First Quarter Report

FRESHWATER FISH MARKETING CORPORATION

For the period ended July 31, 2017

FRESHWATER FISH MARKETING CORPORATION
Management's Responsibility for Financial Reporting

Management is responsible for the preparation and fair presentation of these quarterly financial statements in accordance with IAS 34 Interim Financial Reporting and requirements in the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations and for such internal controls as management determines is necessary to enable the preparation of quarterly financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate with the quarterly financial statements.

To the best of our knowledge, these unaudited quarterly financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the corporation, as at the date and for the periods presented in the quarterly financial statements.

Stanley A. Lazar, CPA, CMA
Interim President and Chief Executive Officer
September 8, 2017

Denis P. Lavallée, CPA, CA
Controller

NARRATIVE DISCUSSION

BASIS OF PRESENTATION

The Freshwater Fish Marketing Corporation ("the Corporation") has prepared this report as required by section 131.1 of the *Financial Administration Act* using the standard issued by the Treasury Board of Canada. This narrative should be read in conjunction with the unaudited financial statements, the Corporation's 2017/18 – 2021/22 Corporate Plan Summary and the Corporation's 2016/17 Annual Report which includes the audited annual financial statements for the year ended April 30, 2017.

The Freshwater Fish Marketing Corporation has prepared these unaudited condensed financial statements for the three months ended July 31, 2017 and July 31, 2016 in compliance with International Financial Reporting Standards (IFRS).

This report contains forward looking statements about the Corporation's strategy and expected financial and operational results. Forward looking statements are based on the following broad assumptions: Government of Canada approval of the Corporation's fiscal year 2017/18 to 2021/22 Corporate Plan and no change to the Corporation's current mandate. Key risks and uncertainties are described in the Outlook and Risk Update section of this report. However, some risks and uncertainties are by definition difficult to predict and beyond our control. They include, but are not limited to, economic competitive, financial, environmental, and regulatory conditions. These factors may cause actual results to differ substantially from the expectations stated or implied in forward looking statements.

HIGHLIGHTS

- Profit after tax improved to $4.3 million from $2.0 million compared to same three months of 2016 mainly due to sales volume, competitive market pricing and control of expenses;

- Revenues were strong for the three months ending July 31, 2017;

- The Corporation is on track to achieve the financial goals established in the FY 2017/18 to 2021/22 Corporate Plan

PERFORMANCE

To achieve its objectives, the Corporation strives to continually improve profitability through prudent financial management and efficient operations. The Corporation measures its performance by using key performance indicators meaningful to all stakeholders, including fishers, employees and government. The financial measures below allow the Corporation to monitor and improve performance to create value for its stakeholders.

(in thousands)	3 months ended						
	July 31, 2017	**July 31, 2016**	**Fiscal Budget**	**$ Change**	**% Change**	**$ Change**	**% Change**
				to July 31, 2016		**to fiscal 2017/18 budget**	
Sales volume (kgs)	*2,614*	*2,797*	*2,107*	*(183)*	*-6.5%*	*507*	*24.0%*
Sales revenue	$ 20,604	$ 18,039	$17,431	2,565	14.2%	3,173	18.2%
Expenses	14,935	15,394	15,953	(459)	-3.0%	(1,018)	-6.4%
Profit before taxes	5,669	2,645	1,478	3,024	114.3%	4,191	283.6%
Profit after taxes	4,252	1,984	1,109	2,268	114.3%	3,143	283.6%

OVERVIEW

2017 vs. 2016 actual results

Sales revenue for the three months ended July 31, 2017 increased 14.4% to $20.6 million from $18.0 million in the same period in 2016. The primary contributor to the increase was higher sales revenue for a number of species in 2017 compared to the same period in 2016. Expenses for the three months ending July 31, 2017 were $5.71 per kilogram compared to $5.51 per kilogram in the same period in 2016 because of the mix of fish delivered for processing.

Profit before taxes increased by $3.1 million from $2.6 million in 2016 to $5.7 million in 2017.

Capital expenditures were $0.40 million during the three months ended July 31, 2017. Capital expenditures included investments in vessels, manufacturing equipment and facilities.

2017 vs. 2017 budget

The Corporation experienced higher than planned revenues and profits for the 3 months ended July 31, 2017 mainly due to significant strength in gross sales revenue.

CORPORATE DEVELOPMENTS

The Corporation continues to implement changes to its business model in preparation for the pending withdrawal of Manitoba from the *Freshwater Fish Marketing Act*, expected in December, 2017.

Keith Single was appointed to the Board of Directors in June 2017. Mr. Single will serve as the Chair of the Board's Audit and Risk Committee.

OUTLOOK AND RISK UPDATE

The Corporation's performance is influenced by many factors, including competitive pressures, economic conditions and volatility in deliveries and markets it sells to. A significant portion of the Corporation's revenues is denominated in foreign currencies, mainly US dollars, which exposes the Corporation to foreign exchange risk. The operating and financial results achieved during the 3 months ended July 31, 2017, indicate the Corporation should meet its financial target established in the 2017/18 to 2021/22 Corporate Plan that is pending approval from the Government of Canada.

Material changes in performance could affect the Corporation meeting its annual targets by April 30, 2018.

Other than the above item there have not been any material changes in the other risks to performance discussed in Management's Discussion and Analysis in the 2017 Annual Report.

Information about the Corporation, including the Annual Report and the Corporate Plan Summary can be found at www.freshwaterfish.com once approved by the Government of Canada.

