



Freshwater Fish Marketing Corporation

Five-Year Corporate Plan Summary

Corporate Plan FY2014/15 to FY2018/19

Freshwater Fish Marketing Corporation (herein referred to as 'Freshwater', 'the organization', 'FFMC', 'the Corporation', 'us', 'we', or 'our') is a Crown corporation located in Winnipeg, Manitoba. Established in 1969 under the *Freshwater Fish Marketing Act ('FFMA' or 'the Act')*, Freshwater was created to market and trade in fish, fish products and fish by-products within and outside of Canada.

Corporate Profile

Freshwater operates as a self-supporting business receiving no government appropriations, with a complex supply chain of delivery points, agents, temperature-controlled transport, processing and inventory management to match the fish harvest of approximately 2,000 commercial fishers with market demand. It purchases approximately 15 million kgs of freshwater fish each year, which is packed whole or processed into fillets, minced and caviar products in the Winnipeg plant. The plant is federally-inspected, kosher-certified, and compliant with international standards for product safety and quality.

Annual gross sales of approximately \$66 million go to important niche markets in the USA (60%), Canada (18%), Europe (20%), and other markets (2%). A 'final payment' from any year-end cash surpluses is distributed to fishers annually subject to the Long Term Debt and Retained Earnings Policy.

Vision

Freshwater increases returns to the fishers of Western Canada through effective marketing, efficient supply chain management and the value-added processing of quality freshwater fish products.

Mission

Freshwater will provide the core activities of its legislated mandate which are to:

- Purchase all fish offered for sale
- Create an orderly market
- Promote international markets
- Increase trade in fish
- Increase returns to commercial fishers

To do this, Freshwater will support the orderly management of the freshwater fishery through planned harvesting, processing and marketing strategies to maximize returns to commercial fishers.

In fulfilling its mandate, Freshwater provides four key benefits to the inland fishery as well as domestic and global food markets:

1. Orderly market/price maintenance - Freshwater buys all fish offered for sale and carries out market-stabilizing activities such as holding frozen inventory to match supply with demand.
2. Global markets - Freshwater gives Canadian inland fishers access to global markets while reducing the business risk for fishers inherent in the export of food products:
 - foreign exchange risk - by hedging currencies
 - market risk - by setting buying prices for a season and as much as possible for a year at a time
 - cash flow risk - by paying fishers within a week of delivery and managing customer receivables
3. Food safety and security - Freshwater works closely with the Canadian Food Inspection Agency (CFIA) and its customers to ensure its supply chain and processing plant meet federal and customer requirements

for food safety and security. Freshwater was one of the first foreign fish plants certified for export to Russia.

4. Economic development - In many communities where Freshwater operates delivery points, the fishery is the only commercial avenue of economic development. A majority of these communities (42 of 53) are predominantly Aboriginal (First Nations and Métis). The fishery fosters independent business owners, increases employment in rural and remote regions and reduces the need for social assistance. In FY2012/13, 75% of the \$30 million that Freshwater paid out in returns to fishers and agency fees went to predominantly Aboriginal communities. If 53° north and above is considered north, then approximately 43% of deliveries by value and 50% by volume came from northern communities in FY2012/13. This income remains in the community in the form of wages for hired labour (fishers hire an average of four crew members) and money spent at local businesses.

Special Examination

In 2010, Freshwater underwent its regular Special Examination by the Office of the Auditor General of Canada. Freshwater was given an adverse opinion due to a number of governance, strategic, risk management and operational issues. As of April 30, 2013 all but one of the recommendations had been implemented. A follow-up Special Examination by the Auditor General of Canada is scheduled for 2015. Following is a detailed status of work undertaken:

REPORT ITEM	STATUS / ACTION
Board profile	<ul style="list-style-type: none"> • A financial person now sits on the Audit and Risk Committee as an advisor • The Board has submitted to the Minister a revised Board profile policy and is following this policy for all new appointment recommendations
Audit and Risk Committee	<ul style="list-style-type: none"> • Restructured and now in compliance
Internal audits	<ul style="list-style-type: none"> • The Audit and Risk Committee and management have now approved a contract with KPMG to conduct internal audits • A multi-year audit plan has been approved and is in progress
Long-term strategic plan approval by shareholder	<ul style="list-style-type: none"> • The FY2012/13 plan was approved in April 2013 for a period of 2 years • The FY2013/14 plan was approved in April 2014 for a period of 2 years
Risk management	<ul style="list-style-type: none"> • Management has created an Integrated Risk Management Plan which has been approved by the full Board and is now reviewed quarterly by the Audit and Risk Committee
Retained earnings	<ul style="list-style-type: none"> • A Long Term Debt and Retained Earnings Policy has been developed and approved by the Board in February 2011. It became effective May 1, 2011.
Human resources strategy	<ul style="list-style-type: none"> • A strategic plan for the HR department is in place
Contracting and procurement policy	<ul style="list-style-type: none"> • Contracting and procurement policy is now in place

The Corporate Plan presented here details how Freshwater will continue to increase returns to fishers in a self-sustaining manner in its mandated region, provide economic opportunities for rural and remote communities, open global markets for Canadian freshwater fish and meet the most stringent requirements for food safety and sustainability.

