FRESHWATER FISH MARKETING CORPORATION

For the period ended July 31, 2019

Statement of Management Responsibility by Senior Officials

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 is also responsible 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 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
Interim President and Chief Executive Officer
Freshwater Fish Marketing Corporation

Denis P. Lavallée, CPA, CA
Controller
Freshwater Fish Marketing Corporation

Winnipeg, Canada
September 25, 2019

NARRATIVE DISCUSSION

BASIS OF PRESENTATION

The Freshwater Fish Marketing Corporation (“the Corporation”, “FFMC” or “Freshwater”) 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 2018/19 – 2022/23 Corporate Plan Summary and the Corporation’s 2018/19 Annual Report which includes the audited annual financial statements for the year ended April 30, 2019.

The Freshwater Fish Marketing Corporation has prepared these unaudited financial statements for the three months ended July 31, 2019 and July 31, 2018 in compliance with International Financial Reporting Standards (IFRS). Financial results reported in this narrative are presented in Canadian dollars and rounded to the nearest million, unless otherwise noted. The information in this narrative is current to September 25, 2019 unless otherwise noted.

FORWARD LOOKING STATEMENTS

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 2019/20 to 2023/24 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.

Readers are advised to refer to the cautionary language included at the end of this narrative when reading any forward-looking statements.

SIGNIFICANT CORPORATE EVENTS

In September 2018, the Government of Canada established an advisory panel to explore ways to transform the Corporation so that it remains modern and competitive in the open market. On July 8, 2019, the Government of Canada released the advisory panel’s final report. The advisory panel’s recommendations recognize the potential for a harvester-led or partnership model for the inland fishery, with an emphasis on bringing harvester groups together to be a part of, and provide leadership in, a transformed entity. The advisory panel also recommends an approach for the industry and its stakeholders to collectively shape the future of the Corporation and the inland fishery.

Building off the Panel’s recommendations, on September 6, 2019 the Minister of Fisheries, Oceans and the Canadian Coast Guard, the Honourable Jonathan Wilkinson, announced that Kevin G. Anderson will serve as the dedicated interlocutor, to lead next steps in the transformation process.

Acting as a liaison between fish harvesters, Indigenous groups and other partners, the interlocutor will work directly with harvester associations, co-operatives, and other partners to assess the industry's willingness and capacity to sustain and co-operate under a harvester-led model.

The interlocutor will also work to establish a committee of representatives from the fishing industry to improve communications and information sharing both within the industry and with the FFMC, and to promote industry-led solutions that support harvester ambitions for the future of the inland fishery. The committee will also provide opportunities for collaborative and cooperative action within the industry and to build the foundation for transformation.

OVERVIEW OF THE BUSINESS

FFMC is a self-sustaining federal Crown Corporation, the buyer, processor and marketer of commercially-caught freshwater fish from Manitoba, Saskatchewan, Alberta and the Northwest Territories.

Freshwater represents the global benchmark when it comes to the production of top quality wild-caught freshwater fish. It remains the number one choice for U.S. chefs when picking walleye for their menus. Freshwater is the largest and most trusted supplier of lake whitefish and whitefish caviar to Finland, and the number one supplier for buyers of tullibee roe in Scandinavia. The Corporation continues to be the dominant supplier to the northern pike market in France, both with minced and new product innovations. It is the largest individual supplier of freshwater fish products to the U.S. gefilte fish market and maintains a kosher-certified plant.

In five decades of business in Canada and abroad, Freshwater has established and sustained a solid reputation based on product reliability, quality and safety. FFMC is a recognized industry leader with an internationally-established and highly-endorsed brand of excellence.

ANALYSIS OF RESULTS

- Loss before provision for final payment and income tax was $252 thousand compared to the 2019/20 planned profit of $600 thousand.
- Sales revenues were 4.1% lower than budget for the three months ending July 31, 2019;
- Expenses were 1.1% higher than budget and 10.3% lower than the comparable period last year
- Other revenues were $240 thousand lower than the comparable period last year.

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 2019	July 31 2018	Fiscal 2019/20	$ Change to July 31 2018	% Change to July 31 2018	$ Change to Fiscal 2019/20 Budget	% Change to Fiscal 2019/20 Budget
Sales revenue	$ 15,794	$ 18,672	$ 16,466	(2,878)	-15.4%	(672)	-4.1%
Expenses	16,046	17,886	15,866	(1,840)	-10.3%	180	1.1%
Profit (loss) before taxes	(252)	786	600	(1,038)	-132.1%	(852)	-142.0%
Profit (loss) after taxes	(189)	589	450	(778)	-132.1%	(639)	-142.0%

July 31, 2019 vs. July 31, 2018 actual results

Sales revenue for the three months ended July 31, 2019 decreased 15.4% to $15.8 million from $18.7 million in the same period in 2018. The primary contributor to the decrease in sales revenue was a reduction in revenues for Walleye.