FRESHWATER FISH MARKETING CORPORATION
Statement of Financial Position
As at July 31, 2017
(in thousands of Canadian dollars)
(unaudited)

	As at			
		July 31, 2017		**April 30 2017**
ASSETS				
Current				
Cash	$	2,269	$	1,601
Accounts receivable		10,995		10,239
Prepaid expenses		531		164
Derivative-related asset		501		-
Inventories (Note 7)		22,570		19,591
		36,866		31,595
Non-current				
Property, plant and equipment (Note 8)		20,122		20,162
Intangible assets (Note 9)		131		144
		20,253		20,306
Total assets	**$**	**57,119**	**$**	**51,901**
LIABILITIES AND EQUITY				
Current				
Accounts payable and accrued liabilities (Notes 6 and 10)	$	6,334	$	5,699
Accrued obligation for employee benefits (Note 12)		560		560
Provision for final payment to fishers		3,500		3,500
Loans payable (Notes 6 and 11)		25,275		23,574
Provision for environmental liability (Note 16)		388		434
Derivative-related liabilities (Note 6)		-		1,318
		36,057		35,085
Non-current				
Deferred tax liabilities		1,673		1,673
Accrued obligation for employee benefits (Note 12)		216		222
		1,889		1,895
Equity				
Retained earnings		19,173		14,921
Total liabilities and equity	**$**	**57,119**	**$**	**51,901**

Commitments and contingencies (Note 16)

The accompanying notes are an integral part of these financial statements.

FRESHWATER FISH MARKETING CORPORATION
Statement of Comprehensive Income
For the 3 months ended July 31, 2017
(in thousands of Canadian dollars)
(unaudited)

	3 months ended	
	July 31, 2017	July 31, 2016
Sales		
Export	$ 16,885	$ 15,612
Domestic	3,719	2,427
	20,604	18,039
Cost of sales		
Opening inventory of processed fish products	18,497	18,639
Add fish purchases and processing expenses:		
Fish purchases	9,332	9,246
Plant salaries, wages and benefits	3,443	3,503
Packing allowances and agency operating costs	1,318	1,299
Packaging and storage	1,292	1,156
Freight	709	702
Repairs and maintenance, Winnipeg plant	343	315
Utilities and property taxes	333	673
Depreciation of production assets (Note 8)	351	373
Other	150	132
	35,768	36,038
Less ending inventory of processed fish products, net of write-downs (Note 7)	(21,445)	(22,444)
	14,323	13,594
Gross profit on operations	**6,281**	**4,445**
Marketing and administrative expenses		
Salaries and benefits	613	855
Commissions (Note 13)	334	337
Data processing, office and professional services	457	310
Advertising and promotion	40	48
Meeting fees and expenses	15	7
Other	46	62
Depreciation and amortization of administration assets (Notes 8 and 9)	30	25
	1,535	1,644
Other income and expenses		
Net foreign exchange gain (Note 6)	(427)	(129)
Net financial derivative (gain) loss (Note 6)	(721)	316
Other revenue (Note 14)	(342)	(516)
Other expenses (Note 14)	390	323
Finance income	(5)	(2)
Finance costs	181	164
	(923)	156
Profit before provision for final payment to fishers and income tax	**5,669**	**2,645**
Income tax expense	1,417	661
Total comprehensive income	$ 4,252	$ 1,984

The accompanying notes are an integral part of these financial statements.

FRESHWATER FISH MARKETING CORPORATION
Statement of Changes in Equity
For the period ended July 31, 2017
(in thousands of Canadian dollars)
(unaudited)

	3 months ended July 31, 2017	12 months ended April 30, 2017
Retained earnings at the beginning of the period	$ 14,921	$ 11,888
Total comprehensive income for the period / year	4,252	3,033
Retained earnings at the end of the period	$ 19,173	$ 14,921

The accompanying notes are an integral part of these financial statements.

FRESHWATER FISH MARKETING CORPORATION
Statement of Cash Flows
For the period ended July 31, 2017
(in thousands of Canadian dollars)
(unaudited)

	3 months ended	
	July 31, 2017	July 31, 2016
Operating activities		
Comprehensive income for the period	$ 4,252	$ 1,984
Add (deduct) items not affecting cash:		
Future tax expense	-	661
Depreciation and amortization	419	427
Gain on disposal of property, plant and equipment	(1)	-
Write-down of inventory	2,276	2,345
Unrealized foreign exchange loss on US$ promissory note	-	13
(Decrease) increase in derivative-related liabilities	(1,819)	288
Increase in provision for final payment to fishers	-	-
Increase in provision for environmental liability	-	(283)
Net changes in non-cash working capital:		
Increase in accounts receivable	(756)	(1,268)
Increase in inventories	(5,255)	(6,204)
Increase in prepaid expenses	(367)	(380)
(Decrease) increase in accounts payable and accrued liabilities	635	156
Decrease in provision for environmental liability	(46)	-
Decrease in accrued obligation for employee benefits	(6)	(9)
Cash used in operating activities	**(668)**	**(2,270)**
Investing activities		
Additions to property, plant and equipment and intangible assets	(395)	(454)
Proceeds on disposal of property, plant and equipment	30	-
Cash used in investing activities	**(365)**	**(454)**
Financing activities		
Loans payable issued	1,934	2,884
Repayment of loans	(233)	(234)
Cash provided by financing activities	**1,701**	**2,650**
Increase (decrease) in cash during the period	**668**	**(74)**
Cash at the beginning of the period	1,601	1,172
Cash at the end of the period	**$ 2,269**	**$ 1,098**

The accompanying notes are an integral part of these financial statements.

1. NATURE AND DESCRIPTION OF THE CORPORATION

The Freshwater Fish Marketing Corporation was established in 1969 pursuant to the *Freshwater Fish Marketing Act* for the purpose of marketing and trading in fish, fish products and fish by-products in and outside of Canada.

The Corporation is required to purchase all fish legally caught in the freshwater region, which currently encompasses the provinces of Alberta and Manitoba and the Northwest Territories. Participation of these provinces and territory was established by agreement with the Government of Canada. The Corporation is required to conduct its operations on a self-sustaining basis without appropriations from Parliament. In accordance with the *Freshwater Fish Marketing Act*, the legislative borrowing limit of the Corporation is $50 million. As at April 30, 2017, the total borrowings of the Corporation may not exceed $32.9 million as authorized by the Minister of Finance.

