



Freshwater Fish Marketing Corporation

Five-Year Corporate Plan Summary

Corporate Plan FY2013/14 to FY2017/18

Capital Budget 13/14

Operating Budget 13/14

Original Submission: February 2013

Executive Summary

Freshwater Fish Marketing Corporation (Freshwater) has provided effective market access and a reliable source of income to the commercial fishers of its mandated region in western and northern Canada for more than 40 years. Freshwater Fish was created in 1969 in response to the recommendations of the McIvor Commission, which found that 'the uncertainties and risks [of the freshwater fishery] are especially extensive in exporting ... due to (1) the perishable nature of the product (2) the absence of effective quality control and (3) the lack of coordination between the demand and supply coming to the market'. In its 1966 report the McIvor Commission described a business environment in which too many exporters were selling to just a few buyers giving the buyers total control over prices. Buying prices changed (usually downward) during the season and in many cases fishers found themselves still owing money to their local agent for gear and fuel at the end of the season.

Freshwater was created as a single desk to level the playing field between sellers and buyers by giving fishers the leverage required to negotiate economically viable prices with their customers. Freshwater's primary objective has been to increase returns, not just to the strongest fishers but to all fishers. The effectiveness of this approach can be found in the trend of fish prices relative to those for hogs and beef cattle. Fish prices were well below hog and cattle prices in the early 1980's but had surpassed hogs by the end of that decade and cattle by the early 2000's.

Since its start-up in 1969, Freshwater has returned over \$1.1 billion to the mostly remote northern communities it serves and has contributed an additional benefit of approximately \$0.8 billion through the operation of its plant and collection infrastructure. This result has been achieved while operating in a self-sustaining manner, as required by its mandate.

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-making 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 FY2011/12, 75% of the \$28 million that FFMC paid out in returns to fishers and agency fees went to predominantly Aboriginal

communities. If 53° north and above is considered north, then approximately 40% of deliveries by value and 50% by volume came from northern communities in FY2011/12. 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.

Freshwater, like every other Canadian food processor and exporter, has had to contend with a number of fast-paced changes to its environment over the past decade: the weak US dollar / strong Canadian dollar, increasingly complex food safety and security regulations, more stringent workplace safety requirements, increasing access to international markets and increasing international competition in domestic markets, to name just a few of the most significant.

The FY2013/14 plan will continue to implement the long-term strategy focused on improving Freshwater's financial strength, global competitiveness and profitability in a US dollar/Canadian dollar at par environment. As markets, exchange rates and as Freshwater's own financial strength allows, prices to fishers will be increased.

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. The Corporation's strategy includes projects that will continue to improve efficiencies, supply volumes and market prices.

In keeping with the cost containment measures of Budget 2010 and the spirit and intent of the Strategic and Operational Review, cost reductions have been made and cost reduction projects are ongoing in several areas of this plan: most significantly, working capital, ERP / business processes, supply chain management, plant management and plant renovation. Where possible, third-party contractors have been used rather than hire additional staff. Internal audit, public relations and payroll will all be handled by third parties in FY2013/14.

Cost reductions on a per unit basis can also be achieved by increasing volume through the plant. Initiatives on supply development and market development address the two sides of this volume equation. The loss of Saskatchewan as a signatory to the *FFMA* does add some risk to volume projections; however, this risk is diminishing. At the time of writing, fisher co-ops representing 99.5% of previous deliveries to Freshwater have signed contracts to continue supplying Freshwater. Saskatchewan fishers will be paid at the same rate as fishers in the mandated region. However, the Corporation will no longer provide payroll services (Record of Employment, EI deductions, royalty deductions, loan deductions) or freight allowance administration. Nor will Saskatchewan fishers participate in any final payments (distribution of surpluses). Historically, Saskatchewan has delivered approximately 10% of Freshwater's fish by value and 17% by volume. Fishers of the Northwest Territories Fishermen's Federation reconfirmed their commitment to the *FFMA* in 2011 and Freshwater is now working with the Fishermen's Federation and the NWT government to revitalize the fishery on Great Slave Lake. There is an opportunity to significantly increase deliveries of lake whitefish and lake trout from this region.