The other major variance affecting Q1 profitability was the $240 thousand reduction in other revenue. Last year's results include $247 thousand of dry-dock rental revenue. A similar amount of dry-dock revenue is still expected to be earned later in the fiscal year.

Expenses for the three months ended July 31, 2019 were $1.8 million lower than the previous year.

Profit/loss before taxes and final payment decreased by $1.0 million from a $0.8 million profit in 2018/19 to a $.25 million loss in 2019/20

Capital expenditures were $0.14 million during the three months ended July 31, 2019 compared to $0.55 million in the comparable period last year. Capital expenditures included investments in manufacturing equipment and facilities.

Fiscal year 2019/20 vs. fiscal year 2019/20 budget

The Corporation experienced lower than planned profits for the three months ended July 31, 2019 due to lower Walleye revenues and gross margin combined with higher initial prices paid to fishers in fiscal year 2018/19. Another significant factor was the reduction in dry-dock revenue that was expected in July 2020.

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 three months ended July 31, 2019, indicate the Corporation may be challenged to meet its financial target established in the 2019/20 to 2023/24 Corporate Plan.

Material changes in performance could affect the Corporation meeting its annual targets by April 30, 2020.

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 2019 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.

FORWARD LOOKING STATEMENTS

To the extent the Corporation provides future-oriented financial information or a financial outlook, such as future growth and financial performance, the Corporation is providing this information for the purpose of describing its expectations. Therefore, readers are cautioned that this information may not be appropriate for any other purpose. Furthermore, future-oriented financial information and financial outlooks, as with forward-looking information generally, are based on the assumptions and subject to the risks.

Readers are urged to consider these factors carefully when evaluating these statements. In light of these assumptions and risks, the events predicted in these forward-looking statements may not occur. The Corporation cannot assure that projected results or events will be achieved. Accordingly, readers are cautioned not to place undue reliance on the forward-looking statements.

The forward-looking statements included in the unaudited condensed financial statements and narrative are made only as of September 25th, 2019, and the Corporation does not undertake to publicly update these statements to reflect new information, future events or changes in circumstances or for any other reason after this date.

FRESHWATER FISH MARKETING CORPORATION
Statement of Financial Position
As at July 31, 2019
(in thousands of Canadian dollars)

	July 31, 2019	April 30, 2019	July 31, 2018
ASSETS			
Current			
Cash	$ 2,777	$ 1,843	$ 1,928
Accounts receivable (Note 6)	9,504	9,298	11,618
Prepaid expenses	182	208	188
Derivative-related assets (note 6)	89	12	-
Inventories (Note 7)	29,680	27,971	27,753
	42,232	39,332	41,487
Non-current			
Property, plant and equipment (Note 8)	20,123	20,456	20,177
Intangible assets (Note 9)	187	156	101
	20,310	20,612	20,278
Total Assets	$ 62,542	$ 59,944	$ 61,765
LIABILITIES AND EQUITY			
Current			
Bank Overdraft	$ -	$ 245	$ -
Accounts payable and accrued liabilities (Note 6 and 10)	4,697	4,320	4,978
Accrued obligation for employee benefits (Note 13)	524	524	542
Provision for final payment to fishers	500	500	4,000
Loans payable (Note 6 and 11)	35,708	32,942	30,642
Provision for environmental liability (Note 19)	216	216	239
Derivative-related liabilities (Note 6)	644	753	553
	42,289	39,500	40,954
Non-current			
Deferred tax liabilities	1,822	1,822	1,884
Accrued obligation for employee benefits (Note 13)	180	182	184
	2,002	2,004	2,068
Equity			
Retained earnings	18,251	18,440	18,743
Total Liabilities and Equity	$ 62,542	$ 59,944	$ 61,765

Commitments and contingencies (Note 19)

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

Approved on behalf of the Board of Directors: Approved on behalf of Management:

David Bevan
Chairperson, Board of Directors

Stanley A. Lazar, CPA CMA
Interim President

Denis P. Lavallée, CPA, CA
Controller

FRESHWATER FISH MARKETING CORPORATION
Statement of Comprehensive Income
For the three month period ended July 31, 2019
(in thousands of Canadian dollars)