The address of the Corporation's registered office and principal place of business is 1199 Plessis Road in Winnipeg, Manitoba. The Corporation is an agent Crown corporation named in Part I of Schedule III of the *Financial Administration Act*. The Corporation is a prescribed federal Crown corporation for tax purposes and is subject to federal income tax under the *Income Tax Act.*

In July 2015, the Corporation was issued a directive (P.C. 2015-1108) pursuant to section 89 of the *Financial Administration Act* to align its travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with its legal obligations, and to report on the implementation of this directive in the Corporation's next corporate plan. The Corporation is planning to achieve full implementation of this directive by October 2017.

2. FUTURE OF THE CORPORATION

In August 2016, the Province of Manitoba gave notice to the Government of Canada of its intent to withdraw from its agreement to participate in the *Freshwater Fish Marketing Act* and introduced Bill 23 to amend *The Fisheries Act* (Manitoba) on March 15, 2017. This Bill will remove Manitoba from the participation agreement it entered into under the *Freshwater Fish Marketing Act* and Manitoba will no longer be a participating province under that Act.

The Province's withdrawal presents a significant risk to the Corporation's operations and financial sustainability because Manitoba fishers supply approximately 80 percent of the Corporation's raw materials. The Corporation's 2017-18 to 2021-22 Corporate Plan, which has been submitted to the Minister for approval, proposes a revised business model for the Corporation given Manitoba's intent to withdraw its participation in the *Freshwater Fish Marketing Act*.

The Corporation is working with affected stakeholders to prepare for the transition to an open market environment in Manitoba. Securing a steady supply of fish to utilize the processing infrastructure at the Winnipeg plant and meet commitments to customers in world markets is a priority for the Corporation. As such, the Corporation has begun entering into long-term supply contracts with Manitoba fishers as it has with Saskatchewan fishers following that province's withdrawal from its participating agreement in 2012. To date, a significant number of Manitoba fishers have signed such agreements.

These financial statements do not include any adjustments to the carrying value of assets and liabilities and the reported revenues and expenses that might be necessary if the Corporation was not successful in achieving the above.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of presentation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements were prepared on the historical cost basis, except for derivative instruments which were measured at fair value.

The significant accounting policies summarized below have been applied consistently to all periods presented in the financial statement balances.

Unless otherwise stated, these financial statements are presented in thousands of Canadian dollars, which is the functional currency of the Corporation.

The financial statements were approved and authorized for issue by the Board of Directors of the Corporation on July 12, 2017.

3.2 Cash

Cash is composed of money in the bank.

3.3 Accounts receivable

Accounts receivable are recognized at their anticipated realizable value, which is the original invoice amount less an estimated allowance for impairment loss on these receivables. An estimated impairment loss on receivables is made when there is objective evidence that the Corporation will not be able to collect all amounts due according to the original terms of the receivables.

3.4 Inventories

Processed fish products are recorded at the actual cost of fish purchases throughout the period plus direct labour and overhead directly related to processing. The Corporation uses a weighted-average cost formula to assign fixed and variable overhead costs to processed fish product inventory. At the reporting date inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. Inventory write-downs and reversals of write-downs are included in cost of sales in the statement of comprehensive income.

3.5 Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

3.5.1 Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest expense over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the net carrying amount on initial recognition.

3.6 Financial assets

The Corporation's financial assets are classified into the following specified categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular purchases or sales of financial assets are recognized and derecognized on a trade date basis.

3.6.1 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment write-downs. Assets in this category include accounts receivable and are classified as current assets in the statement of financial position.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be insignificant.

3.6.2 Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as FVTPL when the financial asset is either held for trading or it is designated as FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that the Corporation manages together and has a recent actual pattern of short-term profit-taking;
- it is a derivative that is not designated or effective as a hedging instrument; or
- a financial asset other than a financial asset held for trading may be designated as FVTPL upon initial recognition.

Financial assets classified as FVTPL are presented at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 6.2.

The Corporation has not designated any financial assets as FVTPL.

3.6.3 Impairment of financial assets

Financial assets, other than those classified as FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the debtor;
- breach of contract, such as a default or delinquency in payments;
- it becoming probable that the debtor will enter bankruptcy or financial re-organization; or
- significant decrease in creditworthiness of the debtor.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the bad debt. Changes in the carrying amount of the allowance account are recognized in profit or loss.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

3.6.4 Derecognition of financial assets

The Corporation derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

3.7 Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

3.7.1 Financial liabilities at fair value through profit or loss

Financial liabilities are classified as FVTPL when the financial liability is either held for trading or it is designated as FVTPL.

A financial liability is classified as held for trading using the same criteria described in Note 3.6.2 for a financial asset classified as held for trading.

The Corporation has not designated any financial liabilities as FVTPL at the end of the reporting period.

Financial liabilities classified as FVTPL are presented at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 6.2.

3.7.2 Other financial liabilities

Other financial liabilities are initially measured at fair value net of transaction costs. Other financial liabilities (including borrowings) are subsequently measured at amortized cost using the effective interest method.

3.7.3 Derecognition of financial liabilities

The Corporation derecognizes financial liabilities when the Corporation's obligations are discharged, cancelled or they expire.

3.8 Derivative financial instruments

The Corporation selectively utilizes derivative financial instruments primarily to manage financial risks and to manage exposure to fluctuations in foreign exchange rates and interest rates. The Corporation's policy is not to enter into derivative instruments for trading or speculative purposes.

Derivatives are initially recognized at fair value when the Corporation becomes a party to the contractual provisions of the instrument and are subsequently remeasured to their fair value at the end of each reporting period. The hedges entered into represent economic hedges. Attributable transaction costs are recognized in profit or loss as incurred. The resulting gain or loss is recognized in profit or loss immediately.