In the marketing side of the business, the addition of a Business Development Manager to the Sales and Marketing team has proven very effective, adding a cumulative \$8.5 million in new business over the past three years. In the plan year, marketing will continue to focus development on the contribution made by new markets (Russia, Romania, Belgium),

replacing commodity business with branded (perch) and finding new opportunities for value-added products (mullet roe, pin-bone-out lake whitefish, smoked trout, battered walleye). To help address the difficulties experienced by fishers who rely on lower value species such as mullet and tullibee, Freshwater will continue to work with stakeholders and partners to find ways to add value to these species. Research and development is the long-term solution but this will require partners who are willing to commit for the longer term.

In 2010 Freshwater engaged Genivar, consulting engineers, to provide a plant condition assessment for the 40 year old Winnipeg processing facility that included mechanical, electrical and structural engineering, building life-cycle analysis and capital asset planning. The focus of the study was to guide a major renovation project, the objective of which is to extend the operational life of the plant to 2035, meet health and food safety standards and gain cost savings through processing efficiencies. The phased investment plan to improve the plant condition to modern standards is:

Major Plant Renovation Project

		Implementation schedule	\$'000
Actual Spent	Phase I	FY 2008/09 - FY 2012/13	\$ 11,702
		FY 2013/14	\$ 1,715
Planned spending	Phase II	FY 2014/15 - FY 2021/22	\$ 18,171
	Phase III	FY 2022/23	\$ 3,412
Total capital investment			\$ 35,000

Of the \$35 million in capital investment originally estimated to be required for the major plant renovation, \$11.7 million was spent as of April 30, 2013. The remaining \$23.3 million of investment will be spent if and when necessary over the next 9 years with \$1.715 million planned in FY2013/14.

While some risk inherently exists with operating and maintaining a 40 year old processing facility, nearly one-third of the capital identified in the plant condition assessment has already been invested, and this has addressed the areas of highest risk.

In 2010, Freshwater Fish 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 will have been implemented. 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
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 Fish will continue to maximize 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 authority requirements:

Projected peak borrowing requirements will be as follows:

	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18
Operating debt	\$22,292	\$21,602	\$19,440	\$17,158	\$15,642
Long-term debt	\$15,300	\$16,887	\$18,668	\$20,336	\$20,994
Total Borrowing requirement (thousands)	\$37,592	\$38,489	\$38,108	\$37,494	\$36,636

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, plant renovation 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. The following table shows the progress Freshwater has made, the forecasted commitment to improving retained earnings with the targeted 20% ratio of retained earnings to net sales being achieved by FY2017/18.

	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
Sales revenue	\$ 58,241	\$ 62,495	\$ 63,595	\$ 66,825	\$ 66,881	\$ 63,177	\$ 61,542	\$ 62,563	\$ 63,704	\$ 64,716	\$ 65,876
Retained earnings	\$ 3,555	\$ 2,760	\$ 2,908	\$ 3,041	\$ 4,240	\$ 6,880	\$ 7,769	\$ 9,111	\$ 10,600	\$ 12,217	\$ 13,984
R/E as a % of sales	6.10%	4.42%	4.57%	4.55%	6.34%	10.89%	12.62%	14.56%	16.64%	18.88%	21.23%

Retained earnings policy in effect

Overview of Freshwater Fish

Statutory Authority

Freshwater Fish Marketing Act R.S.C. c.F-13

Mandate

The Corporation's mandate is “to purchase all fish lawfully fished and offered for sale; to create an orderly market; to promote international markets; to increase fish trade; and to increase returns to fishers.”

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

Corporate Business 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 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 surpluses is distributed to fishers annually subject to the Long Term Debt and Retained Earnings Policy.

Vision, Mission and Goals

Vision

Freshwater Fish Marketing Corporation maximizes 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
- Maximize 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.

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

Use of corporate resources is guided by the seven strategies described in 3.5. The strategies drive ten strategic initiatives. Initiatives are designed to put strategies in motion by creating a structure from which strategic projects can be generated. Initiatives are usually three to five years in length. The following chart shows how initiatives address strategies.