	July 31 2019	July 31 2018
Sales		
Export	$ 13,533	$ 15,844
Domestic	2,261	2,828
	15,794	18,672
Cost of Sales		
Opening inventory of processed fish products	25,847	25,816
Add fish purchases and processing expenses:		
Fish purchases	8,275	8,622
Plant salaries wages & benefits	3,202	3,282
Packaging and storage	1,217	1,286
Packing allowances and agency operating costs	1,360	1,494
Freight	560	697
Repairs and maintenance, Winnipeg Plant	354	472
Utilities and property taxes	369	359
Depreciation of production assets (Note 8)	391	369
Other	258	244
	41,833	42,641
Less ending inventory of processed fish products, net of write downs (Note7)	(27,554)	(26,416)
	14,279	16,225
Gross profit on operations	**1,515**	**2,447**
Marketing and administrative expenses		
Salaries and benefits	747	721
Commissions (Note 15)	247	344
Data processing, office and professional services	247	306
Advertising and promotion	89	87
Meeting fees and expenses	17	10
Other	37	43
Depreciation and amort of administrative assets (Notes 8 and 9)	14	17
	1,398	1,528
Other income and expenses		
Net foreign exchange loss (Note 6)	33	112
Net financial derivative (gain) loss (Note 6)	38	(51)
Other revenue (Note 16)	(369)	(609)
Other expense (Note 16)	426	483
Finance income	(11)	(8)
Finance costs (Note 6)	252	206
	369	133
Profit (loss) before provision for final payment and income tax	(252)	**786**
Income tax expense (recovery) (Note 17)	(63)	197
	(63)	197
Total comprehensive income (loss)	**$ (189)**	**$ 589**

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, 2019
(in thousands of Canadian dollars)

	As at July 31, 2019		As at July 31, 2018	
Retained earnings at the beginning of the period	$	18,440	$	18,154
Comprehensive income (loss) for the period		(189)		589
Retained earnings at the end of the period	$	18,251	$	18,743

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

FRESHWATER FISH MARKETING CORPORATION
Statement of Cash Flows
For the three month period ended July 31, 2019
(in thousands of Canadian dollars)

	Three months ended	
	July 31, 2019	**July 31, 2018**
Operating activities		
Comprehensive income (loss) for the period	$ (189)	$ 589
Add (deduct) items not affecting cash:		
Depreciation and amortization	442	421
Write-down of inventory	575	1,217
Increase (decrease) in net derivative-related liabilities	(186)	69
Net changes in non-cash working capital:		
Increase in accounts receivable	(206)	(3,146)
Increase in inventories	(2,284)	(1,835)
Decrease (increase) in prepaid expenses	26	(48)
Increase in accounts payable and accrued liabilities	377	352
Decrease in provision for environmental liability	-	(38)
Decrease in accrued obligation for employee benefits	(2)	(2)
Cash used in operating activities	**(1,447)**	**(2,421)**
Investing activities		
Additions to property, plant and equipment and intangible assets	(140)	(548)
Cash used in investing activities	**(140)**	**(548)**
Financing activities		
Loans payable issued	2,999	4,100
Repayment of loans	(233)	(233)
Cash provided by financing activities	**2,766**	**3,867**
Increase in cash during the period	**1,179**	**898**
Net cash at the beginning of the year	1,598	1,030
Cash at the end of the period	**$ 2,777**	**$ 1,928**
Supplementary information		
Interest paid	**$ 193**	**$ 154**

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

Notes to the Financial Statement

July 31, 2019
(in thousands of dollars)

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 mandate region, which currently encompasses the province of Alberta and the Northwest Territories. Participation of these jurisdictions 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 July 31, 2019, the total borrowings of the Corporation may not exceed $40.7 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 listed 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 finalized its implementation of this directive on January 31, 2018. The Corporation has remained compliant since then.

2. FUTURE OF THE CORPORATION

The development of the open fish supply market created by the withdrawal of successive provinces from the *Freshwater Fish Marketing Act* covers 95% of the Corporation's supply base. In 2018-19, increased competition from buyers in the open supply market impacted the Corporation's fish deliveries. Sales markets are highly competitive and with open access to fish supply, competitors who may have more extensive or more specialized processing and marketing capabilities may be able to affect the Corporation's operations and financial performance.

Individual quota entitlement buyback from commercial fishers and planned implementation of new minimum mesh sizes for commercial fishers on Lake Winnipeg may also impact fish supply to the Corporation.

The Corporation's 2018-19 to 2022-23 Corporate Plan, which has been submitted to the Government of Canada, includes strategies to address the risks of the open market and regulatory changes on its operations. The strategies include: ensuring long-term sustainability by continuing to improve financial and operating performance, generating value in global markets, and managing an effective and efficient supply chain. Securing a steady supply of fish is integral to an effective and efficient supply chain. The Corporation is utilizing long-term supply contracts with open market fishers to secure fish supply. 80% of Manitoba fishers and 95% of Saskatchewan fishers have signed such agreements representing at least 85% of the fish that was supplied to the Corporation prior to their respective provinces withdrawing from the *Freshwater Fish Marketing Act*.

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 its strategies.

In September 2018, the Government of Canada established an advisory panel to explore ways to transform the Corporation so that it remains modern and competitive in the open market. On July 8, 2019, the Government of Canada released the advisory panel's final report. The advisory panel's recommendations recognize the potential for a harvester-led or partnership model for the inland fishery, with an emphasis on bringing harvester groups together to be a part of, and provide leadership in, a transformed entity. The advisory panel also recommends an approach for the industry and its stakeholders to collectively shape the future of the Corporation and the inland fishery.