(in thousands of dollars)

A derivative with a positive fair value is recognized as a financial asset; a derivative with a negative fair value is recognized as a financial liability. A derivative is presented as a non-current asset or a non-current liability on the statement of financial position if the remaining contractual maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

3.9 Capital assets

3.9.1 Asset recognition

Property, plant and equipment are recorded at cost less accumulated depreciation and any accumulated impairment losses. Costs include directly attributable costs. The cost of self-constructed assets includes the cost of materials and direct labour, and other costs directly attributable to bringing the assets to a working condition for their intended use, the cost of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets for which the commencement date for capitalization is on or after May 1, 2010.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

3.9.2 Depreciation

Depreciation is based on the estimated useful lives of the assets using the straight-line method.

Buildings:	Lake stations and other building improvements	5 to 65 years
	Plant	40 years
Equipment:	Machinery and office equipment	3 to 40 years
	Automotive	5 years
Fresh fish delivery tubs/totes		3 to 10 years
Vessels		3 to 35 years

The cost for plant assets being upgraded or purchased that are not yet operational are charged to construction in progress. When the assets become operational, the cost is transferred to the appropriate property, plant and equipment classification and depreciated accordingly.

Freehold land is not depreciated.

Useful lives, residual values and depreciation methods are reviewed at each reporting period and necessary adjustments are recognized on a prospective basis as changes in estimates.

3.9.3 Subsequent costs

Repairs and maintenance costs are expensed when incurred.

Costs incurred on a replacement part for property, plant and equipment are recognized in the carrying amount of the affected item when the costs are incurred.

The costs of major inspections or overhauls are recognized in the carrying amount of the item or as a replacement. Any remaining carrying amount of the cost of the previous inspection is derecognized.

3.9.4 Derecognition

An item of property, plant and equipment is derecognized upon disposal or when no further future economic benefit is expected from its use or disposal. The gain or loss on disposal or retirement of an item is determined to be the difference between the net disposal proceeds, if any, and the carrying amount of the item.

3.10 Intangible assets

Intangible assets include costs associated with information systems software, including initial set-up and configuration costs. These costs are amortized, after technological feasibility is established, using a straight-line method over the estimated useful life of five years. The Corporation has no indefinite intangible assets. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at each reporting period. If the expected useful life of the asset is different from previous estimates, the amortization period shall be changed accordingly on a prospective basis as a change in estimate.

3.11 Impairment of tangible and intangible assets

The Corporation assesses at each reporting date whether there is an indication that an asset may be impaired. If such an indication exists, or when annual testing for an asset is required, the Corporation estimates the asset's recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Value in use is determined by discounting estimated future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and the specific risks of the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Corporation bases its impairment calculation on a detailed budget and forecast to which the assets are allocated. The budget and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

An impairment loss is recognized in the statement of comprehensive income if an asset's carrying amount is higher than its recoverable amount. Impairment losses are recognized in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Corporation estimates the asset's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset in a prior period. Such a reversal is recognized in the statement of comprehensive income.

3.12 Payments to fishers and retained earnings

The Corporation purchases fish at initial prices established by the Board of Directors based upon operational forecasts prepared by the Corporation and the cost of such purchases is included in cost of sales. Final payments to fishers, if any, are approved by the Board of Directors. The Corporation recognizes the final payment to fishers as a liability in the statement of financial position and as an expense on the statement of comprehensive income.

A final payment to fishers is calculated based on the following formula: Annual comprehensive income before income tax plus annual depreciation less the three-year rolling average (the current and previous two fiscal years) of cash purchases of capital assets.

However, regardless of the formulated final payment calculation, the Board of Directors reserves final decision as to when and how much cash and/or retained earnings will be distributed to fishers in the form of a final payment.

3.13 Foreign currency translation

Revenues and expenses are translated into Canadian dollars using the monthly average exchange rate for the month in which the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect at the reporting date. All foreign exchange gains and losses incurred are included in net foreign exchange gain or loss in the statement of comprehensive income.

3.14 Employee benefits

3.14.1 Current employee benefits

Current employee benefits are employee benefits that are due to be settled within twelve months after the end of the period in which the employees render their related service. The Corporation's current benefits include wages and salaries, annual leave and other types of current benefits.

The Corporation recognizes the undiscounted amount of current employee benefits earned by an employee in exchange for services rendered during the period as a liability in the statement of financial position, after deducting any amounts already paid as an expense in profit and loss.

3.14.2 Pension benefits

Substantially all of the employees of the Corporation are covered by the Public Service Pension Plan (the Plan), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation to cover current service cost. Pursuant to legislation currently in place, the Corporation has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the year when employees have rendered service and represent a pension obligation of the Corporation.

The accrued obligation for employee benefits includes the net present value of the liability for the employer's cost of buyback service related to an agreement with the Corporation's union that established the employment status of its fish plant employees on a go forward basis and retroactively to April 1, 1973. The Corporation is required to fund the employer's portion of any employee contributions that arise from this agreement.

3.14.3 Accrued obligation for workers' compensation

The Corporation is subject to the *Government Employees Compensation Act* and, therefore, is self-insured for benefits for work-related injuries of the employees of the Freshwater Fish Marketing Corporation. As a self-insured employer, the Corporation is accountable for all such liabilities incurred since incorporation. Liabilities for workers' compensation benefits are recorded based on known injuries or illnesses that have occurred.

The accrued obligation for workers' compensation represents the actuarially determined net present value of liabilities for benefits for work-related injuries of the employees of the Freshwater Fish Marketing Corporation when awards are approved by the Workers Compensation Board of Manitoba, or when legislative amendments are made and the anticipated future costs can be reasonably calculated. Changes in the net present value of this unfunded liability are based on updated actuarial estimates of future costs as a result of actual experience and changes in actuarial assumptions. Adjustments arising from actuarial gains and losses are recognized in the year in which they occur.

3.14.4 Accrued obligation for sick leave benefits

The Corporation's sick leave benefit plan provides accumulating sick leave benefits to eligible employees. The plan is an unfunded defined benefit plan paid on a cash basis by contributions from the Freshwater Fish Marketing Corporation.

The accrued obligation for sick leave benefits represents the actuarially determined net present value of liabilities for sick leave benefits for eligible employees of the Freshwater Fish Marketing Corporation.