Borrowing Intentions

Projected peak borrowing requirements will be as follows:

	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19
Operating debt	\$25,375	\$14,796	\$14,155	\$14,452	\$13,354
Dem and installment debt	\$9,146	\$17,703	\$16,351	\$14,700	\$14,989
Total Borrowing requirement (thousands)	\$34,521	\$32,499	\$30,506	\$29,152	\$28,343

Management will need to balance the requirement for improving retained earnings with the economic realities of the fishery. In this manner Freshwater and the fishery it serves are not separate entities; they are an integral part of each other's economic viability. The Corporation must remain mindful of this when setting buying prices and balance the multiple priorities of debt reduction and a fishery that needs price stability.

A study was commissioned by Freshwater in 2008 to review financial policies, profit payout and retention, and levels of capitalization. Recommendations were provided on how Freshwater should finance its operations and pay fishers in comparison to similar entities and industries. The study reviewed similar enterprises and concluded that Freshwater's targeted retained earnings level should be at 20% of its annual net sales. Freshwater's Long-Term Debt and Retained Earnings Policy came into effect in the FY2011/12 plan year. Since the implementation of the Long-Term Debt and Retained Earnings Policy, Freshwater has demonstrated progress in positioning the Corporation on a more solid financial footing. As recommended by the study, Freshwater has a targeted Retained Earnings to Net Sales ratio of 20%. The following table shows the progress to date and the forecast for full achievement of the target by FY2016/17.

	ACTUAL						FORECAST					
	FY 2007/08	FY 2008-09	FY 2009/10	FY 2010-11	FY 2011/12	FY 2012/13	FY 2103/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19
Sales revenue	\$ 58,241	\$ 62,495	\$ 63,595	\$ 66,825	\$ 66,881	\$ 63,177	\$ 68,476	\$ 66,929	\$ 66,972	\$ 68,000	\$ 69,566	\$ 71,477
Retained earnings	\$ 3,555	\$ 2,760	\$ 2,908	\$ 3,041	\$ 4,240	\$ 6,880	\$ 8,185	\$ 11,424	\$ 13,372	\$ 14,243	\$ 14,272	\$ 14,631
R/E as a % of sales	6.10%	4.42%	4.57%	4.55%	6.34%	10.89%	11.95%	17.07%	19.97%	20.94%	20.52%	20.47%

Retained earnings policy in effect

Governance

Freshwater Fish Marketing Corporation (FFMC) is a federal Crown Corporation created in 1969 under the *Freshwater Fish Marketing Act* to regulate and promote interprovincial and export trade in freshwater fish. Its Board of Directors is composed of a Chairperson, a President and Chief Executive Officer, one Director for each participating province/territory, and four other Directors. All Board positions are federal Order-in-Council appointments, currently with three appointed on recommendation of the lieutenant governor-in-council of each participating province/territory. The Chairperson of the Board is a key link between the Corporation and the federal government, through the Minister of Fisheries and Oceans Canada and through other senior government officials. The Directors are accountable through the Chairperson to the Minister of Fisheries and Oceans. It is the Minister of Fisheries and Oceans who represents the Corporation in Cabinet and Parliament.

The Board acts as the trustee on behalf of the government by holding management accountable for the Corporation's performance, its long-term viability, and the achievement of its objectives. The Board is responsible for ensuring the Corporation is managing its assets, its human and financial resources in accordance with professional best business practices and standards.

In keeping with the requirements of the *Financial Administration Act*, there is currently one Committee reporting to the Board: the Audit and Risk Committee. Audit and Risk Committee members are appointed by the Board and the three (3) members are drawn from the Board. The Audit and Risk Committee may also appoint an individual who holds a professional accounting designation and is experienced in corporate finance to assist the Audit and Risk Committee as an advisor.

In addition, a temporary Search Committee is formed whenever the Corporation is recruiting a new President and CEO. The Search Committee is composed of the Board Chairperson and a minimum of three (3) Directors.

Strategic Goals

- To generate market value and leadership
- To manage an effective and efficient supply chain
- To assure continued stakeholder confidence
- To maintain corporate viability and sustainability

Strategic Initiatives

1. Balance sheet

Freshwater's balance sheet was weak and as a result, the Corporation undertook a number of initiatives to address this. A retained earnings policy was implemented, repayment of principal on debt for capital assets is now occurring and working capital levels are managed more effectively. Improvement of the balance sheet must be managed against the need to avoid further reducing prices to fishers, many of whom are already operating at marginal economic levels.

2. Plant renovation

After forty years of operation without significant investment in infrastructure or processing equipment, the Winnipeg processing facility was at high risk of closure due to equipment failure or loss of federal registration because of non-compliance. To remedy this situation, replacement of certain critical equipment began during FY2007/08 and the following year Genivar, consulting engineers, were engaged to provide a plant condition assessment that included mechanical, electrical and structural engineering, building life-cycle analysis and capital asset planning. Genivar submitted its report in 2010.

The focus of the plant condition assessment was to guide a Major Plant Renovation Program with the objective of extending the operational life of the plant to 2035, meet health and food safety standards and gain cost savings through processing efficiencies. The estimated cost of the full renovation was \$35 million, of which \$12.7 million will have been spent by April 30, 2014 to address the most critical issues. At this point the risk of plant closure or non-compliance with food safety regulations has been reduced to acceptable levels.

Going forward, Freshwater will continue to maintain and improve the plant infrastructure and processing equipment using the plant condition assessment as a guide but experience now suggests that the elements of the

Major Plant Renovation Program can be scheduled over a longer period than originally planned. By proceeding on an 'as needed' basis consistent with plant integrity and risk management, the annual capital expenditures can be reduced in most years of the plan allowing the business to generate more cash. It should be noted that in addition to the Major Plant Renovation Program capital will also be spent on repair and replacement in the normal course of business.