Building off the Panel's recommendations, on September 6, 2019 the Minister of Fisheries, Oceans and the Canadian Coast Guard, the Honourable Jonathan Wilkinson, announced that Kevin G. Anderson will serve as the dedicated interlocutor, to lead next steps in the transformation process.

Acting as a liaison between fish harvesters, Indigenous groups and other partners, the interlocutor will work directly with harvester associations, co-operatives, and other partners to assess the industry's willingness and capacity to sustain and co-operate under a harvester-led model.

The interlocutor will also work to establish a committee of representatives from the fishing industry to improve communications and information sharing both within the industry and with the FFMC, and to promote industry-led solutions that support harvester ambitions for the future of the inland fishery. The committee will also provide opportunities for collaborative and cooperative action within the industry and to build the foundation for transformation.

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 September 25, 2019

3.2 Cash and bank overdraft
Cash is composed of money in the bank.

Bank overdraft is composed of accounts with negative cash balances.

3.3 Accounts receivable
Accounts receivable are recognized at their anticipated realizable value, which is the original invoice amount less an estimated allowance amount equal to lifetime expected credit losses.

3.4 Inventories
Processed fish products are recorded at the actual cost of fish purchases throughout the year 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.

Included in supplies inventory are inventories of spare parts. These spare parts are measured at lower of cost and net realizable value.

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 – FVTPL) 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.

The application of IFRS 9 by the Corporation had no impact on the carrying amounts of any of its financial instruments. There were no financial instruments reclassified from FVTPL to fair value through other comprehensive income (FVOCI).

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: FVTPL and at amortized cost. 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 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. The derivative related assets used by the Corporation are held for trading and therefore classified as FVTPL. No other financial assets are at FVTPL.

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

3.6.2 Financial assets at amortized cost
Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets 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.

3.6.3 Impairment of financial assets
The Corporation recognizes loss allowances for expected credit losses (ECLs) on financial assets measured at amortized cost.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

ECLs are recognized at each reporting period, even if no actual loss events have taken place. In addition to past events and current conditions, reasonable and supportable forecasts affecting collectability are also considered when determining the amount of impairment.

The Corporation applies a single impairment model to all financial instruments subject to impairment testing. The impairment model is based on a forward-looking ECL model. The model applies to trade receivables as defined in IFRS 15. In addition to past events and current conditions, reasonable and supportable forecasts affecting collectability are also considered when determining the amount of impairment.

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.

Loss allowances for financial asset measured at amortized cost are deducted from the gross carrying amount of the assets.

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 at amortized cost.

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. The derivative related liabilities used by the corporation are held for trading and therefore classified as FVTPL. No other financial liabilities are at FVTPL.

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

3.7.2 Financial liabilities at amortized cost.
Financial liabilities are initially measured at fair value net of transaction costs. Financial liabilities (including borrowings such as loans payable) 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 re-measured 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.

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.

The Corporation does not apply hedge accounting.

3.9 Property, plant and equipment

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 property plant and equipment.

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 a customer obtains control of the goods or services. The sales revenue reflects the consideration expected in exchange for the goods or services. For the majority of the Corporation's sales transactions, control transfers upon delivery to the shipping dock of the customer or their representative. For sales transactions to overseas customers, the Corporation's sales contracts are based on industry accepted incoterms known as CIF (Cost, Insurance and Freight). Under CIF the risk of loss of or damage to the goods passes to the customer when goods are on the vessel.

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. Judgements made by management in the application of IFRS that have significant effect on the financial statements relate to the following:

4.1 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.

4.2 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.

4.3 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.

4.4 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

(a) Accounting standards and amendments issued and effective

Adoption of IFRS 15

IFRS 15 establishes a comprehensive model for determining the measurement and timing of revenue recognized. The Corporation has applied IFRS 15 using the cumulative effect method, with the impact of initially applying this standard recognized at the date of initial application on May 1, 2018. The Corporation's 2018 annual audited financial statements have not been restated and the new disclosure requirements of IFRS 15 have not been applied to the comparative period. There was no impact of transition to IFRS 15 on retained earnings at May 1st, 2018.

Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. For the majority of the Corporation's sales transactions, control transfers upon delivery of product to the shipping dock of the customer or his/her representative. For sales transactions to overseas customers, the Corporation's sales contracts are based on industry accepted sales incoterms known as CIF (Cost, Insurance & Freight). Under CIF, the risk of loss of or damage to the goods passes to the customer when the goods are on the vessel. The seller contracts for and pays the costs and freight necessary to bring the goods to the port of destination. The seller also contracts for insurance cover against the buyer's risk of loss of or damage to the goods during the carriage.

The Corporation has consistently recognized revenue according to the method described above prior to the adoption of IFRS 15. Consequently, the application of IFRS 15 as it relates to custody and control of goods shipped has not changed revenue recognition for the Corporation.

Adoption of IFRS 9

IFRS 9 sets new requirements for the classification and measurement of financial assets, requires a forward-looking expected credit loss impairment model on financial assets, and amends the requirements related to hedge accounting.