Changes in the net present value of this unfunded liability are based on updated actuarial estimates of future costs as a result of actual experience and changes in actuarial assumptions. Adjustments arising from actuarial gains and losses are recognized in the year in which they occur.

3.15 Revenue recognition

Sales, net of promotional allowances and sales returns, are recorded on an accrual basis and are recognized when all of the following criteria have been satisfied:

- the Corporation has transferred to the buyer the significant risks and rewards of ownership;
- the Corporation retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably; it is probable that the economic benefits associated with the transaction will flow to the Corporation; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

3.16 Provisions

Provisions are recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the Corporation expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

3.17 Income tax

Income tax expense comprises the sum of the tax currently payable and deferred tax.

3.17.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Corporation's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3.17.2 Deferred tax
Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3.17.3 Current and deferred tax for the period
Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

Preparation of the financial statements requires the use of estimates and assumptions to be made in applying the accounting policies that affect the reported amounts of assets, liabilities, income, expenses and the disclosure of contingent liabilities. The estimates and related assumptions are based on previous experience and other factors considered reasonable under the circumstances, the results of which form the basis of making assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgments made by management in the application of IFRS that have significant effect on the financial statements relate to the following:

4.1.1 Impairment of non-financial assets
The Corporation's impairment test is based on value in use calculations that use a discounted cash flow model. The cash flows are derived from the budget for the next five years and are sensitive to the discount rate used as well as the expected future cash inflows and the growth rate used for extrapolation purposes. Refer to Note 3.11.

4.1.2 Capital assets

Capital assets, comprising property, plant and equipment and intangible assets with finite useful lives are depreciated or amortized over their useful lives. Useful lives are based on management's estimates of the periods of service provided by the assets. The useful lives of these assets are periodically reviewed for continued appropriateness. Changes to the useful life estimates would affect future depreciation and amortization expense and the future carrying value of assets. Refer to Notes 3.9.2 and 3.10.

4.1.3 Inventory valuation allowance

Inventory valuation allowance is estimated for slow moving or obsolete inventories. Management reviews the estimation regularly. Any change in the estimation will impact the inventory valuation allowance.

4.1.4 Income tax

The Corporation operates in a jurisdiction which requires calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Liabilities are recognized for anticipated tax exposures based on estimates of the additional taxes that are likely to become due. Where the final tax outcome of these matters is different from the amount that was initially recorded, such differences will affect the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax liabilities are comprised of temporary differences between the carrying values and tax basis of liabilities. The timing of the reversal of temporary differences may take many years and the related deferred tax is calculated using substantively enacted tax rates for the related period.

If future outcomes were to adversely differ from management's best estimate of future results from operations affecting the timing of reversal of deductible temporary differences, the Corporation could experience material deferred income tax adjustments. Such deferred income tax adjustments would not result in an immediate cash outflow nor would they affect the Corporation's immediate liquidity.

5. APPLICATION OF NEW AND REVISED IFRS

5.1 New and revised IFRS affecting amounts reported and/or disclosed in the financial statements

In the current year, the Corporation reviewed new and revised IFRS issued by the International Accounting Standards Board (IASB) that became effective during the year ended April 30, 2017. The new and revised IFRS did not have any impact on the Corporation's financial statements.

5.2 New and revised IFRS issued but not yet effective

The Corporation reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Corporation's financial statements in future years.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the complete version of IFRS 9, "Financial Instruments", first issued in November 2009, which brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces a principles-based approach to the classification of financial assets based on an entity's business model and the nature of the cash flows of the asset. The mandatory effective date of IFRS 9 is January 1, 2018.

The Corporation is currently evaluating the impact of the adoption of IFRS 9 on its financial statements; therefore, the impact is not known at this time.

IFRS 15 Revenue from Contracts with Customers
In May 2014, the IASB issued IFRS 15, "Revenue from Contracts with Customers", which establishes principles for reporting about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The mandatory effective date of IFRS 15 is January 1, 2018.

The Corporation has not assessed the impact of the adoption of IFRS 15 on its financial statements; however, adoption of the amendment is not expected to have a significant impact on the Corporation's financial statements.

IFRS 16 Leases
In January 2016, the IASB issued IFRS 16, "Leases", which sets out the principles that both parties to a contract apply in order to provide relevant information about leases in a manner that faithfully represents those transactions. IFRS 16 requires all significant leases to be reported on the lessee's statement of financial position. There are also changes in accounting over the life of the lease. In particular, the lessee will recognize a front-loaded pattern of expense for most leases, even when it pays constant annual rentals. Lessors' accounting treatment remains similar to current practice. They continue to classify leases as finance and operating leases. The mandatory effective date of IFRS 16 is January 1, 2019.

The Corporation has not assessed the impact of the adoption of IFRS 16 on its financial statements; however, adoption of the amendment is not expected to have a significant impact on the Corporation's financial statements.

IAS 7 Statement of Cash Flows
In January 2016, the IASB amended IAS 7, "Statement of Cash Flows", which requires an entity to present a statement of cash flows as an integral part of its primary financial statements. These narrow-scope amendments to IAS 7 requires entities to disclose information about changes in their financing liabilities as part of this statement. The mandatory effective date of the amendment is January 1, 2017.
The Corporation is currently evaluating the impact of the adoption of the IAS 7 amendments on its financial statements; therefore, the impact is not known at this time.

(in thousands of dollars)

6. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

6.1 Capital risk management

The Corporation is subject to the *Freshwater Fish Marketing Act* and the *Financial Administration Act* and any directives issued pursuant to these acts. These Acts affect how the Corporation manages its capital by, among other things, setting broad objectives for the Corporation. Specifically, the Corporation must have regard for the need to conduct its operations on a self-sustaining financial basis while generating a return to fishers.

