1 2018, due to a product mix with more value-added products because of the raw material and market conditions.

- **Live fish (ex-cage) costs above long-term targets.** Unfavorable environmental phenomena (algae blooms and low oxygen levels), a smaller operating scale and harvests from lower-density sites led to higher-than-normal mortalities that were directly expensed and a reduction in average harvest weight from 5.2 kg to 4.5 kg. As a result, the live weight cost (ex-cage) was US$ 3.78 / kg for H1 2019, up from 21.7% in H1 2018.

- **Processing costs for Salmon Farming Division higher due to smaller scale of production with mix of more value-added products.** Primary and value-added processing costs increased to US$ 1.19 / kg WFE, or +22% in comparison to H2 2018**.**

- **EBIT/kg of Atlantic salmon sold during H1 2019 was smaller than the same period last year,** as a result of the effects explained above, reaching US$ 0.93, or 16.4% less than H1 2018.

- **Recovery of 2019 forecasted harvests of Atlantic salmon.** The good growth and conversion conditions enjoyed by the biomass in sea sites during winter 2019 allowed the Company to estimate a harvest of 54,000 to 55,000 tons WFE, which offset the effects of the low oxygen and algae reported last quarter.

- **Greater presence of sea lice.** Of the 19 active farm sites in H1 2019, as of the date of this report four are classified as high dissemination sites (HDS), and the main site is right in the middle of harvesting in accordance with the original schedule. Although there has been an increase in sea lice over 2018, for the time being it has not been necessary to harvest before schedule and the levels are not threatening the health of the fish or their capacity to feed and grow. They displayed strong appetites and a good feed conversion ratio during the winter months. Salmones Camanchaca is implementing extraordinary measures to control this parasite, including the use of non-pharmaceutical tools in 2019.

- **Jack mackerel catches up 34.5%** in H1 2019, reaching 63,000 tons, or close to 89% of the annual quota, reflecting strong recovery of this resource. These catches were used to produce 33,000 tons of frozen mackerel, up 7% from H1 2018, and just over 1 million cases of canned mackerel, the same level as H1 2018, with an increase in sales of frozen jack mackerel of 72.3%, reaching 24,000 tons with an unfavorable fall of 4.4% in the price of this product, which reached US$ 890/ton in H1 2019. As of the date of this report, all of the Company's own quotas had been caught, as well as those acquired as part of the ORP.

- **Anchovy catches in northern Chile decreased by 43.8%** in H1 2019 to 47,000 tons, as a result of catch restrictions due to small fish size rather than an absence of biomass.

- **Prices of fishmeal and fish oil fell by 7.6% and 14.2%**, respectively, in H1 2019, due to a recovery in Peruvian catches and the effect of reduced consumption in China because of the African swine fever virus affecting the country's pork industry.

- **Higher inventory for Industrial Fishing Division**, as a result of larger catches of jack mackerel, leaving total inventory (at cost) at US$ 36.5 million, up 56% from June 30, 2018. The Company estimates that the sale of these products will leave a margin of approximately US$ 25 million.

Key Figures

		Q2 2019	Q2 2018	Δ%	H1 2019	H1 2018	Δ%
Operating revenues	ThUS$	139,264	187,797	-25.8%	270,385	325,378	-16.9%
Gross profit before fair value	ThUS$	23,823	50,739	-53.0%	44,814	75,003	-40.3%
EBITDA before fair value	ThUS$	18,284	41,161	-55.6%	31,925	55,416	-42.4%
EBIT before fair value	ThUS$	12,215	35,053	-65.2%	19,894	43,530	-54.3%
EBIT %	%	8.8%	18.7%	-53.0%	7.4%	13.4%	-45.0%
Fair value	ThUS$	12,183	-6,628	-283.8%	3,162	-504	-727.3%
Net profit (loss) for the period attributable to owners of the parent company	ThUS$	11,038	16,581	-33.4%	7,982	21,932	-63.6%
Earnings per share	US$	0.17	0.25	-33.4%	0.12	0.33	-63.6%
Pelagic catches	tons.	99,807	107,908	-7.5%	170,793	186,550	-8.4%
Northern Fishing Operations	tons.	35,532	56,138	-36.7%	49,734	86,210	-42.3%
Southern Fishing Operations	tons.	64,275	51,770	24.2%	121,059	100,340	20.6%
Fishmeal price	US$/ton	1,493	1,600	-6.7%	1,489	1,612	-7.6%
Atlantic salmon harvest	Tons WFE	7,136	11,132	-35.9%	17,327	20,721	-16.4%
Company-farmed Atlantic salmon sales	Tons WFE	7,885	11,733	-32.8%	18,911	22,641	-16.5%
Atlantic salmon ex-cage cost	US$/kg live weight	4.23	3.28	28.9%	3.78	3.11	21.7%
Processing cost	US$/kg WFE	1.37	0.93	47.3%	1.19	0.98	21.6%
Atlantic salmon price*	US$/kg WFE	7.00	6.59	6.3%	6.55	6.37	2.8%
Atlantic salmon EBIT/kg WFE**	US$/kg WFE	0.39	1.08	-64.0%	0.93	1.11	-16.4%
Financial debt	ThUS$				142,174	116,325	22.2%
NIBD	ThUS$				119,242	82,609	44.3%
Equity ratio	%				63%	65%	-2.4%

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

**Excludes net profit (loss) from the trout joint venture and operations with third-party raw materials

Summary Statement of Income by Division

ThUS$	Industrial Fishing		Salmon Farming		Other Seafood		Total	
	Q2 2019	Q2 2018	Q2 2019	Q2 2018	Q2 2019	Q2 2018	Q2 2019	Q2 2018
Operating revenues	48,362	70,324	82,200	109,061	8,702	8,413	139,264	187,797
Gross profit before fair value	14,348	28,671	7,234	20,376	2,242	1,692	23,823	50,739
EBITDA before fair value	11,983	25,097	5,506	16,209	796	-146	18,284	41,161
Net profit (loss) for the period attributable to owners of the parent company	**4,258**	**14,184**	**6,311**	**2,470**	**469**	**(73)**	**11,038**	**16,581**

ThUS$	Industrial Fishing		Salmon Farming		Other Seafood		Total	
	H1 2019	H1 2018	H1 2019	H1 2018	H1 2019	H1 2018	H1 2019	H1 2018
Operating revenues	76,959	93,127	178,509	216,570	14,917	15,681	270,385	325,378
Gross profit before fair value	13,825	29,268	27,720	43,132	3,270	2,603	44,814	75,003
EBITDA before fair value	8,983	22,487	22,371	33,940	572	-1,012	31,925	55,416
Net profit (loss) for the period attributable to owners of the parent company	**(516)**	**10,094**	**8,414**	**12,842**	**84**	**(1,005)**	**7,982**	**21,932**

Financial Matters

H1 2019 Results

Net profit for H1 2019 reached US$ 8.0 million, down US$ 14.0 million from US$ 21.9 million in H1 2018, explained by smaller catches and lower sales by the Northern Fishing Operations, generating a loss of US$ 0.5 million, or US$ 10.6 million less than H1 2018, for the Industrial Fishing Division.

The Salmon Farming Division reported net profit of US$ 8.4 million, in contrast to US$ 12.8 million for H1 2018, reflecting an unfavorable variation of US$ 4.4 million. The Other Seafood Division had neutral results, improving on the loss of US$ 1 million in H1 2018.

The EBITDA before fair value adjustment of the salmon biomass was US$ 31.9 million, down 42.4% from US$ 55.4 million in H1 2018. This reduction of US$ 23.5 million can be explained by a decrease of US$ 30.2 million in the gross margin, which can be attributed in equal parts to the Industrial Fishing and Salmon Farming divisions. The Industrial Fishing Division was affected by reduced activity at the Northern Fishing Operations due to a large number of low-caliber fish, smaller catches, reduced fishmeal production and sales (-66% vs H1 2018) and, at a consolidated level, there were drops in fishmeal and fish oil prices of 8% and 14%, respectively. In the Salmon Farming Division, the decrease results mainly from low sales volumes (although still within expectations for the first part of 2019) and higher costs for low-density sites harvested and summer conditions that resulted in smaller average harvest weights. Another contributing factor in the Salmon Farming Division was the loss in the partnership participation account (PPA) for trout of US$ 1.1 million for H1 2019, compared to net profit of US$ 3.2 million for H1 2018, an unfavorable difference of US$ 4.3 million that, if excluded, would have resulted in a decline in consolidated EBITDA of 36.7%.

Total consolidated operating revenues fell 16.9% to US$ 270 million, with a US$ 38.1 million drop in revenue in the Salmon Farming Division and US$ 16.2 million in the Industrial Fishing Division. Operating revenues for the Other Seafood Division were down US$ 0.8 million.

Salmon Farming Division

EBIT before fair value was US$ 16.5 million for H1 2019, down 41.9% from US$ 28.4 million in H1 2018. Excluding the loss from the PPA, which is not operated by the Company, EBIT for the Company-farmed Atlantic salmon business was US$ 17.6 million, or 16.4% less than the US$ 25.2 million recorded for H1 2018.

During H1 2019, the price of Company-farmed Atlantic salmon harvested and sold by Camanchaca grew by 2.8% or 18 US cents WFE. In that context, EBIT/kg WFE was US$ 0.93, or 18 cents less than H1 2018, due to higher costs because of a smaller scale, adverse environmental conditions in the summer and harvests from low-density stocked sites. These situations are expected to reverse during the second half of the year as a result of a larger harvest scale, sites with normal densities and typical winter oxygen and environmental conditions.

The fair value adjustment of biological assets (biomass) for H1 2019 was US$ 28.7 million, compared to US$ 46.4 million for H1 2018, because of a lower valuation price and higher farm costs for the fish that will be harvested in the next few months. The fair value adjustment for the volume of products sold was negative at US$ 25.5 million for H1 2019, in comparison to a negative US$ 46.9 million for H1 2018. The latter adjustment reverses the estimated and accounted margins for the fish sold during this period for which margins were recognized in previous periods when they were still considered biomass. The resulting net fair value adjustment for H1 2019 was a positive US$

3.2 million, compared to a negative US$ 0.5 million in H1 2018. The FV adjustment does not affect EBITDA, taxes or net distributable income.

Industrial Fishing Division

- The Northern Fishing Operations recorded a loss of US$ 3.7 million compared to net profit of US$ 8.8 million for the same period in 2018, due to smaller catches because of fishing restrictions given the large number of juvenile fish. Anchovy catches decreased by 44%. Therefore, the results of all assets not in operation (those not included in product costs) were directly expensed. These results totaled US$ 8.7 million for H1 2019, up from US$ 5.9 million in H1 2018. In addition, the biomass conditions resulted in lower oil yields (dropping from 3.4% to 0.5%), which directly affects net profit. Lastly, fishmeal and fish oil prices fell 7% and 18%, respectively.