3. Culture of excellence

This is a human resource initiative designed to focus resources on the development of human capital and to improve both the consistency of and adherence to policies and procedures. Missing skill sets have been resourced and performance development and pay-at-risk systems implemented. Now the focus will be implementation of a culture change that will see priority given to quality and excellence in all of the Corporation's processes.

4. Lake to plate quality assurance

Related to the Culture of Excellence initiative, there is an opportunity to increase value to fishers and customers by improving processes and work habits to provide a more consistent product with fewer errors in specifications, documentation and timing.

5. Supply chain management

Until 2008 Freshwater had no formal supply chain management system. Since then a Supply Chain Manager has been hired and certain basic processes implemented. Going forward Freshwater will focus on streamlining logistics to reduce costs.

6. Cost management

A number of systems, processes and reporting structures have been established to manage Freshwater's costs. These include installing a Process Operating System, hiring a Cost Accountant and implementing standard costing systems. Basic yield management processes are in place in the most yield-sensitive operations. The next priority will be real-time continuous collection and analysis of yield data.

7. Supply development

Food processing is a low-margin, capital intensive business that requires high volumes to achieve profitability; with this in mind, building deliveries to meet the supply needs of growing markets is a priority. The focus will be on lake whitefish as the species with the most potential for growth both from a supply side and markets perspective.

8. Market and product development

To grow volume and reduce risk while increasing prices over the long term the business must expand beyond its traditional markets and products. Freshwater is investing where it has an opportunity to build new markets and working with partners to add new products.

9. Stakeholder communications

Freshwater has identified five stakeholder groups (fishers, customers, employees, government, public) and has developed communications strategies for three of these stakeholder groups (fishers, employees and the public).

A communications company operates on retainer to help implement these strategies. The goal is to improve the understanding of and support for Freshwater among its stakeholders with a FY2014/15 focus on fishers and employees. Customer communication is addressed in the marketing plan.

10. Enterprise Resource Planning

As part of its strategy to improve efficiency and reduce cost, Freshwater is migrating more of its business processes to its J.D. Edwards system. This migration will continue.

Key Performance Indicators

Achievement of the Plan requires each department to operate within its expense budget and meet certain operational goals summarized in the Key Performance Indicators given below.

Department	Metric	Performance Target
Corporate	Net Income	4.5 million
	% Return to Fishers	44.6%
Finance	Working Capital Management	All capital asset purchases financed by demand instalment loans
	JDE ERP Software upgrade	Fully implemented JDE v.9 by April 30, 2015
	IFRS - Financial reporting	Meet all revised IFRS reporting standards by April 30, 2015
Sales and Marketing	Gross and net sales	\$68.3 million/\$66.9 million
	New business	\$1.5 million
Processing	Improve direct labour efficiency by 2.7%	Move from 37 to 38 kgs/hour processing rate
	Improve operational costs per Kg by 8 %	Improve Operational cost from \$1.38 to \$1.28 per kg
	Yield management	New yield measurement tool in place and baselines set
Field Operations	Delivery volume	Total deliveries 12.0 million kilograms
	Great Slave Lake whitefish deliveries	Work with NWTFF to act as local agent and complete business plans for new plant construction
		Minimum of 465,000 kgs delivered from GSL
	Communication with fishers	15 fisher meetings, 4 newsletters
Quality Assurance and Technical Services	Compliance - customers	Pass all customer audits
	Compliance - CFIA	Plant quality compliant with CFIA
	Eco-certification – Develop Sustainable Sourcing Measurement tool	Develop Provincial review by sustainable criteria by Jan 1, 2015

	Achieve minimum 90% pass rate on fillet inspection scores	90% pass rate on fillet inspection scores by Quality Control
	Continue sanitation performance to minimum 80% pass rate	80% pass rate on pre-op testing by Quality Control

Human Resources and Government Services	Plant Safety - Reduce accident frequency per 100 employees	Reduce from 14.7 to 13.9 accidents per 100 employees
	Training	Develop and implement front-line supervisor training by July 31, 2014
	Reduce plant employee absenteeism	Reduce from 15% (forecast) to 13%
Supply Chain	Cold storage cost reduction	Improve cold storage cost per delivered Kg from \$0.082 to \$0.080

Capital Budget

In developing the capital plan for the planning period, Freshwater has taken into account all aspects of the challenges of a 40 year old processing infrastructure and designed a capital plan that is affordable within its borrowing limits while meeting the commitment of paying down debt. Investments as per Schedule A below are made in categories such as Major Plant Renovation Program, Maintenance and Payback projects.

Schedule A

	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19
Total Plant	\$ 2,521,000	\$ 2,250,000	\$ 2,250,000	\$ 2,250,000	\$ 2,250,000
Total Field Operations	\$ 451,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Total Capital Investment	\$ 2,972,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000

Assumptions

Assumptions Underlying Financials

The following are select high level assumptions used towards key areas of Freshwater's financial projections:

- Inflation of 2% annually;
- Foreign currency exchange of CAD/USD at \$1.08 based on currency market analysis by Freshwater's foreign exchange consultant (see Appendix 9) in FY2014/15 and \$1.03 in FY2015/16 to FY2018/19;
- Depreciation per accounting policy;
- Selling and administration costs include efficiency gains; and
- The actual CAD/USD exchange rate obtained when signing the annual foreign exchange hedging contract may be different from the planned \$1.08 rate. The Board of Directors may adjust initial prices to fishers based on the actual rate achieved.