1) Classification and measurement

   IFRS 9 contains three classification categories for financial assets:
   - Measured at amortized cost
   - Fair value through other comprehensive income (FVOCI) and
   - Fair value through profit and loss (FVTPL)

The classification of financial assets under IFRS 9 is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. Accordingly, there was no impact on the Corporation's measurement of financial liabilities on adoption of IFRS 9.

The classification and measurement of the Corporation's financial instruments formerly under IAS 39 and now under IFRS 9 are as follows:

Financial Instrument	Classification under IAS 39	Measurement under IAS 39	Classification under IAS 9	Measurement under IAS 9
Accounts Receivable	Loans and receivables	Amortized Cost	Financial Asset at Amortized Cost	Amortized Cost
Derivation-related Assets	Held for Trading	FVTPL	FVTPL	FVTPL
Accounts Payable	Other financial libilities	Amortized Cost	Financial Liability at Amortized Cost	Amortized Cost
Loans Payable	Other financial libilities	Amortized Cost	Financial Liability at Amortized Cost	Amortized Cost
Derivative-related Liabilities	Held for Trading	FVTPL	FVTPL	FVTPL

Classification of financial assets was determined at the date of initial application. The business model test was based on facts and circumstances at the date of initial application.

The Corporation did not apply hedge accounting under IAS 39 and has elected not to apply hedge accounting under IFRS 9 at initial adoption.

The details of new significant accounting policies and effect of changes to previous accounting policies are set out below.

Financial assets

On initial recognition, financial assets are measured at fair value and subsequently classified as measured at amortized cost, fair value through other comprehensive income of fair value through profit or loss, depending on the Corporation's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are not reclassified subsequent to their initial recognition, unless the Corporation changes its business model for managing financial assets.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income if it meets both of the following conditions:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at their fair values with changes in fair value, including any interest or dividend income, recognized in profit or loss.

The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that are created or retained by the Corporation are recognized as a separate asset or liability.

Financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. Accordingly, there was no impact on the Corporation's measurement of financial liabilities on adoption of IFRS 9.

The Corporation initially recognizes short term debt securities on the date that they are originated at fair value and expenses related transaction costs. Debt associated with long term agreements is initially recognized at fair value less any directly attributable transaction costs. All other financial liabilities (including liabilities designated at fair value through profit and loss) are recognized initially on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument. The Corporation derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Subsequent to initial recognition, liabilities are categorized as fair value through profit and loss or financial liabilities measured at amortized cost using the effective interest method.

Derivative financial instruments

The Corporation holds derivative financial instruments to mitigate its foreign currency risk exposures.

Derivative embedded in contracts where the host of a financial asset is not separated and the hybrid final instrument as a whole is assessed for classification and measurement. Derivatives are recognized initially at fair value with attributable transaction costs recognized in net earnings as incurred. The Corporation does not apply hedge accounting, therefore derivatives are measured at fair value and the changes in fair value are recognized immediately in net earnings.

2) Impairment of financial assets

There was no material impact for transition to IFRS 9 on the Corporation's financial statements for impairment of financial assets.

At the initial date of application, the Corporation used reasonable and supportable information to determine the credit risk at the date that the final assets were initially recognized and compared to the credit risk at the date of initial application under IFRS 9.

The Corporation measures loss allowances for trade receivables at an amount equal to lifetime expected credit losses. The Corporation uses the expected credit loss model for calculating impairment and recognizes expected credit losses as a loss allowance for financial assets measured at amortized cost. The Corporation's trade and other receivables are typically short-term in nature with payments received within a three month period, therefore recognizes an amount equal to the lifetime expected credit losses based on the Corporation's historical experience and including forward-looking information. The carrying amounts of these final assets are presented in the Statement of Financial Position net of any loss allowance.

The application of the new accounting policies did not impact significant estimates and judgements.

The Corporation considers the model used and some of the assumptions used in calculating the expected credit losses as key sources of estimation uncertainty for trade receivables under IFRS 9.

The Corporation's expected credit losses upon transition were calculated based on actual credit loss experience over the past three years adjusted by factors to reflect differences between economic conditions during the period over which the historical data was collected, current conditions and the Corporation's view of economic conditions over the expected lives of the trade receivables. There was no additional impairment loss recognized at May 1, 2018 upon transition to IFRS 9.

(b) Accounting standards and amendments issued but not yet effective

Accounting standards and amendments issued but not yet effective which are expected to be relevant to the Corporation include:

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 leases to be reported on the lessee's statement of financial position. There are also changes in accounting over the life of the lease. For lessees the total periodic expenses will generally have a front-loaded expense recognition pattern. Leases that are less than 12 months in duration, or that are for low dollar value items, are not required to be capitalized. Lessors’ accounting treatment remains similar to current practice. They will continue to classify leases as finance and operating leases. The mandatory effective date of IFRS 16 is January 1, 2019. The Corporation has not early adopted this new standard. The Corporation has completed its assessment of the impact of the adoption of IFRS 16 on its financial statements and the adoption of the amendment does not have a significant impact on the Corporation’s financial statements.