- Southern Fishing Operations:
    - Our subsidiary Camanchaca Pesca Sur reported net profit of US$ 7.0 million, which compares favorably to net profit of US$ 3.8 million for H1 2018 due to larger jack mackerel catches. This result was impacted by a non-recurring loss of US$ 1.9 million on the sale of a non-operational boat by that subsidiary. Expenses from operational assets that did not operate for several days because of seasonal bans totaled US$ 9.4 million for H1 2019, down from US$ 11.3 million in H1 2018.
    - Our 70% interest in our subsidiary Camanchaca Pesca Sur gave us a net profit of US$ 4.9 million. This was combined with a net loss of US$ 1.7 million from other fishing businesses in the Southern Fishing Division not included in Camanchaca Pesca Sur, mainly finance costs, leaving net profit of US$ 3.2 million for the Pesca Sur segment, compared to net profit of US$ 1.3 million in H1 2018.

- The Industrial Fishing Division as a whole reported expenses for assets normally used in production that went unused for a few days due to seasonal bans of US$ 18.1 million, up US$ 0.9 million from H1 2018.

- The Industrial Fishing Division reported inventory at cost of US$ 36.5 million compared to US$ 23.4 million for the same period last year, with 15,004 tons of fishmeal (+90%), 2,740 tons of fish oil (100%), 12,875 tons of frozen jack mackerel (+131%) and 861,000 cases of canned fish (+8%). The Company estimates that the sale of these products will leave a margin of approximately US$ 25 million during the second half of the year if sold at June prices.

Support Activities

Consolidated administrative expenses for Cía. Pesquera Camanchaca as a percentage of revenue fell from 5.1% in H1 2018 to 4.0% in H1 2019, while distribution costs rose from 4.6% to 5.3%. Administrative and distribution expenses in aggregate fell from 9.7% of revenue in H1 2018 to 9.3% in H1 2019. Administrative expenses fell from US$ 16.7 million to US$ 10.7 million, while distribution costs dropped from US$ 14.8 million to US$ 14.2 million. The latter decreased because of lower sales volumes in the Salmon Farming Division, offset by higher cold storage expenses for frozen jack mackerel in the Industrial Fishing Division.

The Company achieved considerable savings in administrative expenses after thoroughly analyzing its support departments (accounting, technology, human resources, logistics, distribution, etc.) during 2018 and identifying various improvements in efficiency and effectiveness that resulted in centralizing some functions, transferring them to the 8th Region, redefining processes and reducing staffing.

Net financial expenses totaled US$ 3.2 million in H1 2019 compared to US$ 3.6 million in H1 2018. This decrease is due to: i) a reduction in average debt from H1 2019 to H1 2018 and ii) an improvement in the debt spread related to compliance with financial covenants for the ratio of Net Debt to EBITDA.

Other income (expenses) reached a loss of US$ 4.3 million, attributable to the following items in the Salmon Farming Division: a provision for the net deductible for fish mortality and expenses not covered by biomass insurance used in low-oxygen situations during the year, as well as an accounting write-off of US$ 0.5 million for replaced items of property, plant and equipment. In the Industrial Fishing Division, it is due to a net loss on the sale of non-operational boats for US$ 1.8 million.

H1 2019 Cash Flows

For H1 2019, cash flows from operating activities totaled a negative US$ 34.3 million, versus a positive US$ 3.2 million for H1 2018, mainly due to decreased sales of Atlantic salmon this year, an increase in the biological asset for both Atlantic and Coho salmon, decreased activity in the Northern Fishing Operations, dividend payments and income taxes.

Net cash flows from financing activities totaled a positive US$ 60.2 million for the period, in comparison to US$ 45.9 million for H1 2018, explained by short-term bank loans taken out in Q2 2019 to finance working capital for the Salmon Farming and Industrial Fishing divisions. Cash flows for H1 2018 are explained by funds raised in the IPO (US$ 101 million) where 30% of the subsidiary Salmones Camanchaca was offered on the Santiago and Oslo stock exchanges.

Net cash flows used in investing activities was negative US$ 33.7 million during the period, compared to negative US$ 25.3 million in H1 2018. These are investments in plant improvements and automation, fleet improvements and equipment for new salmon farm sites, which will support the Company's growth plan. Of these investing cash flows, the Salmon Farming Division accounts for 67%.

Total net cash flows for the period left a cash balance as of June 30, 2019, of US$ 22.9 million.

Balance Sheet as of 06/30/2019

Assets

The Company's total assets increased by US$ 71.1 million or 10.4% to US$ 756 million during H1 2019. This growth was driven mainly by a sharp increase in the Company's current assets as a result of an increase in biological assets.

Total current assets were US$ 360 million, an increase of 17.9% over the total of US$ 305 million as of December 31, 2018, mainly attributed to an increase of US$ 43.9 million in current biological assets because of the harvest plan forecast for the second half of 2019; a rise of US$ 22.5 million in inventory with increases across all products, especially in the Industrial Fishing Division; and a decrease of US$ 7.8 million in cash.

Non-current assets increased by 4.4% or US$ 16.6 million to US$ 397 million, mainly associated with an increase of US$ 18.5 million in net investments in property, plant and equipment, which is consistent with the Company’s 2017-2020 investment plan.

Finished product inventory valued at cost as of June 30, 2019, was US$ 67.0 million, reflecting a rise over US$ 44.6 million as of December 31, 2018, with increases mainly in volumes of fishmeal, fish oil, canned and frozen jack

mackerel. In the case of Atlantic salmon, although physical inventory decreased, its value at cost increased because production was more focused on value-added products and due to higher farming costs in H1 2019.

Liabilities and Equity

The Company's total liabilities increased 27.7% or US$ 60.4 million, rising from US% 218 million as of year-end 2018 to US$ 279 million.

Current liabilities were up 10.2% or US$ 12.2 million, comprised of increases in current financial liabilities of US$ 16.7 million, as a result of securing working capital financing needed to operate the Industrial Fishing Division, offset by a decrease in current tax liabilities of US$ 5.8 million for taxes paid in April for the year 2018.

The Company had committed long-term bank finance facilities of US$ 140 million as of the reporting date, and it had used US$ 124 million of them as of June 30, 2019.

Since December 2018, Camanchaca's equity has, therefore, increased US$ 10.7 million, or 2.3%, to US$ 478 million, explained by the period's retained earnings.

Divisional Operating Performance

Salmon Farming Division

The financial performance of the salmon farming division is closely related to three key drivers:

1. The **price of Atlantic salmon**, which is very sensitive to Norwegian and Chilean supply conditions, and the exchange rates of its main trading partners;

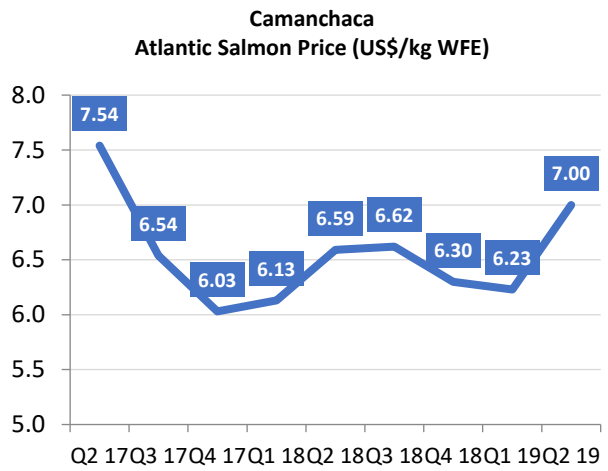
2. **Sanitary conditions for Atlantic salmon**, which affect conversion factors, the use of pharmaceutical and mechanical means to improve fish welfare and the final biomass across which costs are allocated.

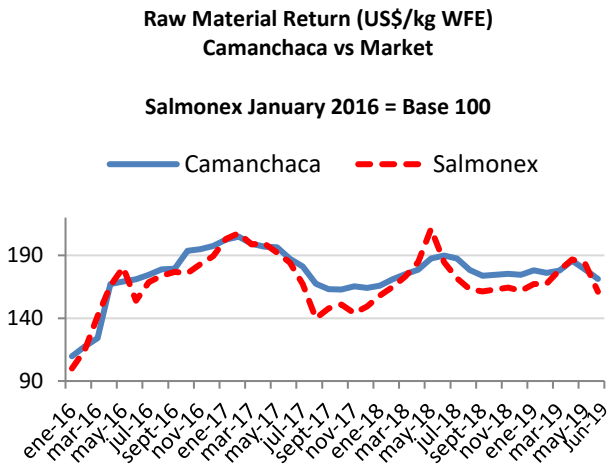
3. The **cost of feed**, which represents approximately half of the live fish unit cost at harvest.

I. Product Prices

The average price of Atlantic salmon sold by Camanchaca during Q2 2019 was US$ 7.00 per kilo WFE, up 6.3% from the same period in 2018, impacted by a product mix with more value-added products.

The higher prices in Q2 2019 are affected by a higher proportion of sales of value-added products (which consequently have higher costs), due to the condition of the raw material harvested and market demand, which translated into higher sales of fillets and portions in the United States and a resulting decrease in whole fish in Russia and Brazil. Therefore, in Q2 2019, Salmones Camanchaca obtained an average raw material return (RMR) for Atlantic salmon of 5 cents above the market benchmark (Salmonex). This index climbed sharply in April and May of 2019, when Salmones Camanchaca obtained an RMR below the benchmark, which was more than offset by the favorable difference of 32 cents it obtained in June when benchmark market prices fell. This is a result of a portfolio of contracts for value-added products that provides more stability than the spot market.





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

Volumes

Company-farmed Atlantic Salmon		Q2 2019	Q2 2018	Δ	Δ %	H1 2019	H1 2018	Δ	Δ %
Harvest	tons WFE	7,136	11,132	-3,996	-35.9%	17,327	20,721	-3,393	-16.4%
Production	tons WFE	7,069	11,132	-4,063	-36.5%	17,254	20,769	-3,515	-16.9%
Sales	tons WFE	7,885	11,733	-3,847	-32.8%	18,911	22,641	-3,729	-16.5%
Average sales price	US$/kg WFE	7.00	6.59	0.41	6.3%	6.55	6.37	0.18	2.8%
Price-related change in revenue*	ThUS$	55,236	51,975	3,261	6.3%	123,878	120,465	3,412	2.8%

* With constant volume in 2019

Camanchaca harvested 7,136 tons WFE in Q2 2019, reflecting a decrease of 35.9% over Q2 2018. In line with this figure, sales totaled 7,885 tons WFE in Q2 2019, 32.8% less than the same period in 2018. This quarter has the lowest expected harvests in 2019, accounting for between 12% and 14% of the expected harvests for the entire year. The Company estimates that harvest volumes will increase in the second half of the year, forecasting around 35,000 tons for H1 2019, or double the first half.