Risks

The following are select high level risks that could impact key areas of Freshwater's financial projections which are monitored:

- Volatility of the Canadian dollar could impact sales revenue as a result of global economic factors;
- Increasing interest rates;
- Declining marketability of fish due to lack of eco-certification; and,
- Buying price affects delivered volume. Although walleye deliveries are stable at current prices lake whitefish and northern pike, both essential to the business, are at a point on the price/supply curve that is very elastic. With more than forty years of data and experience Freshwater understands that at current price levels fishers are making decisions on whether to fish or not to fish based on their individual assessment of how they will maximize income over the next year, by fishing, by working outside of their community or a combination of both. These individual decisions multiplied by 2000 fishers have a critical impact on Freshwater's own viability.

Financial Statements

Freshwater is committed to running a high quality and effective organization by providing commercial and economic development, assuring food security and safety and encouraging and shaping markets for Canadian freshwater fish exports throughout the world. Freshwater's projected operating budget for FY2014/15 is \$63.7 million based on net sales revenue of \$66.9 million. The attached projected financial statements reveal the fiscal realities of these commitments and the financial outcome of supporting the strategies discussed in this plan.

Fish Deliveries

Freshwater has developed a comprehensive lake-by-lake supply development plan that has been incorporated into the financial projections. This plan is updated throughout the year as local weather, lake and stock conditions change.

Revenues

Freshwater's revenues consider the growth expectations consistent with the objectives of the market, product development initiatives and forecast supply volumes.

Expense Management

Freshwater has a cost management initiative described within the plan that includes a mix of annual savings from operating and labour efficiencies, material yield and process improvements. These improvements have been incorporated into the financial statements.

Payments to Fishers

Initial Payment

Freshwater continues to face challenges in its business that include the need to increase fish deliveries, weak financial viability for fisheries, high costs of fishing in today's economy, and global market competition for protein foods that include freshwater fish. In addressing these challenges, Freshwater has achieved and is forecasting

reductions in overhead expenses, improvements in operating efficiencies, increases in retained earnings and repayment of long-term debt from FY2014/15 through FY2018/19. These measures will continue to place the Corporation on a more solid financial footing.

As Freshwater continues to attain a more solid financial footing through the initiatives described above, the percentage of total payments paid to fishers as initial payments which is used by Freshwater to purchase fish and encourage deliveries will remain essentially constant with minor adjustment to certain species to address volume issues.

Of all the challenges Freshwater faces, the most significant is the low volume of fish deliveries. Without fish, Freshwater does not have a business. Through Freshwater's mandate and its commitment to balance fish supply from fishers with the market demand, it is paramount that Freshwater continue to encourage deliveries through its initial pricing strategies to obtain operating efficiencies and economies of scale in its operations. Programs to improve deliveries proved successful in FY2013/14, generating a forecast increase over the previous year of approximately 5%.

Although there is some risk that Freshwater may overpay for fish since prices are established at the beginning of the season, Freshwater has safeguards to mitigate its risk in overpaying fishers through the initial payment:

1. Annual prices are set by species, form and size according to market demand and pricing.
2. Annual prices are adjusted seasonally – summer and winter -- to encourage fishing in periods that match the market demand for the particular species of fish.
3. Significant market fluctuations during the year can be reacted to by changing the price paid to fishers.
4. 80% of Freshwater's foreign currency revenue is protected against currency fluctuations through hedging contracts. This is reflected in the initial price to fishers.
5. Quality standards are set to ensure that purchases are of saleable quality.
6. Payments are only made to fishers when fish is delivered and has passed quality inspection confirming that it is received in good quality.
7. Freshwater sells into multiple markets, which reduces risk by reducing dependence on any single market.

Final Payment and Retained Earnings

Freshwater has a targeted retained earnings level of 20% of annual sales revenue per the 2008 Grant Thornton analysis (attached as Appendix 8).

The Corporation has increased its retained earnings over the last five years from \$2.8 million in FY2009/10 to \$8.2 million in FY2013/14. The Corporate Plan demonstrates progress towards the required retained earnings level over the plan period and will reach its target in FY2016/17.

Borrowing Intentions

Freshwater's legislated borrowing limit is \$50 million and currently is authorized at \$39.5 million. The Corporation currently utilizes a revolving demand credit facility providing access to funds up to the amount of \$29.5 million in short term borrowings and \$10 million in long-term borrowings. The funds are advanced through loans, overdrafts, promissory notes and bankers' acceptances. The bankers' acceptances are renewed weekly and are

projected in FY2014/15 to bear a weighted average interest rate of 2.05%. The U.S. dollar denominated promissory note is renewed for 3 or 6 month terms and is projected to bear a weighted average interest rate of 2.38% in FY2014/15.

Financial projections over the planning period demonstrate that debt will be restructured and paid down based on the following assumptions.

- Existing long-term debt
 - \$9.5 million, 20 year amortization, 3.47% interest
 - \$6.5 million, 15 year amortization, 3.15% interest

- New long-term debt for capital investment
 - \$2.97 million for capital purchases in FY2014/15, 20 year amortization, 3.47% interest
 - \$2.5 million for capital purchases annually FY2015/16-FY2018/19, 20 year amortization, inflation adjusted FY2015/16-FY2018/19.

- Working Capital Debt
 - \$4 million LIBOR loan, 2.38% interest FY2012/13, inflation adjusted FY2014-2017
 - Remaining requirements as Banker’s Acceptance, 2.056% interest FY2014/15, inflation adjusted FY2015/16-FY2018/19

The financial projections show total debt requirements as of the end of each fiscal year. Peak borrowing requirements affected by increased working capital during the year are reflected in the borrowing authority section below.