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, 2019	As at April 30, 2019
Retained earnings	$ 18,251	$ 18,440
Loans payable	35,708	32,942
	$ 53,959	$ 51,382

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 is 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, 2019 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 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 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 derivative-related assets and derivative-related liabilities 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, 2019 and 2018. 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, 2019 and 2018. There were no transfers of financial instruments between levels during the period ended July 31, 2019.

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, 2019	As at April 30, 2019
Derivative-related liabilities	$ 644	$ 753
Derivative-related assets	$ 89	$ 12

6.2.3 Finance costs

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

	July 31 2019		July 31 2018	
Interest expense	$	193	$	154
Stamping Fee		53		45
Bank Charges		6		7
Total Finance costs on loans and other payables	$	252	$	206

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.

Accounts receivable

The Corporation's exposure to credit risk associated with accounts receivable is influenced mainly by the demographics of the Corporation's customer base, including the risk associated with the type of customer and the country in which customers operate.

The Corporation manages this risk by monitoring the creditworthiness of customers. The Corporation has established processes when dealing with foreign customers in order to manage the risk relating to foreign customers. The Corporation's management reviews the detailed accounts receivable listing on a regular basis for changes in customer balances which could present collectability issues.

The maximum exposure to credit risk for accounts receivable by geographic region was as follows:

	July 31, 2019			April 30, 2019		
	Original currency (CAD $)	Original currency (U.S. $)	(CAD $)	Original currency (CAD $)	Original currency (U.S. $)	(CAD $)
Canada	$ 779	$ -	$ 779	$ 772	$ -	$ 772
United States	27	4,146	5,478	52	4,348	5,888
Europe	1,057	300	1,451	894	-	891
Asia	-		-	-	143	192
Non-trade accounts receivable	1,795		1,795	1,473	82	1,555
			$ 9,504			$ 9,298

Accounts receivable are classified as financial assets and are measured at amortized cost.

At July 31, 2019, five customers represented 46% of the trade accounts receivable balance. At July 31, 2018, five customers represented 50% of the trade accounts receivable balance. Customers primarily represent distributors.

The Corporation measures loss allowances for trade receivables at an amount equal to lifetime expected credit losses. The Corporation uses the expected credit loss model for calculating impairment and recognizes expected credit losses as a loss allowance for financial assets measured at amortized cost.

The aging of accounts receivable, net of allowance, is as follows:

	July 31, 2019	**April 30, 2019**
Current 0 - 30 days	$ 6,394	$ 6,667
Past due 31 - 60	$ 940	371
Past due over 61 days	$ 375	705
Non-trade accounts receivable	$ 1,795	1,555
	$ 9,504	$ 9,298

The Corporation does not hold any collateral in respect of accounts receivable.

Cash

The Corporation manages its exposure to credit risk for its cash by depositing only with creditworthy counterparties, such as major Canadian financial institutions. The maximum exposure to credit risk for cash at July 31, 2019 was $2,777 (April 30, 2019 – $1,843).

Derivative financial instruments

The Corporation manages its exposure to credit risk on its derivative financial instruments by contracting only with creditworthy counterparties, such as major Canadian financial institutions. The Corporation considers that it is exposed to minimal credit risk in the event of non-performance as the counterparty is considered to be of high credit quality.

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.

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.

The net foreign exchange loss of $33 (July 31, 2018 – loss of $112) represents the net realized and unrealized gains and losses on settlement of financial instruments.

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

(in U.S. $ thousands)	**As at July 31, 2019**	**As at July 31, 2018**
Cash	$ 1,294	$ 571
Accounts receivable	4,446	5,786
Accounts payable and accrued liabilities	(32)	(64)
Net assets exposed to currency risk	$ 5,708	$ 6,293

Based on the net exposure, including the derivative financial instruments described above and assuming that all other variables remain constant, a hypothetical 10 percent appreciation in the Canadian dollar against the U.S. dollar would result in a decrease in comprehensive income of $571 (July 31,2018 – decrease of $629). A hypothetical 10 percent depreciation in the Canadian dollar against the U.S. dollar would result in an increase in comprehensive income of $571 (July 31, 2018 – increase of $629).

Interest rate risk
The Corporation is exposed to interest rate risk on its loans payables of $10,708 (2018 – April 30, 2019 - $10,942). 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 and protects the Corporation against rising interest rates while setting a floor on declining interest rates.