Operating Revenues

Sales by Market Segment as of June 2019

Product or Species	USA	Europe + Eurasia	Asia, except Japan	Japan	LATAM, except Chile	Chile	Others	TOTAL
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Atlantic salmon	55,588	14,099	7,944	9,180	33,319	6,828	1,624	128,582
Trout (33%)	(118)	0	(76)	(786)	0	(17)	(116)	(1,114)
Others	45,126	0	0	0	0	5,914	0	51,040
Total	**100,596**	**14,099**	**7,868**	**8,394**	**33,319**	**12,725**	**1,508**	**178,509**

Sales by Market Segment as of June 2018

Product or Species	USA	Europe + Eurasia	Asia, except Japan	Japan	LATAM, except Chile	Chile	Others	TOTAL
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Atlantic salmon	51,959	43,872	12,554	6,458	37,946	3,141	863	156,793
Trout (33%)	1,078	13	55	2,063	0	0	0	3,209
Others	49,905	0	0	1,400	0	5,262	0	56,567
Total	**102,942**	**43,885**	**12,608**	**9,922**	**37,946**	**8,403**	**863**	**216,569**

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

Since 2013, Salmones Camanchaca has had a 25% share in "New World Currents", a joint venture with three other Chilean producers to market Atlantic salmon in China. In this important market, there has been a significant increase in air shipments of fresh products.

The Company defines its value-added products as those containing some degree of secondary processing, including freezing, which accounted for 87.4% of total sales during H1 2019, up from 81.2% for H1 2018.

The remaining volume is composed of sales of fresh whole gutted head-on salmon for South American and Chinese markets. Fresh Atlantic salmon fillets are preferred in the North American market, while Europe favors frozen Atlantic salmon fillets and portions. In Asia, Japan prefers frozen fillets and China both fresh and frozen products. The rest of Latin America favors frozen fillets.

The North American market’s share of total revenues increased from 47.5% to 56.4% during H1 2019, while Europe and Eurasia fell from 20.3% to 7.9%, explained by a sharp drop in Russia, where market conditions were comparatively less attractive given the available raw material. Asia excluding Japan (mainly China) fell from 5.8% to 4.4%, and Japan remained stable at around 4.7%. Latin America excluding Chile increased from 17.5% to 18.7%. In summary, the less attractive conditions in Russia and Brazil resulted in product being moved from those countries to the traditional markets of Mexico and the U.S.

Other Salmon Businesses

As of June 30, 2019, Camanchaca had seven leased sea grow-out concessions in the Reloncaví Estuary (Los Lagos Region) that are being used for trout farming. The Company contributes its concessions to a partnership participation account and receives one third of net profit generated, which is recorded as operating revenues as it is attributable to concession assets being operated by third parties through leases. The neighborhood where these estuary concessions are located has a mandatory fallow period during the first quarter of odd years, when harvests are consequently smaller, such as the case of 2019.

To date, the estimates used to develop this business have not varied and the operator (Caleta Bay) continues to estimate average annual harvests of 12,000 tons until the year 2022 when the agreement ends (greater in even years and less in odd years).

In order to better leverage the estuary farm sites in the Los Lagos Region and complement the partnership account participation in that area, Camanchaca obtained Pacific, or coho, salmon smolt stocking rights in 2018. With these

rights, the Company stocked 1.4 million smolt of this species, which should translate into estimated harvests of 4,500 tons in late Q4 2019 with revenues being recorded in H1 2020. This initiative will give the Company specific experience producing and selling this species, which it estimates will be beneficial once the aforementioned partnership ends. Coho production in 2019 represents around 3% of Chilean supply of this species, which boasts better conditions for biological performance than other species. Because of density conditions defined in smolt stocking regulations, Camanchaca estimates negative margins during the first two production cycles (i.e. 2019 and 2020).

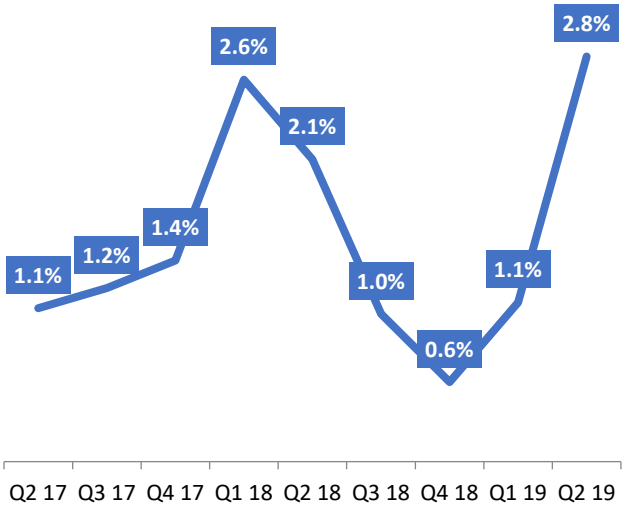
The Company's other businesses, such as providing processing services to third parties, leasing farm sites and selling by-products, reported operating margins as of June 30, 2019, of US$ 2.8 million, up 8.1% from H1 2018.

II. Sanitary and Production Conditions

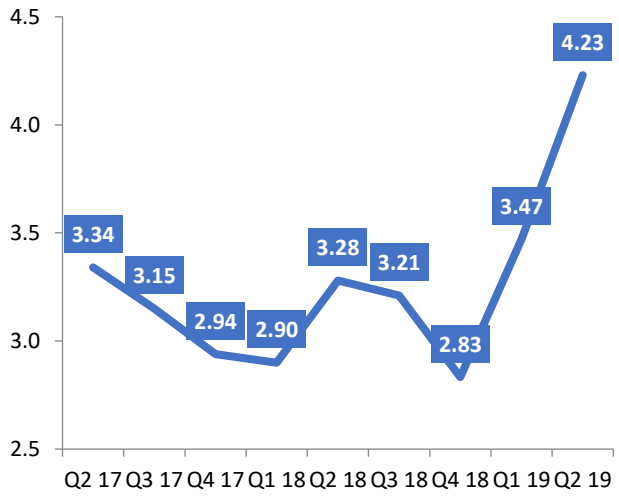
Mortality of the open-cycle Atlantic salmon population in Q2 2019 was 2.8%, marking an increase from 1.1% in Q2 of the previous cycle (2017). This increase is due mainly to the environmental conditions that led to the proliferation of algae and lack of oxygen from February to April 2019. Accumulated mortality in sites completing their cycle in Q2 2019 was 7.6%, up due to the environmental conditions involving algae and low oxygen in the past two quarters.

Live weight ex-cage costs for fish harvested during Q2 2019 were US$ 4.23 per kg, which is 95 US cents more than Q2 2018, and 89 US cents greater than the prior cycle (Q2 2017) for similar geographic areas. These costs will account for around 13% of annual costs. The increase is related to two separate situations: First, harvests of sites stocked at lower densities (close to 35 cents of cost overrun vs Q2 2017), which affected certain farm sites in their first cycle, harvested in H1 2019, and will not occur in subsequent cycles. Second, spring-summer environmental conditions (higher temperatures, more daylight hours and no wind) that lead to algae growth and low oxygen. These conditions led to reduced feeding days and, in some cases, earlier harvests, all of which pushed the average harvest weight down by approximately 20% over initial estimates, to 4.3 kg this quarter, close to 500 grams or 9.6% less than Q2 2018, and around 750 grams or 13.0% less than the prior cycle in Q2 2017. These environmental conditions did not have a significant impact on mortality. However, the lack of oxygen in fish with bronchial damage due to the presence of algae did have an impact on biomass growth and costs. The Company believes that these conditions can be better mitigated in upcoming cycles with the use of oxygen-generating technology that provides a continuous supply as opposed to the sporadic supply used last season.

Atlantic Salmon Mortality* (%)



Live weight ex cost (US$/kg)



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

The following table shows the trends in the most important closed-cycle production and sanitary variables.

Q2	FCRb (Live weight)	Productivity kg WFE/smolt	Average harvest weight kg WFE	Antibiotic use Gr/Ton	Antiparasitic treatments Gr/Ton
2016	1.36	4.01	4,789	761	10
2017	1.17	5.16	5,001	515	12
2018	1.21	4.76	4,813	515	13
2019	1.30	4.45	4,349	381	16

The Feed Conversion Ratio (FCRb), defined as kg feed/kg live fish, increased to 1.30 at the farms closed in Q2 2019, higher than expected due to the effects of the unfavorable conditions mentioned above, preventing normal feeding from taking place. These effects were mitigated by the use of more frequent micro-rations, remote feeding and higher energy diets (energy in feed increased by 10%, 22 MJ/kg).

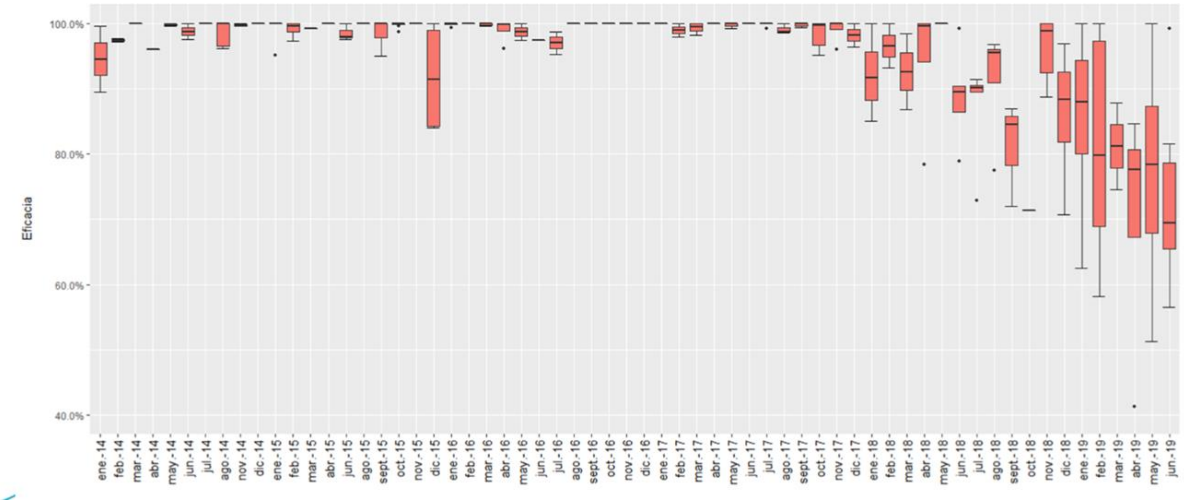
Smolt productivity, or kilos of harvested biomass/number of smolts stocked, followed the trend of lower average harvest weight, reaching 4.45 kg WFE for smolt in Q2 2019.

Fish health protection and prevention strategies, such as using vaccines to prevent SRS at all farm sites, enabled Camanchaca to substantially cut the use of antibiotics.

In short, the environmental conditions in the first half of the year at some farm sites in the Los Lagos Region, especially in Reñihué Fjord, were more adverse than anything seen during the past two years. This resulted in more days of fish going unfed and, therefore, a lack of growth, which, coupled with some sites stocked at lower densities, made harvests more expensive, reaching a live weight ex-cage cost of 102 cents per kg higher than Q2 2018. The Company believes that the conditions that triggered a cost increase should be mitigated or absent in the following cycles.

Beginning the first half of this year, there has been a rise in parasites and sea lice in certain areas with water with higher salinity as a result of a loss of efficacy of the antiparasitic treatment, Azametifos, used in Chile since 2013. This drop in efficacy explains the rise in the use of antiparasitic treatments to 16 gr/ton, in response to the loss of efficacy, requiring more antiparasitic treatments at affected farm sites. However, until now the Company has not needed to harvest fish ahead of schedule, which could change next spring or summer. For now, sea lice levels are not threatening fish health or their capacity to feed and grow.