Freshwater converted \$6.5 million from short-term to demand instalment debt on July 31, 2014.

Borrowing authority

Projected peak borrowing requirements will be as follows:

	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19
Operating debt	\$25,375	\$14,796	\$14,155	\$14,452	\$13,354
Dem and instalment debt	\$9,146	\$17,703	\$16,351	\$14,700	\$14,989
Total Borrowing requirement (thousands)	\$34,521	\$32,499	\$30,506	\$29,152	\$28,343

Explanation of 2013/14 vs. Plan 2014/15-2018/19

Certain expense lines in the 2014/15 plan differ significantly from the 2013/14 forecast for a number of reasons. The following explains these differences.

The net income for FY2013/14 was \$3.26 million before final payment to fishers against a plan of \$1.89 million. Although gains on foreign exchange have helped increase net sales revenue, overall net revenue per kg was \$3.34 vs. a plan of \$3.38 per kg. Sales discounts and allowances in walleye and marketing challenges in the northern pike market in the early part of the year are the main contributors to the lower-than-projected revenue per kg. Ongoing plant efficiencies and labour productivity improvements have been achieved resulting in a favourable

cost of goods sold of \$2.89 against a plan of \$2.91 per kg. Equipment and CFIA compliance costs in some of Freshwater's agencies have contributed to a 4% increase above planned expenses. Total spending in marketing and administrative expenses were \$5.1 million against a plan of \$5.4 million or \$0.59 per kg vs. plan of \$0.65 per kg. Vacancies for a number of positions including a financial analyst and the supply chain manager are not forecast to be filled until FY2014/15. Additionally, a wage freeze for marketing and administrative salaries in FY2013/14 was implemented. FY2013/14 marketing and administrative expenses were 15% below plan; however, spending consistent with FY2013/14 plan levels is used in the FY2014/15 plan.

Statement of Operations, Comprehensive Income and Retained Earnings 2015

Freshwater Fish Marketing Corporation Pro-Forma Financial Statements						
S7 - Quarterly Statement of Comprehensive Income						
	Annual Actual Fiscal 2014	Quarterly Plan Fiscal 2015	Quarterly Plan Fiscal 2015	Quarterly Plan Fiscal 2015	Quarterly Plan Fiscal 2015	Annual Plan Fiscal 2015
Start Date	1-May-2013	1-May-2014	1-Aug-2014	1-Nov-2014	1-Feb-2015	
End Date	30-Apr-2014	31-Jul-2014	31-Oct-2014	31-Jan-2015	30-Apr-2015	
(\$'000, unless otherwise stated)						
Sales and gross margin						
Net delivered weight to customers (kg)	8,402,208	1,917,925	2,434,469	2,002,962	2,292,377	8,647,734
Total gross sales at customer location	71,336	15,849	19,072	14,760	18,625	68,307
Plus (less): Fx gain/(loss)	1,007	820	979	736	955	3,490
Less: discounts and allowances	(3,867)	(1,127)	(1,365)	(1,059)	(1,316)	(4,867)
Total net sales	68,476	15,542	18,687	14,437	18,264	66,929
Cost of sales						
Opening inventory of finished fish products	12,744	12,546	15,840	18,587	16,674	12,546
Plus: fish purchases and processing expenses						
Fish purchases - mandated area	24,757	9,226	10,153	3,067	2,978	25,423
Fish purchases - Saskatchewan	3,215	613	592	1,259	964	3,428
Plant salaries, wages and benefits	12,227	2,481	3,020	2,357	2,993	10,851
Processing and operating costs	4,374	888	1,080	843	1,071	3,882
Packaging and storage	4,111	834	1,015	792	1,006	3,647
Freight	3,398	690	839	655	832	3,016
Repair and Maintenance	1,913	388	480	369	468	1,705
Utilities and property taxes	1,433	298	355	284	358	1,295
Depreciation and amortization of production assets	1,741	492	497	503	509	2,000
Contingency	-	-	-	-	-	-
Sub-total	69,913	28,455	33,871	28,716	27,853	67,793
Less: ending inventory of processed fish products	(12,546)	(15,840)	(18,587)	(16,674)	(12,545)	(12,545)
Total cost of sales	57,367	12,615	15,284	12,041	15,308	55,248
Gross profit on operations	11,109	2,927	3,402	2,396	2,956	11,682
\$ per kg	\$1.32	\$1.53	\$1.40	\$1.20	\$1.29	\$1.35
% of net sales	16.2%	18.8%	18.2%	16.6%	16.2%	17.5%
Marketing and administrative expenses						
Salaries and benefits	3,241	595	595	595	595	2,380
Commissions	1,364	205	261	215	245	926
Data processing, office and professional services	1,157	175	175	175	175	702
Interest expense, net	735	157	184	190	181	711
Advertising and promotion	397	78	78	78	78	314
Meeting fees and expenses	93	24	24	24	24	96
Other marketing and administrative expenses	87	111	111	111	111	444
Depreciation and amortization of administration assets	93	25	25	25	25	98
Total marketing and administrative expenses	7,167	1,370	1,453	1,413	1,435	5,671
Other income and expenses	(680)	(361)	(361)	(361)	(361)	(1,445)
Profit before provision for final payments to fishers	3,262	1,196	1,589	621	1,160	4,566
Provision for final payments to fishers	(1,100)	-	-	-	(1,000)	(1,000)
Income tax expense (recovery)	857	60	89	89	89	327
Total comprehensive income	1,305	1,136	1,499	532	71	3,239
Retained earnings, beginning of period	6,880	8,185	9,321	10,820	11,353	8,185
Retained earnings, end of period	8,185	9,321	10,820	11,353	11,424	11,424
% of revenue returned to fishers	42.5%	63.3%	57.5%	30.0%	27.1%	44.6%
Initial payment %	89.6%	89.2%	87.1%	87.4%	77.3%	86.3%