The Corporation defines and computes its capital as follows:

	As at July 31 2017		As at April 30, 2017	
Retained earnings	$	19,173	$	14,921
Loans payable		25,275		23,574
	$	44,448	$	38,495

The Corporation's objectives in managing its capital are to:

- provide sufficient liquidity to support its financial obligations and its operating and strategic plans;
- generate increasing returns to the fishers; and
- maintain financial capacity and access to credit facilities to support future development of the business, including for capital expenditures.

During the year, the Corporation primarily relied on cash flows provided by operating activities to support its objectives.

The Corporation's ability to obtain additional capital is subject to market conditions and pursuant to the provisions of the above-noted acts. The limitations on the borrowings of the Corporation and its access to credit facilities are outlined in Note 1. Pursuant to Part X of the *Financial Administration Act*, the Corporation must indicate its intention to borrow money in its annual corporate plan, or in an amendment thereto, which are subject to the approval of the Board of Directors and the Governor in Council. The timing of future borrowings is not determinable.

These objectives and strategies are reviewed during the annual corporate planning process and are approved by the Minister of Finance. Borrowings must also be approved by the Board of Directors. The Corporation's overall strategy with respect to capital risk management remains unchanged from the year ended April 30, 2016 as payouts to fishers are based on annual comprehensive income before income tax plus annual depreciation less the three-year rolling average of cash purchases of capital assets.

The Corporation is not subject to any externally imposed capital requirements.

6.2 Classification and fair value measurements of financial instruments

6.2.1 Carrying amount and fair value of financial instruments

The carrying amounts of the Corporation's financial assets and financial liabilities approximate the fair values of the financial assets and liabilities.

The Corporation did not have any held-to-maturity or available-for-sale financial assets at the end of the reporting period presented.

(in thousands of dollars)

The Corporation estimated the fair values of its financial instruments as follows:

i) The carrying amounts of cash, accounts receivable and accounts payable and accrued liabilities approximate their fair values as a result of the relatively short-term nature of these financial instruments.

ii) The fair value of loans payables has been estimated based on a discounted cash flow approach using current market rates appropriate as at the respective date presented.

iii) The fair values of the Corporation's foreign currency forward and interest rate swap contracts are based on estimated credit-adjusted market prices. The Corporation takes counterparty risk and its own risk into consideration for the fair value of financial instruments.

6.2.2 Fair value hierarchy

Financial instruments, other than those that are not subsequently measured at fair value and for which fair value approximates carrying value, whether or not they are carried at fair value in the statement of financial position, must have their fair value disclosed and be classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The fair value measurement of cash is classified as Level 1 of the fair value hierarchy as at July 31, 2017 and April 30, 2017. The fair value measurements of all other financial instruments held by the Corporation are classified as Level 2 of the fair value hierarchy as at July 31, 2017 and April 30, 2017

There were no transfers of financial instruments between levels during the period ended July 31, 2017

The fair value measurements of the derivative financial instruments as recorded in the statement of financial position are classified as follows:

	As at July 31 2017	As at April 30, 2017
Derivative-related assets (liabilities)	$ 501	$ (1,318)

6.2.3 Finance costs

The Corporation has recorded finance costs in relation to the following financial instruments:

	As at July 31 2017	As at July 31 2016
Interest expense on loans and other payables	$ 181	$ 164

(in thousands of dollars)

6.3 Financial risk management objectives and framework

The Corporation has exposure to the following risks from its use of financial instruments:

i) credit risk
ii) liquidity risk
iii) market risk (includes currency risk and interest rate risk)

The Board of Directors has overall responsibility for the establishment and oversight of the Corporation's risk management framework. The Audit and Risk Committee assists the Board of Directors and is responsible for review, approval and monitoring the Corporation's risk management policies including the development of a risk management program which involves establishing corporate risk tolerance, identifying and measuring the impact of various risks, and developing risk management action plans to mitigate risks that exceed corporate risk tolerance. The Audit and Risk Committee regularly reports to the Board of Directors on its activities.

6.3.1 Credit risk management

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Corporation's cash, accounts receivable and derivative financial instruments. The Corporation has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Corporation's exposure and the credit ratings of its counterparties are continuously monitored.

The carrying amount of financial assets recorded in the financial statements represents the maximum risk exposure.

6.3.2 Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. The Corporation manages liquidity risk by continuously monitoring actual and forecasted cash flows to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Corporation's reputation.

The following table presents the earliest possible contractual maturities for accounts payable and accrued liabilities, derivative financial liabilities and loans payable as at April 30. The Corporation's expected cash flows on certain instruments vary significantly from this analysis. For example, loans that are callable in nature are included in the earliest time band.

	As at July 31 2017	As at April 30, 2017
Accounts payable and accrued liabilities	$ 6,334	$ 5,699
Derivative-related (assets) liabilities	(501)	1,318
Loans payable	25,275	23,574
	$ 31,108	$ 30,591

(in thousands of dollars)

6.3.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Corporation's future cash flows or the fair values of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return on risk.

Foreign exchange risk

The Corporation is exposed to currency risk on a significant portion of its sales transactions which are denominated in U.S. dollars. The Corporation manages its exposure to exchange rate fluctuations between U.S. and the Canadian dollar by entering into currency forward contracts.
A portion of loans payable as at April 30, 2017 were denominated in U.S. dollars. These U.S. dollar denominated loans were repaid in their entirety in May 2017.

The Corporation is exposed to currency risk through its cash, accounts receivable, accounts payable, and accrued liabilities and loans payable as follows:

(in U.S. $ thousands)	**As at July 31 2017**	**As at April 30, 2017**
Cash	$ 1,512	$ 1,272
Accounts receivable	4,770	4,586
Accounts payable and accrued liabilities	(25)	(503)
Loans payable		(4,000)
Net assets exposed to currency risk	$ 6,257	$ 1,355

Interest rate risk

The Corporation is exposed to interest rate risk on its loans payables. The Corporation manages its exposure to fluctuations of interest rates by entering into interest rate swaps that are approved by the Board of Directors.