Azametifos Efficiency in 2014-2019 Period for Camanchaca S.A., shows a drop, which was to be expected given the extensive period for which this antiparasitic treatment has been used.



As of the reporting date, Camanchaca has four sites considered High-Dissemination Sites (HSD), defined as sites with an average count of more than 3 adult or spawning females. Those sites are located in two neighborhoods (ACS) and represent 30% of all the Company's live fish as of the reporting date. Half are in the Pilpilehue site located in neighborhood 10B, Chiloé, which is in the middle of a normal harvest plan with an average live weight of 5.4 kg, as originally scheduled and with no adverse effects expected at the end of that harvest as a result of sea lice. The average live weight for the four sites is 4.69 kg.

The increase in parasites and the loss of efficacy of Azametifos meant that a total of 37 antiparasitic treatments were carried out during the first half of 2019, with total expenses for this concept of US$ 1.7 million, versus 18 treatments and a cost of US$ 0.8 million for the same period in 2018.

Given this situation, in 4Q 2019 the Company will use new pharmaceutical treatments such as peroxide or Alfaflux bath treatments, as well as non-pharmaceutical treatments like the “Optilizer” developed by the company Optimar and “FLS Delousing System” from Flatstestund Engineering, which vary temperature and/or water pressure to rid affected fish of sea lice.

As announced, the industry regulator, Sernapesca, is also about to make adjustments to the sea lice prevention plan. These adjustments are designed to provide support to encourage effective control measures, including incentives for using non-pharmaceutical treatments like those listed above and preventative voluntary harvests.

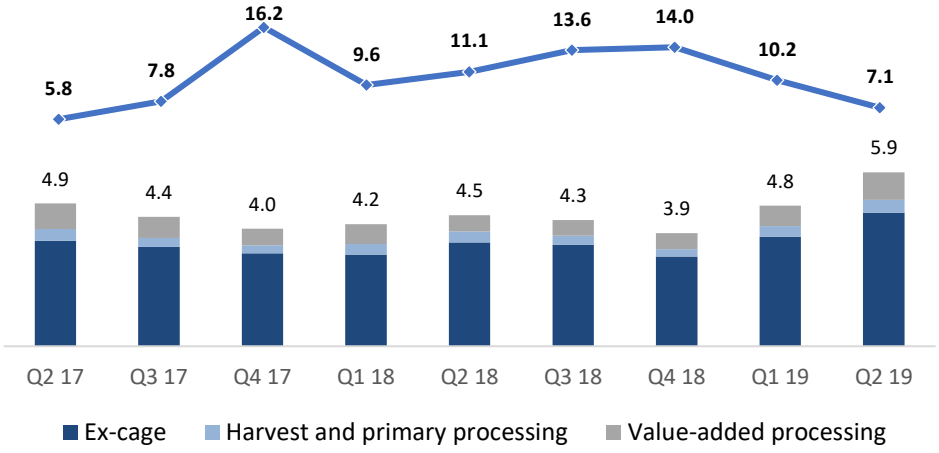
Applying lufenuron (Invixa) to fish before introducing them to sea sites provides effective protection for approximately 5 to 6 months of the sea cycle. In addition, in fish weighing less than 800 grams, the Company will apply a new antiparasitic treatment developed by Pharmaq, Alfaflux, that will extend the protection provided by lufenuron by approximately 4 to 5 more months, which could provide an additional 10 to 11 months of protection for fish in the areas most prone to sea lice. In this last stage of the cycle, the Company believes that other mechanisms, including non-pharmaceutical alternatives and the use of peroxide, could control the presence of sea lice in the medium term. In conclusion, the risk of a possible early harvest involves those fish that currently weigh more than 800 grams or less than the weight range required for commercial sales. In these circumstances and in waters with higher salinity, the Company has biological assets at four sites totaling 3.8 million fish, which represents 28% of the total count.

Processing costs (primary and secondary) reached US$ 1.37/kg WFE, 44 US cents greater than in Q2 2018 (+47.3%) and 10 cents above Q2 2017 (+7.9%), affected by lower activity levels or smaller scales at processing plans (close to 30 cents of overrun) and a production mix with a larger proportion of value-added products (close to 15 cents of overrun).

Total finished product cost per kg WFE was 146 cents greater than Q2 2018 (+32.7%). Regarding the prior cycle in 2017 (same geographic areas as the harvested sites), the cost is 107 cents greater than Q2 2017 (+22.1%).

Costs (US$/kg WFE)	Q2 17	Q2 18	Q2 19
Ex-cage	3.58	3.53	4.55
Harvest and primary processing	0.40	0.37	0.43
Value-added processing	0.87	0.56	0.94
Total finished product cost	4.85	4.46	5.92

Total Finished Product Cost (US$/kg WFE) and Volume Processed (M Ton WFE)

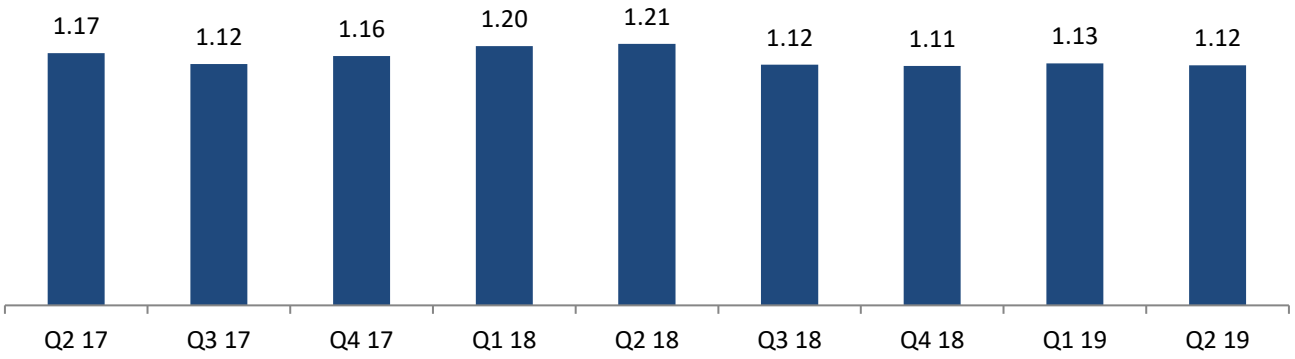


I. Feed Costs

Due to the stability of prices of the main ingredients, such as fishmeal, fish oil and soy, feed costs have also remained stable over the past few years, although they did fall slightly in H2 2018. From Q1 to Q2 2019, soy and fishmeal prices have dropped slightly, but were offset by a small rise in fish oil prices.

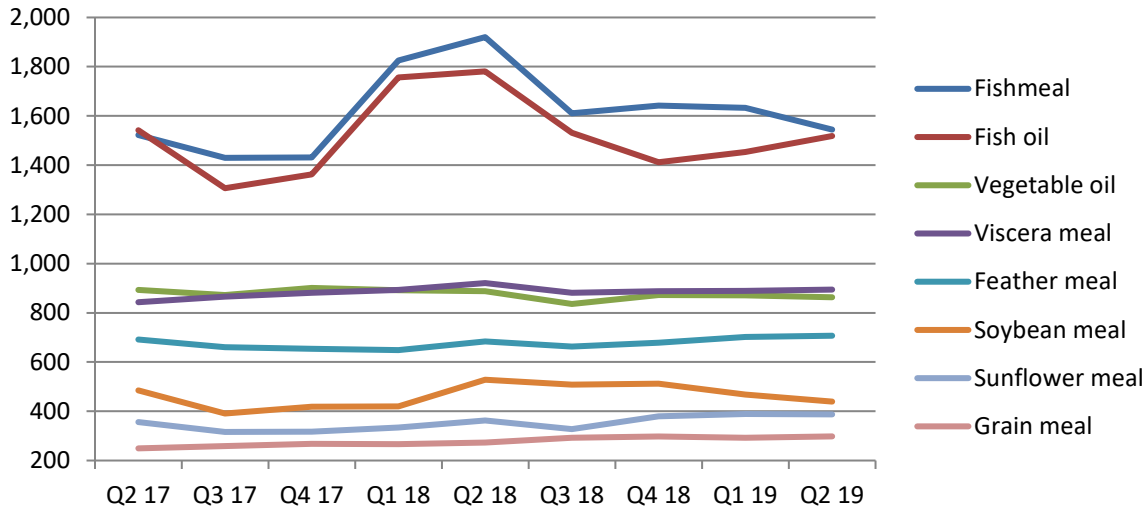
The price of feed for fish weighing over 2.5 kg, which represents close to 40% of the Company's total feed cost, remained stable in Q2 2019, reaching US$ 1.12 per kg, just 1 cent less than the prior quarter, but 7.4% below Q2 2018 as a result of the fall in fishmeal and fish oil prices. We estimate that this nearly 10 cent drop has a positive effect of approximately 7 cents on the ex-cage cost of harvested fish, assuming current activity levels.

Price 2500 caliber (Camanchaca) US$/kg



Price includes pigment. Medicated feed, additives or feed supplements are not included.

Price of Principal Inputs US$/ton



Industrial Fishing Division

The performance of the industrial fishing business is closely related to three factors:

1. The volume of industrial fishing catches, which impacts the scale of production and, therefore, unit costs.
2. The price of fishmeal, which is strongly correlated with Peru's catches.
3. Fuel prices, which impact industrial fishing costs as well as raw material processing costs.

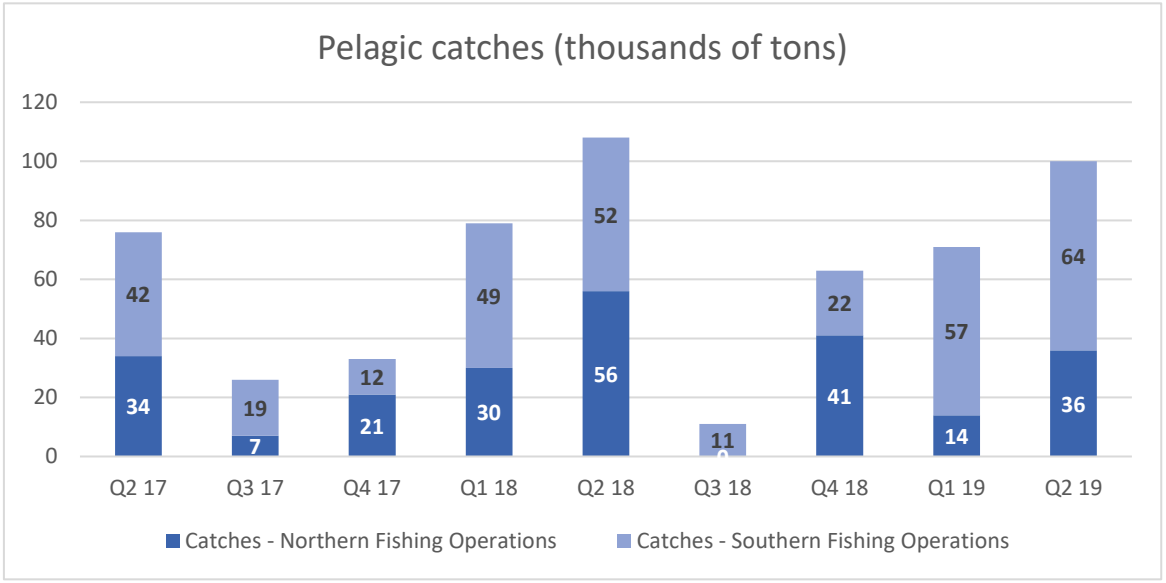
I. Catches and Production

During H1 2019, anchovy catches in the north reached 47,000 tons, 44% lower than H1 2018, mainly due to seasonal bans restricting fishing operations because of the presence of juvenile fish in catches. Therefore, fishmeal production decreased 41% to 8,197 tons. Fish oil yields decreased from 3.4% to 0.5% in H1 2019. Combined with smaller catches, this resulted in a 91% drop in production from 2,920 to 270 tons. This reduced yield of fish oil can be attributed to the small size of fish caught and will directly affect the segment's results. The anchovy fish oil yields in the north could be partially offset by improved oil yields in the south, but here the Company's annual sardine catch quotas are approximately half.