The Corporation also uses such contracts in the process of managing its overall cash requirements. Included on the statement of financial position are derivative-related liabilities of $644 (July 31, 2018 – $553) and derivative-related assets of $89 (July 31, 2018 – nil) representing the fair value of derivative financial instruments held:

	As at July 31, 2019	As at July 31, 2018
At maturity variable rate forwards - derivative related assets	$ (89)	$ -
At maturity variable rate forwards - derivative related liabilities	42	284
Interest rate swaps	602	269
	$ 555	$ 553

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

	As at July 31, 2019	As at July 31, 2018
At maturity variable rate forwards - derivative related assets (USD)	$ (9,750)	$ (4,750)
At maturity variable rate forwards - derivative related liabilities (USD)	5,500	10,750
Interest rate swaps	10,708	11,875

The net financial derivative loss of $38 (July 31, 2018 – gain of $51) represents the change in fair value of the interest rate swap.

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, 2019	As at July 31, 2018
Supplies	$ 2,126	$ 1,337
Processed fish products	28,129	27,633
Write down of processed fish products expensed in the period	(575)	(1,217)
	$ 29,680	$ 27,753

Inventory write-downs of $575 (July 31, 2018 – $1,217) are included in inventory values in the cost of sales. The amount of inventories recognized as an expense during the period is $14,279 (July 31, 2018 – $16,225). There is no pledged collateral in respect of inventory. There were no prior write-downs reversed in the current year.

8. PROPERTY, PLANT AND EQUIPMENT

Cost	Land	Building	Equipment	Fresh fish delivery	Vessels	Construction in progress	Total
Balance at May 1, 2018	$ 336	$ 15,114	$ 24,790	$ 1,392	$ 4,155	$ 16	$ 45,803
Additions	-	514	1,421	-	248	28	2211
Retirements	-	(10)	(823)	-	-	-	(833)
Transfers	-	(4)	(255)	-	255	4	-
Disposals	-	-	(86)	-	-	-	(86)
Balance at April 30, 2019	336	15,614	25,047	1,392	4,658	48	47,095
Additions	-	(48)	44	69	30	7	102
Retirements	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Balance as at July 31, 2019	**$ 336**	**$ 15,566**	**$ 25,091**	**$ 1,461**	**$ 4,688**	**$ 55**	**$ 47,197**
Accumulated depreciation							
Balance at May 1, 2018	$ -	$ 9,549	$ 13,328	$ 1,345	$ 1,535	$ -	$ 25,757
Depreciation	-	383	1,155	28	137	-	1,703
Retirements		(10)	(775)	-	-	-	(785)
Transfers		-	(13)	-	13	-	-
Disposals	-	-	(36)	-	-	-	(36)
Balance at April 30, 2019	-	9,922	13,659	1,373	1,685	-	26,639
Depreciation	-	97	287	10	41	-	435
Retirements	-					-	-
Transfers	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Balance as at July 31, 2019	**$ -**	**$ 10,019**	**$ 13,946**	**$ 1,383**	**$ 1,726**	**$ -**	**$ 27,074**
Carrying amount as at July 31, 2019	**$ 336**	**$ 5,547**	**$ 11,145**	**$ 78**	**$ 2,962**	**$ 55**	**$ 20,123**

	As at July 31, 2019	As at April 30, 2019
Cost	$ 47,197	$ 47,095
Accumulated depreciation	(27,074)	(26,639)
Carrying amount	**$ 20,123**	**$ 20,456**
Carrying amount by asset class		
Land	$ 336	$ 336
Building	5,547	5,692
Equipment	11,145	11,388
Fresh fish delivery tubs/totes	78	19
Vessels	2,962	2,973
Construction in progress	55	48
Carrying amount	**$ 20,123**	**$ 20,456**

Depreciation expense is recorded on the statement of comprehensive income in cost of sales (2019 – $391; July 31, 2018 – $369), in marketing and administrative expenses (2019 – $7; July 31, 2018 – $8) and in other expenses (2019 – $37; July 31, 2018 – $35).

No property, plant and equipment were pledged as security for borrowing as at July 31, 2019.

9. INTANGIBLE ASSETS

Informations systems software

	As at July 31, 2019	As at April 30, 2019
Cost	$ 710	$ 672
Accumulated amortization	(523)	(516)
Carrying amount	**$ 187**	**$ 156**

Cost	
Balance at May 1, 2018	$ 589
Additions	83
Transfers	-
Disposals	-
Balance at April 30, 2019	672
Additions	38
Disposals	
Balance as at July 31, 2019	**$ 710**
Accumulated depreciation	
Balance at May 1, 2018	$ 484
Amortization	32
Disposals	-
Balance at April 30, 2019	516
Amortization	7
Disposals	
Balance as at July 31, 2019	**$ 523**
Carrying amount as at July 31, 2019	**$ 187**

Amortization of intangible assets is recorded on the statement of comprehensive income in marketing and administrative expenses (2019 – $7; July 31, 2018 – $9).

Retirement of intangible assets occurs when an asset is removed due to obsolescence resulting from physical deterioration or economic or technological factors. Disposal of intangible assets occurs when the asset is sold to another entity.