The Corporation uses an interest rate swap to limit exposure to fluctuations in interest rates. Interest rate swaps are contracts that provide the Corporation with the ability to exchange a floating payment for a fixed payment that is linked to an interest rate.

The Corporation also uses such contracts in the process of managing its overall cash requirements. Included on the statement of financial position are net derivative-related assets of $501 (April 30 2017 – liabilities of $1,318) representing the fair value of derivative financial instruments held:

	As at July 31 2017	**As at April 30, 2017**
At maturity variable rate forwards - asset	$ 1,156	$ -
At maturity variable rate forwards - (liability)		($236)
Interest rate swaps - (liability)	($655)	($1,082)
	$ 501	$ (1,318)

(in thousands of dollars)

Notional principal amounts outstanding are listed below for interest rate swap contracts entered into by the Corporation:

	As at July 31 2017	As at April 30, 2017
At maturity variable rate forwards	$ 11,500	$ 10,750
Interest rate swaps	12,575	12,808
	$ 24,075	$ 23,558

Other price risk

The Corporation does not believe it is exposed to any other significant price risk in relation to its financial instruments.

7. INVENTORIES

	As at July 31 2017	As at April 30, 2017
Supplies	$ 1,125	$ 1,094
Processed fish products	23,721	20,836
Write-down of processed fish products expensed in the year	(2,276)	(2,339)
	$ 22,570	$ 19,591

The amount of inventories recognized as an expense during the period is $35,768 (July 31, 2016 - $36,038). There is no pledged collateral in respect of inventory. There were no prior write-downs reversed in the current period.

8. PROPERTY, PLANT AND EQUIPMENT

	July 31, 2017	April 30, 2017
Cost	$ 44,730	44,391
Accumulated depreciation	(24,608)	(24,229)
Carrying amount	**$ 20,122**	**20,162**
Carrying amount by asset class		
Land	$ 336	336
Building	5,369	5,444
Equipment	11,651	11,581
Fresh fish delivery tubs/totes	136	138
Vessels	2,627	2,660
Construction in progress	3	3
Carrying amount	**$ 20,122**	**20,162**

(in thousands of dollars)

Cost	**Land**	**Buildings**	**Equipment**	**Fresh fish delivery tubs/totes**	**Vessels**	**Construction in progress**	**Total**
Balance at May 1, 2016	$ 336	$ 13,972	$ 22,406	$ 1,323	$ 3,446	$ 1,194	$ 42,677
Additions	-	299	1,202	39	617	-	2,157
Transfers	-	366	825	-	-	(1,191)	-
Adjustment	-	-		-	-	-	-
Disposals	-	-	(443)	-	-	-	(443)
Balance at April 30, 2017	336	14,637	23,990	1,362	4,063	3	44,391
Additions		16	372				388
Transfers							-
Adjustments							-
Disposals			(49)				(49)
Balance at Julyl 31, 2017	**$ 336**	**$ 14,653**	**$ 24,313**	**$ 1,362**	**$ 4,063**	**$ 3**	**$ 44,730**
Accumulated depreciation							
Balance at May 1, 2016	$ -	$ 8,826	$ 11,495	$ 1,200	$ 1,282	$ -	$ 22,803
Depreciation	-	367	1,092	24	121	-	1,604
Adjustments	-	-		-	-	-	-
Disposals	-	-	(178)	-	-	-	(178)
Balance at April 30, 2017	-	9,193	12,409	1,224	1,403	-	24,229
Depreciation		91	273	2	33		399
Adjustments							-
Disposals			(20)				(20)
Balance at July 31, 2017	**$ -**	**$ 9,284**	**$ 12,662**	**$ 1,226**	**$ 1,436**	**$ -**	**$ 24,608**
Carrying amount as at July 31, 2017	**$ 336**	**$ 5,369**	**$ 11,651**	**$ 136**	**$ 2,627**	**$ 3**	**$ 20,122**

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No indicators of impairment were found for property, plant and equipment as at July 31, 2017.

No property, plant and equipment were pledged as security for borrowing as at July 31, 2017.

9. INTANGIBLE ASSETS

	Information systems software
Cost	
Balance at May 1, 2016	$ 459
Additions	99
Transfers	-
Disposals	-
Balance at April 30, 2017	558
Additions	7
Disposals	-
Balance at July 31, 2017	**$ 565**
Accumulated amortization	
Balance at May 1, 2016	$ 346
Amortization	68
Disposals	-
Balance at April 30, 2016	414
Amortization	20
Disposals	-
Balance at July 31, 2017	**$ 434**
Carrying amount at July 31, 2017	**$ 131**

No indicators of impairment were identified for intangible assets as at April 30, 2017.

(in thousands of dollars)

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at July 31 2017	As at April 30, 2017
Canadian dollars	$ 6,303	$ 5,018
Denominated in U.S. dollars	31	681
Total accounts payable and accrued liabilities	$ 6,334	$ 5,699

11. LOANS PAYABLE

	As at July 31 2017	As at April 30, 2017
Bankers' acceptances	$ 25,275	$ 18,108
Promissory note	-	5,466
Total loans payable	$ 25,275	$ 23,574

The loans payable consist of the following borrowing facilities:

A $12,700 (April 30, 2017 – $5,300) bankers' acceptance bearing interest at an annual rate of 1.77% (April 30, 2017 – 1.49%) and maturing on August 3, 2017. The weighted-average interest rate during the period was 1.65% (April 30, 2017 – 1.53%). Subsequent to August 3, 2017, new bankers' acceptances were entered into at a rate of 1.80%.

A $7,375 (April 30, 2017 – $7,500) bankers' acceptance with an interest rate swap bearing an interest rate at 3.47% if the floating rate option on any reset date is less than or equal to 3.65%. If the floating rate option on any reset date is greater than 3.65%, the fixed rate for the calculation period is 4.22%. The Corporation hedges the loan for interest rate risk via an interest rate swap exchanging variable rate interest for fixed rate interest. The structure of the loan involves the use of a revolving bankers' acceptance and an interest rate swap to lock in the interest rate for 15 years.