Catches of jack mackerel in the south-central zone totaled 63,000 tons, up 34% from 47,000 in H1 2018. These catches were complemented by Atlantic mackerel, which reached 4,593 tons in H1 2019 compared to 7,698 tons in the same period last year. Thus, large pelagic catches of jack mackerel and Atlantic mackerel, which are preferentially selected for human consumption (80%), totaled 68,000 tons. From these catches, the Company produced 33,000 tons of frozen jack mackerel (versus 19,000 in H1 2018) and one million cans (same level as H1 2018).

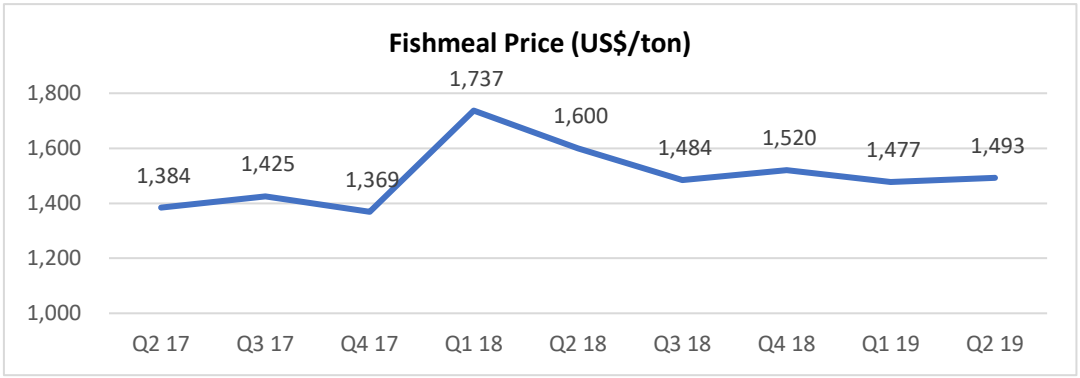
Industrial and artisan sardine catches in the central-southern area were 16% higher, and reached 53,000 tons in H1 2019, impacting the production of fishmeal and fish oil in the south, which rose 2% and 12%, respectively.

Langostino lobster catches reached 2,775 tons in H1 2019 (+9% versus H1 2018) and production reached 358 tons (333 tons in H1 2018) with a yield of 13.0%, somewhat higher than the 12.5% achieved in H1 2018.



II. Prices and Sales

The full quotas have been caught during the last three Peruvian anchovy seasons, giving catches of 3.3 million tons (1st season 2018), 2.1 million tons (2nd season 2018) and 2.1 million tons (1st season 2019), which has kept prices in line with normal trends (i.e. US$ 1,493 per ton in Q2 2019). However, as a result of the decrease in Chinese demand because of the mortality of pigs affected by African swine fever virus, as of the reporting date there has been a drop in prices to US$ 1,350 per ton for prime fishmeal.



Consolidated fishmeal sales fell 43% in H1 2019 to 16,000 tons while fish oil sales dropped 42% to 4,303 tons in H1 2019. Fishmeal production outpaced sales, creating a large inventory of around 15,000 tons, which represents about four months of sales.

Sales of frozen jack mackerel increased by 10,000 tons in H1 2019 to 24,000 tons, a rise of 72% over sales in H1 2018, and at a price of US$ 890 (-4.4%), sold principally to Africa. Inventory of frozen jack mackerel in H1 2019 totaled 12,875 tons, which is 131% higher than H1 2018, due to larger jack mackerel catches in H1 2019 (+35% vs H1 2018).

Prices of canned jack mackerel were affected by the presence of parasites in Chinese canned product at the end of 2018, which put buyers on alert and caused prices to fall. To date, this situation has returned to normal. In H1 2019, 513,000 cases were sold, a decrease of 4.3% compared to sales in H1 2018, at an average price that was 1.3% lower (US$ 21.8 per case). Camanchaca's canned inventory reached 861,000 cases as of June 30, 2019, at a cost close to US$ 10.8 per case. This inventory was slightly higher than expected due to larger catches of jack mackerel and Atlantic mackerel in H1 2019 (+24% vs H1 2018) and reduced sales at the beginning of the year because of restrictions in Asian markets.

Sales of langostino lobsters fell by 7.8% in H1 2019, reaching 240 tons at an average price of US$ 25.6/kg (+0.7% vs H1 2018).

Sales by Market Segment as of June 2019

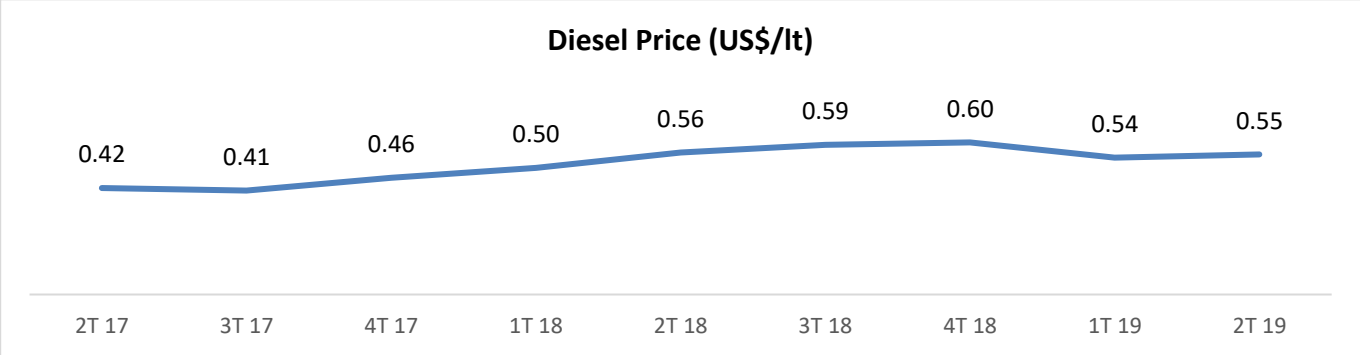
Product	USA ThUS$	Europe + Eurasia ThUS$	Asia, except Japan ThUS$	Japan ThUS$	LATAM, except Chile ThUS$	Chile ThUS$	Others ThUS$	TOTAL ThUS$
North								
Fishmeal	0	0	7,826	1,722	0	0	0	9,548
Fish oil	0	148	99	0	0	127	0	374
South								
Fishmeal	0	0	5,331	1,909	46	6,911	0	14,197
Fish oil	0	2,233	333	0	0	3,699	0	6,264
Canned fish	489	84	1,179	0	3,934	5,070	425	11,181
Frozen fish	0	274	0	0	870	434	19,637	21,214
Langostino lobster	6,097	0	0	27	0	16	0	6,141
Others	0	0	0	0	0	8,040	0	8,040
Total	**6,587**	**2,739**	**14,768**	**3,659**	**4,849**	**24,295**	**20,062**	**76,959**

Sales by Market Segment as of June 2018

Product	USA ThUS$	Europe + Eurasia ThUS$	Asia, except Japan ThUS$	Japan ThUS$	LATAM, except Chile ThUS$	Chile ThUS$	Others ThUS$	TOTAL ThUS$
North								
Fishmeal	0	0	28,198	2,320	0	0	0	30,518
Fish oil	0	4,609	0	0	767	132	0	5,509
South								
Fishmeal	0	0	5,482	974	0	8,234	0	14,691
Fish oil	0	0	783	0	0	7,028	0	7,811
Canned fish	380	230	917	0	3,008	4,282	3,013	11,830
Frozen fish	0	69	0	0	1,471	176	11,158	12,874
Langostino lobster	6,481	0	0	0	0	77	0	6,558
Others	0	0	0	0	0	3,338	0	3,338
Total	**6,861**	**4,908**	**35,380**	**3,294**	**5,246**	**23,267**	**14,171**	**93,127**

III. Fuel Costs

The price of fuel purchased by Camanchaca fell to 55 US cents per liter during Q2 2019, which was 2% lower than the same quarter in 2018, generating costs similar to Q2 2018.



Volumes

		Q2 2019	Q2 2018	Δ	Δ %	H1 2019	H1 2018	Δ	Δ %
CATCHES									
North	**tons.**	**35,532**	**56,138**	**-20,606**	**-36.7%**	**49,734**	**86,210**	**-36,476**	**-42.3%**
Company-owned vessels	tons.	34,427	55,317	-20,890	-37.8%	47,601	85,222	-37,621	-44.1%
Third parties	tons.	1,105	821	284	34.6%	2,133	988	1,145	116.0%
South	**tons.**	**64,275**	**51,770**	**12,505**	**24.2%**	**121,059**	**100,340**	**20,719**	**20.6%**
Company-owned vessels	tons.	35,040	32,036	3,004	9.4%	68,091	58,423	9,668	16.5%
Third parties	tons.	29,236	19,734	9,502	48.1%	52,969	41,917	11,052	26.4%
Total	**tons.**	**99,807**	**107,908**	**-8,101**	**-7.5%**	**170,793**	**186,550**	**-15,757**	**-8.4%**
PRODUCTION									
Fishmeal	tons.	16,399	20,632	-4,232	-20.5%	25,776	34,835	-9,058	-26.0%
Fish oil	tons.	3,406	4,537	-1,130	-24.9%	6,632	8,576	-1,943	-22.7%
Canned fish	cases	531,980	578,226	-46,246	-8.0%	1,010,277	1,064,613	-54,336	-5.1%
Langostino lobster	kg.	275,600	239,952	35,648	14.9%	357,600	333,493	24,107	7.2%
Frozen jack mackerel	tons.	18,659	12,178	6,481	53.2%	33,357	19,174	14,183	74.0%
SALES									
Fishmeal	tons.	12,108	25,603	-13,495	-52.7%	15,948	28,050	-12,102	-43.1%
Fish oil	tons.	8,884	6,681	2,203	33.0%	9,456	7,408	2,047	27.6%
Canned fish	cases	290,976	263,489	27,487	10.4%	513,119	536,035	-22,916	-4.3%
Langostino lobster	kg.	134,919	158,747	-23,828	-15.0%	240,037	260,348	-20,310	-7.8%
Frozen jack mackerel	tons.	13,571	8,356	5,216	62.4%	23,829	13,831	9,998	72.3%
PRICES									
Fishmeal	US$/ton	1,493	1,600	-107	-6.7%	1,489	1,612	-123	-7.6%
Fish oil	US$/ton	645	1,766	-1,121	-63.5%	702	1,798	-1,096	-61.0%
Canned fish	US$/case	22.2	21.5	0.7	3.4%	21.8	22.1	-0.3	-1.3%
Langostino lobster	US$/kg	25.9	26.0	-0.2	-0.7%	25.6	25.2	0.4	1.6%
Frozen jack mackerel	US$/ton	861	962	-101	-10.5%	890	931	-41	-4.4%
Price-related change in revenue*									
Fishmeal	ThUS$	18,072	19,370	-1,298	-6.7%	23,746	25,704	-1,958	-7.6%
Fish oil	ThUS$	5,729	15,692	-9,963	-63.5%	6,638	17,000	-10,362	-61.0%
Canned fish	ThUS$	6,464	6,250	214	3.4%	11,181	11,324	-143	-1.3%
Langostino lobster	ThUS$	3,489	3,513	-24	-0.7%	6,141	6,046	95	1.6%
Frozen jack mackerel	ThUS$	11,683	13,052	-1,369	-10.5%	21,214	22,179	-965	-4.4%
Total	**ThUS$**	**45,438**	**57,877**	**-12,439**	**-21.5%**	**68,921**	**82,254**	**-13,333**	**-16.2%**
Change in fuel costs due to price effect*									
Diesel oil	ThUS$	2,041	2,051	-10	-0.5%	3,293	3,225	68	2.1%
Bunker fuel	ThUS$	690	628	62	9.9%	1,661	1,562	99	6.3%
Total	**ThUS$**	**2,731**	**2,679**	**52**	**1.9%**	**4,954**	**4,787**	**167**	**3.5%**