Statement of Financial Position 2015

Fres hwater Fish Marketing Corporation Pro-Form a Financial Statem ents						
Quarterly Statement of Financial Position						
	Annual Actual	Quarterly Plan	Quarterly Plan	Quarterly Plan	Quarterly Plan	Quarterly Plan
	Fiscal 2014	Fiscal 2015				
Start Date	1-May-2013	1-May-2014	1-Aug-2014	1-Nov-2014	1-Feb-2015	
End Date	30-Apr-2014	31-Jul-2014	31-Oct-2014	31-Jan-2015	30-Apr-2015	
(\$'000)						
Assets						
Current assets						
Cash	328	50	50	50	50	
Trade receivables	7,054	7,721	7,711	8,264	5,282	
Prepaid expenses	84	385	397	432	270	
Income taxes receivable	2	2	2	2	2	
Inventories						
Processed fish products, net of write-downs	12,546	15,840	18,587	16,674	12,545	
Raw materials and supplies	872	872	872	872	872	
Total inventories	13,418	16,712	19,459	17,546	13,417	
Derivative-related assets	-	-	-	-	-	
Total current assets	20,886	24,870	27,619	26,294	19,022	
Property, plant and equipment	20,693	20,944	21,190	21,430	21,665	
Intangible assets	241	241	241	241	241	
Total assets	41,820	46,055	49,050	47,965	40,928	
Liabilities						
Current liabilities						
Trade and other payables and accrued liabilities	4,382	4,734	4,882	5,307	3,326	
Current portion of accrued obligation for employee benefits	708	708	708	708	708	
Provision for final payments to fishers	1,100	1,100	1,100	-	1,000	
Operating line (LIBOR)	4,384	4,384	4,384	4,384	4,384	
Operating line (BA Short Term)	12,100	8,744	10,323	9,614	748	
Demand installment debt	9,500	15,604	15,371	15,137	17,876	
Derivative-related liabilities	203	203	203	203	203	
Total current liabilities	32,377	35,477	36,971	35,354	28,245	
Deferred tax liabilities	972	972	972	972	972	
Accrued obligation for employee benefits	286	286	286	286	286	
Asset retirement obligation	-	-	-	-	-	
Total liabilities	33,635	36,735	38,229	36,612	29,503	
Equity						
Retained earnings	8,185	9,321	10,821	11,353	11,424	
Total liabilities and equity	41,820	46,056	49,050	47,965	40,928	
Quarterly peak borrowing requirement						
Operating line (LIBOR)		4,384	4,384	4,384	4,384	
Operating line (BA Short Term)		16,991	10,323	9,462	8,422	
Demand installment debt		9,146	15,371	15,293	15,060	
Total peak borrowing requirement		30,521	30,077	29,139	27,866	
Contingency		4,000	4,000	4,000	4,000	
Adjusted peak borrowing requirement		34,521	34,077	33,139	31,866	

Statement of Cash Flows 2015

Freshwater Fish Marketing Corporation Pro-Forma Financial Statements							
Quarterly Cash Flow Statement		Annual Actual	Quarterly Plan	Quarterly Plan	Quarterly Plan	Quarterly Plan	Annual Plan
	Start Date	Fiscal 2014	Fiscal 2015	Fiscal 2015	Fiscal 2015	Fiscal 2015	Fiscal 2015
	End Date	1-May-2013	1-May-2014	1-Aug-2014	1-Nov-2014	1-Feb-2015	Fiscal 2015
		30-Apr-2014	31-Jul-2014	31-Oct-2014	31-Jan-2015	30-Apr-2015	
(\$'000)							
Operating activities							
Comprehensive income for the period		1,305	1,136	1,500	533	71	3,239
Plus: future tax expense		323	-	-	-	-	-
Plus: depreciation and amortization of production assets		1,945	492	497	503	509	2,000
Plus: depreciation and amortization of administration assets		-	-	-	-	-	-
Loss on disposal of property, plant and equipment		26	-	-	-	-	-
Plus (less): changes in non-cash operating working capital							
Trade receivables		(658)	(667)	10	(553)	2,982	1,772
Inventories							
Total processed fish products, net of write-downs		198	(3,294)	(2,747)	1,912	4,129	1
Raw materials and supplies		234	-	-	-	-	-
Total inventories		432	(3,294)	(2,747)	1,912	4,129	1
Prepaid expenses		(20)	(301)	(12)	(35)	161	(186)
Income taxes receivable		514	-	-	-	-	-
Derivative-related assets		115	-	-	-	-	-
Trade and other payables and accrued liabilities		687	352	149	425	(1,981)	(1,056)
Derivative-related liabilities		(403)	-	-	-	-	-
Provision for final payments to fishers		(950)	-	-	(1,100)	1,000	(100)
Accrued obligation for employee benefits		2	-	-	-	-	-
Asset retirement obligation		(50)	-	-	-	-	-
Sub-total		(331)	(3,910)	(2,600)	649	6,290	430
Cash from operating activities		3,268	(2,283)	(602)	1,685	6,870	5,670
Investing activities							
Additions to property, plant and equipment		(1,704)	(743)	(743)	(743)	(743)	(2,972)
Additions to intangible assets		-	-	-	-	-	-
Investment tax credits received for PP&E		-	-	-	-	-	-
Proceeds on disposal of property, plant and equipment		-	-	-	-	-	-
Cash from investing activities		(1,704)	(743)	(743)	(743)	(743)	(2,972)
Financing activities							
Plus (less): changes in debt							
Operating line (LIBOR)		(500)	-	-	-	-	-
Operating line (BA Short Term)		(746)	(3,356)	1,579	(709)	(8,866)	(11,352)
Demand installment debt		-	6,104	(233)	(233)	2,739	8,376
Sub-total		(1,246)	2,748	1,345	(942)	(6,127)	(2,975)
Cash from financing activities		(1,246)	2,748	1,345	(942)	(6,127)	(2,975)
Net increase (decrease) in cash and cash equivalents		318	(278)	-	-	-	(278)
Plus: cash and cash equivalents, beginning of period		10	328	50	50	50	328
Cash and cash equivalents, end of period		328	50	50	50	50	50