A $5,200 (April 30, 2017 – $5,308) bankers' acceptance with an interest rate swap bearing an interest rate at 3.50% if the floating rate option on any reset date is less than or equal to 3.80%. If the floating rate option on any reset date is greater than 3.80%, the fixed rate for the calculation period is 4.25%. The Corporation hedges the loan for interest rate risk via an interest rate swap exchanging variable rate interest for fixed rate interest. The structure of the loan involves the use of a revolving bankers' acceptance and an interest rate swap to lock in the interest rate for 12.25 years.

The principal of the bankers' acceptances as at July 31, 2017 is $25,275 (April 30, 2017 – $18,108) and the fair value of the loans are $25,575 (April 30, 2017 – $18,108).

A $4,000 U.S. dollar denominated promissory note ($5,466 Canadian dollars) was on hand at April 30, 2017. The promissory note was repaid in its entirety in May 2017.

The bankers' acceptances and promissory note are authorized by the Minister of Finance (Note 1).

(in thousands of dollars)

12. EMPLOYEE BENEFITS

12.1 Pension benefits

Substantially all of the employees of the Corporation are covered by the Public Service Pension Plan (the Plan), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The employer's contribution rate effective at July 31, 2017 for employees enrolled in the Plan prior to January 1, 2013 was 1.01 (April 30, 2017 – 1.15) and for employees enrolled in the Plan beginning January 1, 2013 was 1.0 (April 30, 2017 – 1.11). Total contributions of $265 (July 31, 2016 – $307) were recognized as an expense in the current period

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of two percent of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with the Canada Pension Plan benefits and are indexed to inflation.

Contributions to the Public Service Pension Plan consisted of:

	As at July 31 2017	As at July 31 2016
Contributions by the Corporation	$ 265	$ 307
Contributions by employees	$ 265	$ 269

Effective June 1, 2007, the Corporation concluded an agreement with its union that established the employment status of its fish plant employees on a go forward basis and retroactively to April 1, 1973. During 2011, the Corporation agreed to terms with the Public Service Pension Centre (PSPC) that established the manner in which the Corporation will document cases for employees who should become members under the *Public Service Superannuation Act* (PSSA) retroactively and on a go forward basis. It also established how the PSPC will deal with those cases in establishing the pension status of the Corporation's fish plant employees. The PSPC establishes the employee's eligibility to contribute, the periods of service countable for pension purposes and the periods of service that an employee can buy back. As employee contributions are made to the pension plan, the Corporation is required to fund the employer's portion of these contributions.

The Corporation estimates that it has a discounted pension obligation of $140 for future matching contributions required under this agreement.

12.2 Accrued obligation for sick leave benefits and workers' compensation

The Corporation's accrued obligation for sick leave benefits provides accumulating sick leave benefits to eligible employees. The liability was actuarially determined as the present value of all future payouts, multiplied by the employee's service at the valuation date to the employee's service at the date when the employee is eligible for the benefit and considered the current balances in any sick leave banks, the annual accumulation of net sick leave credits and the future entitlement to, or utilization of, sick leave benefits.

The Corporation's accrued obligation for workers' compensation represents the unfunded liability for the costs of benefits specified and administered by the Workers Compensation Board of Manitoba for work-related injuries of Freshwater Fish Marketing Corporation employees. The actuarially determined liability consists of long-term pension awards and temporary compensation costs related to future claims payment administration by the Workers Compensation Board of Manitoba.

13. SALES COMMISSIONS

During the period, the Corporation paid commissions of $332 (July 31, 2016 - $337) to foreign sales agents. Commissions are included in marketing and administrative expenses on the statement of comprehensive income.

14. OTHER REVENUE AND EXPENSES

Other revenue comprises the operation of the Poplar River Barge on Lake Winnipeg and the sale of fishing supplies to fishers. The revenue earned from the operation of the Poplar River Barge and sales of fishing supplies is $234 (2016 – $348).

Other expenses of $366 (2016 – $259) consist of costs incurred to earn revenue for the Poplar River Barge and the sales of fishing supplies to fishers.

15. RELATED PARTY TRANSACTIONS

The Corporation is related in terms of common ownership to all Government of Canada owned entities.

The Corporation enters into transactions with these entities in the normal course of business, at fair value, under the same terms and conditions that apply to unrelated parties. In accordance with the disclosure exemption regarding government-related entities, the Corporation is exempt from certain disclosure requirements of IAS 24 relating to its transactions and outstanding balances with:

- a government that has control, joint control or significant influence over the reporting entity; or
- another entity that is a related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity.

Based on this exemption, as the Corporation has not entered into any transactions with these related parties which are considered to be individually or collectively significant, the Corporation has not disclosed any details of its transactions with:

- the Government of Canada, and departments and agencies thereof; or
- federal Crown corporations.

16. COMMITMENTS AND CONTINGENCIES

16.1 Commitments

As of July 31, 2017, the Corporation had operating lease commitments of $16 (April 30, 2017 – $21).

16.2 Contingencies and provisions

The Corporation is involved in various legal claims arising from the normal course of business. The outcome of these claims is currently not determinable, and accordingly, no amounts have been recorded in the financial statements. Amounts payable, if any, will be recorded when any liability is considered likely and the associated costs can be reasonably estimated.

As of July 31, 2017, an environmental liability of $388 (July 31, 2017 – $434) has been recorded for remediation of the contaminated site at Hay River, Northwest Territories. The Corporation spent $46 for site remediation during the period. There were no additional increases or decreases in the provision during the period. The Corporation expects to complete the remediation this site within the next 9 months.

A number of other vacant facilities may contain some environmental risk with associated remediation costs. The Corporation's ongoing efforts to assess these sites may result in environmental liabilities related to the sites. A provision will be recorded when the Corporation considers that it is probable that it will remediate these contaminated sites and a reliable estimate can be determined for the amount of the obligations. As of July 31, 2017, no liability has been recognized in the financial statements for the remaining contaminated sites.