* With constant volume in 2019

Other Seafood Division

Operating revenues for this division decreased by 4.9% to US$ 14.9 million in H1 2019, generating a neutral bottom line compared to a net loss of US$ 1 million in H1 2018.

Mussel production by the subsidiary Camanchaca Cultivos Sur was down 3.1% in H1 2019, reaching 6,050 tons of finished products, from 20,040 tons of processed raw material, 40% of which was purchased from third-party farms (36% in H1 2018). Revenues fell by 8.5% to US$ 13.3 million, due to a decrease of 12% in volumes sold, leaving larger closing inventory than in 2018, but with an average price 7.7% higher than H1 2018. These factors generated EBITDA of positive US$ 0.6 million compared to negative US$ 0.6 million in H1 2018, and a net profit of US$ 0.1 million compared to the net loss of US$ 0.7 million in H1 2018. Despite this improvement, the business continues to be affected by smaller yields of Company-farmed product, preliminarily due to fewer nutrients in the waters where the Company has concessions. This forces it to purchase greater volumes of raw materials from artisan farmers, at a higher cost, in order to operate its plant at full capacity.

The abalone business generated a small loss of US$ 65 thousand in H1 2019, compared to a loss of US$ 323 thousand in H1 2018, and EBITDA of negative US$ 60 thousand, compared to negative US$ 432 thousand in H1 2018.

Volumes

		Q2 2019	Q2 2018	Δ	Δ %	H1 2019	H1 2018	Δ	Δ %
PRODUCTION									
Abalone	tons.	30	19	12	61.9%	105	54	51	93.7%
Mussels	tons.	3,140	3,472	-332	-9.6%	6,050	6,242	-192	-3.1%
SALES									
Abalone	tons.	29	35	-7	-18.7%	85	45	40	88.0%
Mussels	tons.	3,192	3,347	-154	-4.6%	5,007	5,693	-685	-12.0%
PRICES									
Abalone	US$/kg	23.5	20.0	3.4	17.2%	21.2	20.1	1.1	5.4%
Mussels	US$/kg	2.78	2.57	0.21	8.1%	2.76	2.56	0.20	7.7%
Price-related change in revenue*									
Abalone	ThUS$	674	575	99	17.2%	1,800	1,708	92	5.4%
Mussels	ThUS$	8,859	8,195	664	8.1%	13,820	12,828	992	7.7%
Total	**ThUS$**	**9,533**	**8,771**	**763**	**8.7%**	**15,619**	**14,536**	**1,084**	**7.5%**

* With constant volume in 2019

Subsequent Events

No subsequent events occurred after June 30, 2019, that materially affect Compañía Pesquera Camanchaca's operations or its financial results.

Main Risks and Uncertainties

External variables might materially impact the Company's annual performance. The principal variables affecting revenue are pelagic fishing catches and the biological condition of Atlantic salmon harvests, as well as market conditions and prices of its main products, fishmeal and Atlantic salmon. The most critical cost factors are the environmental conditions at farm sites and the health status of the salmon biomass, including feed conversion; pelagic catches, which define the scale of production; and the costs of diesel, energy and salmon feed.

Consequently, fishing and aquaculture companies are exposed to various risks, which require Camanchaca to use a risk matrix that directs and prioritizes the Company to i) review and update the critical risk inventory and generate a map that helps manage risks; ii) assess these risks on the basis of impact and probability parameters that helps with prioritizing; iii) implement an internal audit and control plan based on the risk map that focuses resources on the most vulnerable areas; iv) generate strategies to mitigate their probability and impact, including insurance wherever this is financially feasible and attractive. These risk maps guide management to continuously manage and mitigate each risk and establish the corresponding responsibilities, as well as the frequency and depth of internal controls to validate the effectiveness of mitigating measures.

The following factors are used to detect and manage not only critical risks, but also operational management when events occur: the Company's mission, vision and values; short and long-term strategic planning; known risks inherent to the business; the knowledge and experience of key personnel; and other factors.

a) Phytosanitary Risks

The Company is exposed to risk of disease or parasites that can affect the biomass, increasing mortality or reducing growth of specific species, and thereby, production and sales volumes. Furthermore, salmon farming faces risks associated with harmful algal blooms and low levels of oxygen at farm sites, especially in summer when greater solar radiation and higher temperatures encourage these situations.

Camanchaca has adopted strict control standards to minimize these risks, and comply with the authority's requirements with respect to coordinated fallow periods for the concessions in each neighborhood, maximum fish density in cages, constant monitoring and reporting of the biomass and its biological status and health, the smolt stocking process in closed recirculation sites fed by under-ground water, transport of breeders and fish for harvest in wellboats, coordinated antiparasitic washing by neighborhoods, frequent net cleaning, oxygen plants to supplement oxygen shortfalls in the water, vaccinations at the freshwater stage, and other standards. In certain circumstances, risks related to increases in parasite load could involve moving up harvests and a resulting smaller weight, which, on one end of the spectrum, could result in products that cannot be used. To mitigate these risks, the Company is not only intensely applying treatments, but is also diversifying the type of antiparasitic treatments it uses at sites with greater loads. Despite these mitigative measures, sea lice cannot be eradicated as a source of phytosanitary risk in the foreseeable future.

Oceanographic and climatic conditions are among the variables that affect the condition and location of suitable shoals of pelagic fish.

b) Natural Risks

The Company is exposed to natural risks that may affect normal operations, such as volcanic eruptions, tidal waves and tsunamis, earthquakes, harmful algae blooms, natural predators, water pollution and other factors that may threaten the biomasses, fish catches and production infrastructure. The Company is constantly monitoring these variables using the latest technology available in Chile, in addition to contracting appropriate insurance coverage for these risks, when available.

c) Product Sale Price Risks

The Company mainly exports its products to different markets and evaluates the prices it can obtain for them using a broad commercial network. The Company adjusts the speed of its sales in accordance with production and market conditions, which are constantly in flux. However, it does not operate a policy of accumulating inventory in order to speculate on a better sale price in the future.

- Industrial Fishing Division Despite short-term price volatility, global supply restrictions and sustained growth in demand for protein, driven primarily by developments in aquaculture and increased availability of products for human consumption, have kept prices trending positively in recent years.

- Salmon Farming Division Prices are highly dependent on the supply from Norway and Chile and on fluctuations in exchange rates used by the Company's major trading partners, which affects demand conditions in these markets. Camanchaca has mitigated price risk through a diversified marketing strategy and production flexibility to change product type, which allows raw materials to be sent to any market.

- Other Seafood Division Mussel prices have experienced a stable trend on international markets in recent years, without large inter-annual fluctuations. Abalone prices have begun to recover after the greater controls imposed by Chinese authorities on luxury expenses for civil servants started in 2014, provided supply is matched to demand. The Company has mitigated these risks by optimizing costs, strengthening commercial ties with offices in various parts of the world, creating high-quality products and launching products in other formats.

d) Purchase Price Risks

The Company is exposed to changes in the price of commodities such as diesel and bunker oil. The Company does not use financial derivatives to mitigate this risk, as the size of future catches is uncertain. However, historically there has been some correlation between the price of fishmeal and other commodities, which reflects the state of the global economy.

The Company is exposed to changes in the price of salmon feed, which represents around half of farm costs. Camanchaca defines its diets by seeking a balance between feed cost and nutritional quality at each fish development stage. The Company aims to produce a final product that contains the same amount of Omega 3 as wild salmon, as well as a ratio of marine sources used in feed with respect to the farmed fish (fish in-fish out ratio) of no more than 1.0. The Company has feed contracts that are adjusted quarterly, on a cost-plus basis.

On average, 30% of total fishing catches come from local independent fishermen. The Company has long-term agreements with them in relation to volumes, pricing systems and additional guarantees. Therefore, Camanchaca is protected as purchase prices are indexed to fishmeal sales prices. The Company provides boat construction

financing to local independent fisherman with whom it holds fish purchasing agreements, allowing boat owners to pay off the loan as the Company purchases fish.

e) Regulatory Risks

Our business relies on laws, standards and regulations issued by fishing authorities, and significant changes could have an impact on our performance. Such as the Fisheries Act published on February 9, 2013 that replaced individual fishing quotas with transferable fishing licenses. The regulations governing seafood farming are mainly established by the General Law on Fisheries and Aquaculture, and its associated regulations, which assign concessions, manage the biomass, establish preventive sanitary regulations, and other regulations. The Company is constantly monitoring any potential changes in regulations in order to anticipate and mitigate any potential impacts.

A draft fishing bill, called the Short Law, is being processed by Congress, which aims to change the Fisheries Act of 2013 by eliminating renewability for type B fishing licenses, whose status is enshrined in the 2013 law. The 2013 law granted holders of indefinite fishing permits that were valid in 2012, to choose a new LTP-A fishing license based on their maximum catch licenses through 2012, but waiving their indefinite fishing licenses. On that occasion Camanchaca choose this waiver in exchange for an LTP-A license, with the belief that its divisibility, transferability and renewability was attractive to the Company. Approval of the Short Law would be a serious violation of its rights exchanged in 2013, and the Company would exercise all the legal measures to which it is entitled to defend its legitimate interests.