Statement of Operations, Comprehensive Income and Retained Earnings 2015-2019

Freshwater Fish Marketing Corporation Pro-Forma Financial Statements						
Annual Statement of Comprehensive Income						
	Annual Actual	Annual Plan				
	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
Start Date	1-May-2013	1-May-2014	1-May-2015	1-May-2016	1-May-2017	1-May-2018
End Date	30-Apr-2014	30-Apr-2015	30-Apr-2016	30-Apr-2017	30-Apr-2018	30-Apr-2019
(\$'000, unless otherwise stated)						
Sales and gross margin						
Net delivered weight to customers (kg)	8,402,208	8,647,734	8,764,371	8,877,771	9,047,555	9,311,475
Total gross sales at customer location in local currency	71,336	68,307	70,610	71,690	73,337	75,351
Plus (less): Fx gain/(loss)	1,007	3,490	1,384	1,405	1,438	1,477
Less: discounts and allowances	(3,867)	(4,867)	(5,022)	(5,095)	(5,209)	(5,351)
Total net sales	68,476	66,929	66,972	68,000	69,566	71,477
Cost of sales						
Opening inventory of finished fish products	12,744	12,546	12,545	11,765	11,428	11,149
Plus: fish purchases and processing expenses						
Fish purchases - mandated area	24,757	25,423	26,103	26,706	27,121	27,720
Fish purchases - Saskatchewan	3,215	3,428	3,445	3,472	3,500	3,535
Plant salaries, wages and benefits	12,243	10,851	10,804	11,240	11,415	11,586
Processing and operating costs	4,359	3,882	3,865	4,029	4,083	4,145
Packaging and storage	4,105	3,648	3,632	3,779	3,838	3,895
Freight	3,400	3,016	3,003	3,104	3,173	3,220
Repair and Maintenance	1,914	1,698	1,691	1,758	1,785	1,813
Utilities and property taxes	1,435	1,301	1,268	1,317	1,322	1,343
Depreciation and amortization of production assets	1,741	2,000	2,082	2,150	2,211	2,267
Contingency	-	-	-	-	-	-
Sub-total	69,913	67,793	68,438	69,320	69,876	70,673
Less: ending inventory of processed fish products	(12,546)	(12,545)	(11,765)	(11,428)	(11,149)	(10,918)
Total cost of sales	57,367	55,248	56,672	57,892	58,727	59,755
Gross profit on operations	11,109	11,682	10,300	10,108	10,839	11,722
\$ per kg	\$1.32	\$1.35	\$1.18	\$1.14	\$1.20	\$1.26
% of net sales	16.2%	17.5%	15.4%	14.9%	15.6%	16.4%
Marketing and administrative expenses						
Salaries and benefits	3,241	2,380	2,391	2,410	2,430	2,454
Commissions	1,364	926	868	879	896	922
Data processing, office and professional services	1,157	702	705	711	716	723
Interest expense, net	735	711	737	687	644	654
Advertising and promotion	397	314	315	318	320	324
Meeting fees and expenses	93	96	96	97	98	99
Other marketing and administrative expenses	87	444	446	449	453	458
Depreciation and amortization of administration assets	93	98	99	100	100	101
Total marketing and administrative expenses	7,167	5,671	5,658	5,652	5,658	5,735
Other income and expenses	(680)	(1,445)	(1,445)	(1,445)	(1,445)	(1,445)
Profit before provision for final payments to fishers	3,262	4,566	3,197	3,012	3,737	4,542
Provision for final payments to fishers	(1,100)	(1,000)	(1,000)	(1,900)	(3,500)	(4,000)
Income tax expense (recovery)	857	327	249	241	207	183
Total comprehensive income	1,305	3,239	1,948	871	30	359
Retained earnings, beginning of period	6,880	8,185	11,424	13,372	14,243	14,273
Retained earnings, end of period	8,185	11,424	13,372	14,243	14,273	14,631
% of revenue returned to fishers	42.5%	44.6%	45.6%	47.2%	49.0%	49.3%
Initial payment %	89.6%	86.3%	90.2%	90.9%	89.1%	87.3%