No indicators of impairment were identified for intangible assets as at July 31, 2019.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at July 31, 2019	As at July 31, 2018
Canadian dollars	$ 4,655	$ 4,895
Denominated in U.S. dollars	42	83
Total accounts payable and accrued liabilities	$ 4,697	$ 4,978

11. LOANS PAYABLE

The loans payable consist of the following borrowing facilities:

	As at July 31, 2019	As at July 31, 2018
Banker's acceptances	$ 35,708	$ 30,642

A $25,000 (July 31, 2018 – $19,000) bankers' acceptance bearing interest at an annual rate of 1.96% (July 31, 2018 –1.90%) and maturing on August 1, 2019. The weighted-average interest rate during the period was 1.98% (2018 – 1.71%). Subsequent to August 1, 2019, new bankers' acceptances were entered into at a rate of 1.96%.

A $6,375 (July 31, 2018 – $6,875) 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 13 years.

A $4,333 (July 31, 2018 – $4,767) bankers' acceptance with an interest rate swap bearing an interest rate at 3.5% if the floating rate option on any reset date is less than or equal to 3.8%. If the floating rate option on any reset date is greater than 3.8%, 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 10.25 years.

Interest payable on amounts drawn under each facility is at the prevailing bankers' acceptance rates plus stamping fees of 0.65%.

The principal of the bankers' acceptances as at July 31, 2019 is $35,708 (July 31, 2018 – $30,642) and the fair value of the loans are $35,708 (July 31, 2018 – $30,642).

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

12. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The Corporation's liabilities from financing activities is borrowing in the form of its bank loans.

	As at July 31, 2019	As at July 31, 2018
Loans payable, beginning of the period	$ 32,942	$ 26,775
Cash provided by additional borrowing	2,999	4,100
Cash used for debt payments	(233)	(233)
Loans payable, end of the period	$ 35,708	$ 30,642

13. EMPLOYEE BENEFITS

13.1 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, 2019 for employees enrolled in the Plan prior to January 1, 2013 was 1.01 (2018 – 1.01) and for employees enrolled in the Plan beginning January 1, 2013 was 1.00 (2018 – 1.00). Total contributions of $223 (July 31, 2018 – $299) were recognized as an expense in the current year. The estimated contributions for 2019-2020 are $1,050.

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:

	July 31, 2019	July 31, 2018
Contributions by the Corporation	$ 223	$ 299
Contributions by employees	$ 218	$ 228

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.

14. REVENUE

14.1 Disaggregation of Sales

Sales is disaggregated by primary geographical region in the following table.

Primary Geographical Regions	July 31, 2019	July 31, 2018
North America	$ 12,177	$ 15,151
Europe	3,057	2,763
Asia	560	758
	$ 15,794	$ 18,672

15. SALES COMMISSIONS

During the period, the Corporation paid commissions of $247 (July 31, 2018 – $344) to foreign sales agents. Commissions are included in marketing and administrative expenses on the statement of comprehensive income.

16. OTHER REVENUE AND EXPENSES

Other revenue comprises the operation of the Poplar River Barge and dry-dock facility 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 $369 (July 31, 2018 – $609).

Other expenses of $426 (July 31, 2018 – $483) consist of costs incurred to earn revenue for the Poplar River Barge and dry-dock facility, as well as the sales of fishing supplies to fishers.

17. INCOME TAXES

	As at July 31, 2019	As at April 30, 2019
Income taxes receivable	$ 231	$ 176

18. 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
- other federal Crown corporations.

Compensation of key management personnel

Compensation of key management personnel includes members of the Board of Directors and executive officers of the Corporation who have the authority and responsibility for planning, directing and controlling the activities of the Corporation.

Compensation for executive officers of the Corporation is recorded on the statement of comprehensive income as salaries and benefits in marketing and administrative expenses. Compensation for members of the Board of Directors is recorded on the statement of comprehensive income as meeting fees and expenses in marketing and administrative expenses.

	July 31, 2019	July 31, 2018
Total compensation paid to key management personnel	253	247

19. COMMITMENTS AND CONTINGENCIES

19.1 Commitments

As of July 31, 2019, the Corporation had minimum lease payments as follows:

2020	$	44
2021		19
2022		2
2023		1
2024		1
2025 & thereafter	$	-
Total	$	67

19.2 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.

The total provision for environmental liabilities for the contaminated sites at Hay River and Moraine Bay, Northwest Territories is $216 (July 31, 2018 – $239). The Corporation spent nil for site remediation during the year. The Corporation expects to complete the remediation of these sites 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, 2019, no liability has been recognized in the financial statements for the remaining contaminated sites.

The Board of Directors of the Corporation reserves the final decision regarding the amount and timing of a final payment to fishers.

The following details the changes in the provision for final payment over the past year:

	As at July 31, 2019		July 31, 2018	
Provision for final payment to fishers, beginning of period	$	500	$	4,500
Payment to fishers		-		-
Provision added during the year		-		-
Provision for final payment to fishers, end of period	$	500	$	4,500