For the salmon farming industry, changes were made to the regulations governing salmon farming densities in Q2 2016, and a smolt stocking reduction program was introduced (PRS in Spanish) as an alternative to the general density regime. This new regulation forces salmon farmers to reduce smolt stocking and farming densities when low sanitary performance has been detected and/or smolt growth is expected in the zone. The PRS mechanism gives producers the choice between replacing a reduction in density, when appropriate, with a smolt stocking plan that restricts growth with respect to the prior cycle, maintaining densities at maximum permitted levels.

Since the Company’s policy has been to use its assets to provide services to third parties/producers, it has routinely leased out several farm sites. Regulations attribute the history of concession use to the concession owner, allowing the Company to use the history of smolt stocking at farm sites leased to third parties in its future smolt stocking plans, without affecting the growth of smolt stocking in the areas involved. Therefore, as the lease agreements will expire after 2020, the Company estimates it will harvest approximately 60,000 tons WFE of Atlantic salmon at its own farm sites, plus another 16,000 tons WFE of other species.

Most of the concessions held by Camanchaca for farming fish are of indefinite duration, and current regulations require a certain minimum use to retain them. Otherwise, the concessions can be deemed invalid. This has led the Company to operate some of its farm sites at risk of expiring at minimum capacity and for minimum periods of time, which translates into expenses. This situation generates a regulatory contradiction between an obligation to use the concession, on one hand, and a regulation that restricts growth of smolt stocking in order to preserve favorable sanitary conditions, reflected in the PRS system.

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

f) Liquidity Risks

Liquidity risk is the risk of potential mismatches between the funds needed for investments in assets, operating expenses, finance costs, repayment of debt as it matures and dividend payments, and funding sources such as product sales revenue, collections from customers, disposal of financial investments and access to financing.

Camanchaca conservatively and prudently manages this risk by maintaining sufficient liquidity and access to third-party credit facilities, while carefully ensuring that it complies with all financial obligations.

g) Interest Rate Risk

The Company is exposed to interest rate risk since its long-term financing includes a variable interest rate component, which is adjusted every six months. The Company evaluates hedging alternatives based on market conditions, but has not used any over the past five years.

h) Exchange Rate Risks

A substantial proportion of Camanchaca's revenue arises from contracts and commercial agreements set in US dollars. However, given market diversity and the importance of markets other than the North American market, which have historically represented more than 30% of total exports, any devaluation of the US dollar against these markets' currencies or the Chilean Peso could have an impact on market demand and, therefore, on prices, thus affecting the financial performance of the Company.

Corporate policy is to agree income, cost and expenses in US dollars whenever possible. When not possible, expenses in Chilean pesos that are converted to US dollars can increase in the event of an appreciating peso. The Company occasionally evaluates exchange rate hedging instruments for its peso-denominated expenses, based on market conditions, which results in non-operating income or loss, respectively, for any operational loss or income produced.

The Company's liabilities with financial institutions are taken out in US dollars.

i) Credit Risk

i.1) Surplus Cash Investment Risks

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

i.2) Sales Operations Risks

Camanchaca has credit insurance policies covering most sales that do not require immediate payment. The remaining sales are backed by letters of credit, or advance payments, or are to customers with a good credit performance.

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

Financial Statements

Consolidation

The consolidated financial statements as of June 30, 2019 and December 31, 2018, include Camanchaca S.A., Salmones Camanchaca S.A., Camanchaca Pesca Sur S.A., Camanchaca Cultivos Sur S. A., Camanchaca SpA, Transportes Interpolar Limitada and Aéreo Interpolar Limitada.

Cía. Pesquera Camanchaca S.A. operates fishmeal and fish oil processing plants in northern Chile. Abalone farming and processing takes place in Caldera, in the 3rd Region.

The subsidiary Camanchaca Cultivos S.A. has marine farming concessions located on Chiloé Island in southern Chile, and a processing plant that produces mussels (shell/whole and unshelled).

Salmones Camanchaca S.A. is engaged in producing, farming and processing salmon and includes the companies Fiordo Blanco S.A. and Fiordo Azul S.A., which own salmon farming concessions.

Camanchaca Pesca Sur S.A. is dedicated to catching, producing and marketing pelagic fish in the southern-central Chile. This subsidiary consolidates Cannex S.A., a company dedicated to marketing canned food.

Camanchaca SpA owns the foreign companies Camanchaca Inc., (USA), Camanchaca Ltd. (Japan), and Inmobiliaria Camanchaca S.A. (Chile).

The statements of financial position are presented for the period ended June 30, 2019, compared to figures as of December 31, 2018. The statements of cash flows and income are presented for the six-month periods ended June 30, 2019 and 2018.

Consolidated Statement of Income (ThUS$)

Consolidated (ThUS$)	Q2 2019	Q2 2018	H1 2019	H1 2018
Operating revenues	139,264	187,797	270,385	325,378
Cost of sales	(115,441)	(137,059)	(225,571)	(250,376)
Gross profit before fair value	**23,823**	**50,739**	**44,814**	**75,003**
Administrative expenses	(4,331)	(7,776)	(10,710)	(16,662)
Distribution costs	(7,277)	(7,910)	(14,210)	(14,811)
EBIT before fair value	12,215	35,053	19,894	43,530
EBITDA before fair value	18,284	41,161	31,925	55,416
Gain on fair value of biological assets	17,339	19,505	28,657	46,360
Cost of harvested and sold biological assets	**(5,156)**	**(26,133)**	**(25,496)**	**(46,864)**
EBIT after fair value	**24,398**	**28,425**	**23,056**	**43,026**
EBITDA after fair value	30,467	34,532	35,087	54,911
Finance costs	**(2,029)**	**(1,694)**	**(3,216)**	**(3,582)**
Share of profit (loss) of associates	**463**	**509**	**1,017**	**825**
Exchange differences	(314)	(1,458)	1,266	(1,398)
Other gains (losses)	(2,190)	(69)	(4,335)	(67)
Finance income	24	63	24	82
Net profit (loss) before tax	20,352	25,776	17,811	38,887
Income taxes	(4,737)	(7,232)	(4,379)	(10,167)
Net profit (loss) for the period	**15,615**	**18,544**	**13,432**	**28,720**
Non-controlling interest	(4,577)	(1,963)	(5,451)	(6,788)
Net profit (loss) for the period attributable to owners of the parent company	**11,038**	**16,581**	**7,982**	**21,932**

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

EBITDA after fair value adjustment: EBITDA + Fair value adjustments to biological assets - Cost of harvested and sold biological assets

Statement of Income - Salmon Farming Division (ThUS$)

Salmon Farming (ThUS$)	Q2 2019	Q2 2018	H1 2019	H1 2018
Operating revenues	82,200	109,061	178,509	216,570
Cost of sales	(74,966)	(88,685)	(150,789)	(173,439)
Gross profit before fair value	**7,234**	**20,376**	**27,720**	**43,132**
Administrative expenses	(1,826)	(3,740)	(5,047)	(7,592)
Distribution costs	(2,872)	(3,283)	(6,169)	(7,115)
EBIT before fair value	**2,537**	**13,353**	**16,505**	**28,425**
EBITDA before fair value	**5,506**	**16,209**	**22,371**	**33,940**
Gain on fair value of biological assets	17,339	19,505	28,657	46,360
Cost of harvested and sold biological assets	(5,156)	(26,133)	(25,496)	(46,864)
EBIT after fair value	**14,720**	**6,725**	**19,666**	**27,921**
EBITDA after fair value	**17,689**	**9,581**	**25,532**	**33,436**
Finance costs	(1,389)	(1,208)	(2,137)	(2,433)
Share of profit (loss) of associates	458	509	1,012	825
Exchange differences	(440)	(970)	(467)	(1,307)
Other gains (losses)	(2,094)	65	(2,495)	76
Finance income	24	25	24	44
Net profit (loss) before tax	**11,279**	**5,145**	**15,603**	**25,125**
Income taxes	(2,686)	(1,745)	(3,830)	(6,630)
Net profit (loss) for the period	**8,593**	**3,400**	**11,772**	**18,494**
Non-controlling interest	(2,282)	(930)	(3,359)	(5,652)
Net profit (loss) for the period attributable to owners of the parent company	**6,311**	**2,470**	**8,414**	**12,842**

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

EBITDA after fair value adjustment: EBITDA + Fair value adjustments to biological assets - Cost of harvested and sold biological assets

Statement of Net Income - Industrial Fishing Division (ThUS$)

Industrial Fishing (ThUS$)	Q2 2019	Q2 2018	H1 2019	H1 2018
Operating revenues	48,362	70,324	76,959	93,127
Cost of sales	(34,014)	(41,653)	(63,134)	(63,859)
Gross margin	**14,348**	**28,671**	**13,825**	**29,268**
Administrative expenses	(1,873)	(3,161)	(4,308)	(7,113)
Distribution costs	(3,367)	(3,394)	(6,235)	(5,499)
EBIT	**9,109**	**22,116**	**3,282**	**16,657**
EBITDA	**11,983**	**25,097**	**8,983**	**22,487**
Finance costs	(590)	(447)	(994)	(1,042)
Share of profit (loss) of associates	5	0	5	0
Exchange differences	(94)	(854)	1,483	(455)
Other gains (losses)	(85)	(137)	(1,829)	(141)
Finance income	0	36	0	36
Net profit (loss) before tax	**8,344**	**20,713**	**1,946**	**15,055**
Income taxes	(1,790)	(5,496)	(369)	(3,824)
Net profit (loss) for the period	**6,554**	**15,217**	**1,577**	**11,230**
Non-controlling interest	(2,296)	(1,033)	(2,093)	(1,136)
Net profit (loss) for the period attributable to owners of the parent company	**4,258**	**14,184**	**(516)**	**10,094**

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

Statement of Income - Other Seafood Division (ThUS$)

Other Seafood (ThUS$)	Q2 2019	Q2 2018	H1 2019	H1 2018
Operating revenues	8,702	8,413	14,917	15,681
Cost of sales	(6,461)	(6,721)	(11,648)	(13,078)
Gross margin	**2,242**	**1,692**	**3,270**	**2,603**
Administrative expenses	(631)	(875)	(1,353)	(1,958)
Distribution costs	(1,040)	(1,231)	(1,807)	(2,195)
EBIT	**570**	**(414)**	**109**	**(1,551)**
EBITDA	**796**	**(146)**	**572**	**(1,012)**
Finance costs	(50)	(39)	(85)	(107)
Exchange differences	219	366	249	364
Other gains (losses)	(10)	3	(10)	(1)
Finance income	0	2	0	2
Net profit (loss) before tax	**729**	**(82)**	**263**	**(1,292)**
Income taxes	(260)	9	(179)	288
Net profit (loss) for the period	**469**	**(73)**	**84**	**(1,005)**
Non-controlling interest	0	0	0	0
Net profit (loss) for the period attributable to owners of the parent company	**469**	**(73)**	**84**	**(1,005)**

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

Statement of Financial Position (ThUS$)