Statement of Financial Position 2015-2019

Freshwater Fish Marketing Corporation Pro-Forma Financial Statements						
Annual Statement of Financial Position						
	Annual Actual	Annual Plan				
	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
Start Date	1-May-2013	1-May-2014	1-May-2015	1-May-2016	1-May-2017	1-May-2018
End Date	30-Apr-2014	30-Apr-2015	30-Apr-2016	30-Apr-2017	30-Apr-2018	30-Apr-2019
(\$'000)						
Assets						
Current assets						
Cash	328	50	50	50	1,941	4,399
Trade receivables	7,054	5,282	5,244	5,255	5,320	5,353
Prepaid expenses	84	270	269	281	283	281
Income taxes receivable	2	2	2	2	2	2
Inventories						
Processed fish products, net of write-downs	12,546	12,545	11,765	11,428	11,149	10,918
Raw materials and supplies	872	872	872	872	872	872
Total inventories	13,418	13,417	12,637	12,300	12,021	11,790
Derivative-related assets	-	-	-	-	-	-
Total current assets	20,886	19,022	18,203	17,888	19,566	21,825
Property, plant and equipment	20,693	21,665	22,333	22,933	23,472	23,955
Intangible assets	241	241	241	241	241	241
Total assets	41,820	40,928	40,777	41,062	43,279	46,021
Liabilities						
Current liabilities						
Trade and other payables and accrued liabilities	4,382	3,326	3,311	3,460	3,474	3,453
Current portion of accrued obligation for employee benefits	708	708	708	708	708	708
Provision for final payments to fishers	1,100	1,000	1,000	1,900	3,500	4,000
Operating line (LIBOR)	4,384	4,384	4,384	4,384	4,384	4,384
Operating line (BA Short Term)	12,100	748	-	-	-	-
Demand installment debt	9,500	17,876	16,540	14,906	15,481	17,384
Derivative-related liabilities	203	203	203	203	203	203
Total current liabilities	32,377	28,245	26,146	25,561	27,750	30,132
Deferred tax liabilities	972	972	972	972	972	972
Accrued obligation for employee benefits	286	286	286	286	286	286
Asset retirement obligation	-	-	-	-	-	-
Total liabilities	33,635	29,503	27,404	26,819	29,008	31,390
Equity						
Retained earnings	8,185	11,424	13,372	14,243	14,272	14,631
Total liabilities and equity	41,820	40,928	40,777	41,062	43,279	46,021
Annual peak borrowing requirement						
Operating line (LIBOR)		4,384	4,384	4,384	4,384	4,384
Operating line (BA Short Term)		16,991	6,412	5,771	6,068	4,970
Demand installment debt		9,146	17,703	16,351	14,700	14,989
Total peak borrowing requirement before undernoted		30,521	28,499	26,506	25,152	24,343
Contingency		4,000	4,000	4,000	4,000	4,000
Adjusted peak borrowing requirement		34,521	32,499	30,506	29,152	28,343

Statement of Cash Flows 2015-2019

Freshwater Fish Marketing Corporation Pro-Form a Financial Statements							
Annual Cash Flow Statement		Annual Actual	Annual Plan				
	Start Date	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
	End Date	1-May-2013	1-May-2014	1-May-2015	1-May-2016	1-May-2017	1-May-2018
		30-Apr-2014	30-Apr-2015	30-Apr-2016	30-Apr-2017	30-Apr-2018	30-Apr-2019
(\$'000)							
Operating activities							
Comprehensive income for the period		1,305	3,239	1,948	870	29	359
Plus: future tax expense		323	-	-	-	-	-
Plus: depreciation and amortization of production assets		1,945	2,000	2,082	2,150	2,211	2,267
Plus: depreciation and amortization of administration assets		-	-	-	-	-	-
Loss on disposal of property, plant and equipment		26	-	-	-	-	-
Plus (less): changes in non-cash operating working capital							
Trade receivables		(658)	1,772	38	(11)	(65)	(33)
Inventories							
Total processed fish products, net of write-downs		198	1	780	338	279	231
Raw materials and supplies		234	-	-	-	-	-
Total inventories		432	1	780	338	279	231
Prepaid expenses		(20)	(186)	1	(12)	(1)	2
Income taxes receivable		514	-	-	-	-	-
Derivative-related assets		115	-	-	-	-	-
Trade and other payables and accrued liabilities		687	(1,056)	(15)	150	14	(21)
Derivative-related liabilities		(403)	-	-	-	-	-
Provision for final payments to fishers		(950)	(100)	-	900	1,600	500
Accrued obligation for employee benefits		2	-	-	-	-	-
Asset retirement obligation		(50)	-	-	-	-	-
Sub-total		(331)	430	804	1,364	1,826	679
Cash from operating activities		3,268	5,670	4,834	4,384	4,067	3,305
Investing activities							
Additions to property, plant and equipment		(1,704)	(2,972)	(2,750)	(2,750)	(2,750)	(2,750)
Additions to intangible assets		-	-	-	-	-	-
Investment tax credits received for PP&E		-	-	-	-	-	-
Proceeds on disposal of property, plant and equipment		-	-	-	-	-	-
Cash from investing activities		(1,704)	(2,972)	(2,750)	(2,750)	(2,750)	(2,750)
Financing activities							
Plus (less): changes in debt							
Operating line (LIBOR)		(500)	-	-	-	-	-
Operating line (BA Short Term)		(746)	(11,352)	(748)	-	-	-
Demand installment debt		-	8,376	(1,336)	(1,634)	575	1,904
Sub-total		(1,246)	(2,975)	(2,084)	(1,634)	575	1,904
Cash from financing activities		(1,246)	(2,975)	(2,084)	(1,634)	575	1,904
Net increase (decrease) in cash and cash equivalents		318	(278)	0	(0)	1,891	2,458
Plus: cash and cash equivalents, beginning of period		10	328	50	50	50	1,941
Cash and cash equivalents, end of period		328	50	50	50	1,941	4,399