	6/30/2019	12/31/2018	6/30/2018
Cash and cash equivalents	22,932	30,748	33,716
Other financial assets, current	920	327	463
Other non-financial assets, current	10,508	9,860	8,766
Trade and other receivables, current	82,855	88,046	92,236
Related party receivables, current	122	92	144
Inventory	77,749	55,297	77,979
Biological assets, current	161,905	117,990	115,725
Tax assets, current	2,560	2,672	3,599
Total current assets	**359,551**	**305,032**	**332,628**
Other financial assets, non-current	701	701	762
Other non-financial assets, non-current	18,844	18,869	19,963
Rights receivable, non-current	1,380	1,349	5,434
Related party receivables, non-current	2,401	2,314	2,438
Equity method investments	5,251	4,699	4,697
Intangible assets other than goodwill	50,313	50,313	50,894
Intangible assets	1,214	1,214	1,014
Property, plant and equipment	273,977	255,462	246,292
Biological assets, non-current	16,310	20,582	21,955
Long-term deferred taxes	26,329	24,645	24,652
Total non-current assets	**396,720**	**380,148**	**378,100**
Total assets	**756,271**	**685,180**	**710,728**
Other financial liabilities, current	18,041	1,306	5,462
Operating lease liabilities, current	346	0	0
Trade and other payables, current	108,457	108,548	102,389
Related party payables, current	1,561	784	820
Tax liabilities, current	1,080	6,874	9,362
Employee benefit provisions, current	2,795	2,556	2,600
Total current liabilities	**132,280**	**120,068**	**120,633**
Other financial liabilities, non-current	124,133	80,406	110,863
Operating lease liabilities, non-current	273	0	0
Trade and other payables, non-current	252	302	499
Deferred tax liabilities	20,281	16,168	17,241
Employee benefit provisions, non-current	1,380	1,261	1,364
Total non-current liabilities	**146,319**	**98,137**	**129,967**
Total liabilities	**278,599**	**218,205**	**250,600**
Share capital	284,134	284,134	284,134
Retained earnings (accumulated losses)	28,790	20,808	15,352
Other reserves	50,872	50,784	53,433
Non-controlling interest	113,876	111,249	107,209
Total equity	**477,672**	**466,975**	**460,128**
Total equity and liabilities	**756,271**	**685,180**	**710,728**

Cash Flow Statement (ThUS$)

	Q2 2019	Q2 2018	H1 2019	H1 2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Receipts from sale of goods and provision of services	162,261	186,572	315,127	349,262
Payments				
Payments to suppliers for supply of goods and services	-156,352	-145,057	-285,396	-296,550
Payments to and on behalf of employees	-19,512	-22,933	-39,694	-46,536
Dividends paid	-17,105	-1,006	-17,105	-1,006
Dividends received	574	1,500	574	1,500
Interest paid	-2,443	-1,096	-2,443	-3,347
Interest received	24	63	24	82
Income taxes refunded (paid)	-5,433	-234	-5,433	-234
Other receipts (payments)	0	25	0	25
Net cash flows provided by (used in) operating activities	**-37,986**	**17,834**	**-34,346**	**3,196**
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuing shares	0	0	0	100,975
Proceeds from short-term loans	54,000	4,000	64,230	4,000
Loan repayments	-3,936	-40	-4,028	-59,040
Net cash flows provided by (used in) financing activities	**50,064**	**3,960**	**60,202**	**45,935**
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposals of property, plant and equipment	882	57	1,095	70
Purchases of property, plant and equipment	-16,339	-12,576	-34,762	-25,155
Other receipts (payments)	0	0	0	-200
Net cash flows provided by (used in) investing activities	**-15,457**	**-12,519**	**-33,667**	**-25,285**
Effects of changes in exchange rates on cash and cash equivalents	-123	-321	-5	-335
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-3,502	8,954	-7,816	23,511
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	26,434	24,762	30,748	10,205
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**22,932**	**33,716**	**22,932**	**33,716**

Statement of Changes in Equity (ThUS$)

	Share capital	Share premium	Foreign currency conversion reserve	Cash flow hedge reserve	Other reserves	Total other reserves	Retained earnings (accumulated losses)	Equity attributable to the parent company	Non-controlling interest	Total equity
Opening balance as of January 1, 2018	217,742	155,006	(1)	8		7	(88,614)	284,141	55,821	339,962
Capital increase	66,392	(155,006)					88,614			
Changes in equity										
Dividends accrued							(6,580)	(6,580)		(6,580)
Comprehensive income										
Net profit (loss) for the year							21,932	21,932	6,788	28,720
Other comprehensive income (loss)			(175)	7	53,594	53,426		53,426	44,600	98,026
Closing balance as of June 30, 2018	**284,134**		**(176)**	**15**	**53,594**	**53,433**	**15,352**	**352,919**	**107,209**	**460,128**
Opening balance as of January 1, 2018	217,742	155,006	(1)	8		7	(88,614)	284,141	55,821	339,962
Capitalization of earnings	66,392	(155,006)					88,614			
Changes in equity										
Dividends accrued							(9,974)	(9,974)	(4,279)	(14,253)
Comprehensive income										
Net profit (loss) for the period							30,782	30,782	13,432	44,214
Other comprehensive income (loss)			(419)	(40)	51,236	50,777		50,777	(100)	50,677
Increase for changes in interests in subsidiaries that do not involve loss of control									46,375	46,375
Closing balance as of December 31, 2018	**284,134**		**(420)**	**(32)**	**51,236**	**50,784**	**20,808**	**355,726**	**111,249**	**466,975**
Opening balance as of January 1, 2019	284,134		(420)	(32)	51,236	50,784	20,808	355,726	111,249	466,975
Changes in equity										
Dividends accrued									(2,853)	(2,853)
Comprehensive income										
Net profit (loss) for the period							7,982	7,982	5,451	13,433
Other comprehensive income (loss)			103	(15)		88		88	29	117
Closing balance as of June 30, 2019	**284,134**		**(317)**	**(47)**	**51,236**	**50,872**	**28,790**	**363,796**	**113,876**	**477,672**

Additional Information

Key Financial Indicators

This section compares the Company's key financial indicators based on its consolidated financial statements as of June 30, 2019, compared to December 31, 2018.

	06/30/2019	12/31/2018
Liquidity Indicators		
1) Current Liquidity	2.72	2.54
2) Acid Ratio	0.91	1.10
3) Working Capital (US$ million)	227	185
Debt Indicators		
4) Net Interest-Bearing Debt (NIBD)	0.54	0.40
5) Current Liabilities / Total Liabilities	0.47	0.55
6) Non-Current Liabilities / Total Liabilities	0.53	0.45
Profitability Indicators	(6 months)	(12 months)
7) Return on Equity	1.67%	6.59%
8) Return on Assets	5.93%	20.08%

Notes:
1) Current Liquidity: Current Assets / Current Liabilities
2) Acid Ratio: Current Assets Net of Inventory and Biological Assets / Current Liabilities
3) Working Capital: Current Assets - Current Liabilities
4) Net Interest-Bearing Debt: Total Liabilities - Available Cash / Total Equity
7) Return on Equity: Net Income (Loss) Attributable to Owners of the Parent Company / Total Equity
8) Return on Assets: Gross Margin before Fair Value Adjustment / Total Assets.

The increase of 0.18 in current liquidity is mainly caused by an increase of US$ 12.2 million in current liabilities and an increase of US$ 54.5 million in current assets, as explained in the statement of financial position analysis. As a result of these movements, working capital increased by US$ 42.3 million.

The reduction of 0.19 in the acid ratio is mainly caused by the movements mentioned above and increases in inventory and current biological assets of US$ 66.4 million. These changes have already been explained in the statement of financial position analysis.

The net interest-bearing debt ratio rose from 0.40 to 0.54 mainly due to total liabilities increasing by US$ 60.4 million and equity increasing by US$ 10.7 million. These changes have already been explained in the statement of financial position analysis.

The proportion of long-term liabilities increased from 0.45 to 0.53 as of June 2019 as a result of an increase in non-current liabilities of US$ 48.2 million. These changes have already been explained in the statement of financial position analysis.

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

Cumulative Indicators for the Salmon Farming Division

		H1 2019	H1 2018
a.	Atlantic Salmon Harvests (tons WFE/ Site)	2,662	3,713
b.	Atlantic Salmon Farming Density (kg/m3)	7.5	6.9
c.	Atlantic Salmon Group Survival Rate (sea water)	91.7%	93.1%
d.	Coho Salmon Farming Density (kg/m3)	1.1	N/A
e.	Coho Salmon Group Survival Rate (sea water)	N/A	N/A
f.	EBIT before fair value (US$ million)	16.5	28.4
g.	EBIT before Fair Value Adjustment (/kg WFE)	0.93	1.11

Notes:

a. Harvests for the period, expressed in ex-cage tons / number of sites used, expressed in ex-cage tons per site.

b. and d. Average farming density, expressed in kg per cubic meter for sites harvested during the corresponding period.

c. and e. Survival rate, expressed as harvested fish groups compared to smolt stocking. A harvest group is fish of a similar origin and strain.

f. Gross margin before fair value adjustment - administrative expenses - distribution costs for the salmon farming division

g. Gross margin before fair value adjustment - administrative expenses - distribution costs – result from interest in trout business / kg WFE sold of company-farmed salmon

Biomass Fair Value

Fair Value for the period ended June 30 (ThUS$)

	Gain (loss) on fair value of biological assets		Cost of harvested and sold biological assets	
	H1 2019	H1 2018	H1 2019	H1 2018
Atlantic salmon	28,657	46,360	-25,496	-46,864

The net effect of the Fair Value of the salmon biomass is reflected in two accounts:

a. "Fair value adjustment to biological assets" records the estimated gain or loss for the period from valuing the biomass of live and harvested fish that will be sold in future periods. It can be positive or negative based on variations in the biomass included in the valuation and its market price. A gain of US$ 28.7 million was recorded for the Fair Value Adjustment of the live and harvested biomass as of June 30, 2019, compared to a gain of US$ 46.4 million as of the same date in 2017.

b. "Cost of harvested and sold biological assets" 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 operating revenue and cost of sales. The net effect of the biomass sold as of June 30, 2019, was a loss of US$ 25.5 million, which reversed a positive margin estimated in prior periods, in contrast to a loss of US$ 46.9 million as of June 30, 2018.

The net effect of the fair value adjustment of the salmon biomass for the period ended June 30, 2019, is a positive US$ 3.2 million, as opposed to the negative US$ 0.5 million recorded for the same period in 2018.

Differences between the Market and Book Values of Principal Assets

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

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

The valuation criteria for farmed fish that are being fattened is fair value. This is understood to be their market price less their estimated processing and selling costs. There is a representative market for fish being fattened that are over a certain size, which is 4.0 kg for Atlantic salmon and 2.5 kg for Coho. The market price is used in both cases, adjusted appropriately for each group in the sea, from which the harvesting, processing, packaging, distributing and selling costs are deducted. The volume is adjusted for process wastage.

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

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

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

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

The Company uses the following method:

Stage	Asset	Valuation
Fresh water	Eggs, fry, smolts and breeders	Direct and indirect cumulative costs at their various stages.
Sea water	Atlantic salmon and Coho	Fair Value, based on a market with reference prices and companies that buy and sell these assets. Historically we have considered that this market is for Atlantic salmon over 4 kg and Coho over 2.5 kg. If no market can be identified, then cumulative cost is used.