Strategy/Initiative Matrix

		STRATEGIES						
		1-Expand & diversify the business	2-Manage the business with a market orientation	3-Promote sustainable development & commercial viability of fishery	4-Develop processing infrastructure to meet fishery & market needs	5-Ensure long-term financial viability of Corporation	6-Promote environment of total quality, lake to plate	7-Stakeholder communications
I N I T I A T I V E S	1	Balance Sheet						
	2	Plant Renovation						
	3	Culture of Excellence						
	4	Lake-to-plate Quality Assurance						
	5	Supply Chain Management						
	6	Cost Management						
	7	Supply Development						
	8	Market & Product Development						
	9	Stakeholder Communication						
	10	Enterprise Resource Planning						

Description of Initiatives

1. Balance sheet

Freshwater Fish's balance sheet was weak and as a result, the Corporation undertook a number of initiatives to address this. A retained earnings and long-term debt policy was implemented, repayment of principal on long-term capital debt 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

In 2010 Freshwater engaged Genivar, consulting engineers, to provide a plant condition assessment for the 40 year old Winnipeg processing facility that included mechanical, electrical and structural engineering, building life-cycle analysis and capital asset replacement planning. The study was designed to guide a major renovation of the plant, the objective of which is to extend the operational life of the plant to 2035, meet health and food safety standards and gain cost savings through processing efficiencies. The phased investment plan to improve the plant condition and to meet current food processing standards is provided in Appendix 2; highlights are:

Major Plant Renovation Project

		Implementation schedule	\$'000
Actual Spent	Phase I	FY 2008/09 - FY 2012/13	\$ 11,702
Planned spending			FY 2013/14
	Phase II	FY 2014/15 - FY 2021/22	\$ 18,171
	Phase III	FY 2022/23	\$ 3,412
Total capital investment			\$ 35,000

Of the \$35 million in capital investment required for the major plant renovation, \$11.7 million will have been spent as of April 30, 2013. The remaining \$23.3 million of investment will be spent over the next 9 years with \$1.715 million planned in FY 2013/14 and \$2.4 million to be spent in each of the successive 9 years.

These figures do not include the capital impact of regular maintenance and replacement requirements in the plant nor the capital requirements of field operations.

3. Culture of excellence

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 Fish is investing where it has an opportunity to build new markets and working with partners to add new products.

9. Stakeholder communications

Freshwater Fish has communications strategies for each of its stakeholder groups (fishers, customers, employees, government, public) and a communications company has been retained to help implement these strategies. The goal is to improve the understanding of and support for Freshwater among its stakeholders with a current 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.

One Year Action Plan (FY2013/14)

The Action Plan is separated into two parts: the first describes major corporate projects to be undertaken through the year; the second is a chart of the Key Performance Indicators (KPIs) by department.

Corporate Projects

Corporate projects are the vehicles that achieve progress against initiatives and therefore progress against strategies. It is at the project level that budgets, resources and outcomes are determined.

Corporate projects are often inter-departmental or cross-functional, and have an executive committee member as champion and a project leader. The executive committee champion updates the executive committee on progress, issues and resourcing requirements. The project leader looks after the day-to-day activities of the project and reports to the executive committee champion. All corporate projects have a project outline approved by the strategic planning team.

The following chart shows how corporate projects address initiatives. Each corporate project is described in detail.

Strategic Initiatives /Projects Matrix

			INITIATIVES									
			1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
Project #			Balance sheet	Plant renovation	Culture of excellence	Lake-to-plate quality assurance	Supply chain management	Cost management	Supply development	Market & product development	Stakeholder communications	Enterprise resource planning
P R O J E C T S	12/3	Yield management – Phase 2										
	13/1	Value-added lake whitefish products										
	13/2	Value-added roe products										
	13/4	Supply - business plan for Great Slave Lake										
	13/5	Culture development										
	14/1	Eco-certification										
	14/2	Communication										
	14/3	Info Source										
	14/4	Production planning										

The following are previous year projects that have been completed and therefore removed from the above lists. The systems and programs implemented by these projects are now fully integrated into the business.

12/2	Margin and contribution management
12/4	Plant efficiency
12/5	Tunnel freezer
12/6	Saskatchewan supply program
12/7	Respectful workplace policy
12/8	Human resource policies and procedures
12/9	Governance
13/3	Supply – Great Slave Lakes Fish

Key Performance Indicators by Department

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	\$1.89 million
	Total Returns to Fishers (includes Saskatchewan)	\$29.3 million
Finance	Working Capital Management	All capital asset purchases financed by long-term debt as incurred Improve spare parts area inventory accuracy by January 31, 2014
	Improve key performance indicator (KPI) reporting for operational areas of the Corporation	Plant operations by December 31, 2013 Sales & Marketing by December 31, 2013
	Procurement and accounts payable process and cycle time improvement	Fully functional JD Edwards-based system implemented by April 30, 2014
Sales and Marketing	Gross and net sales	\$66.9 million/\$61.5 million
	Northern pike market penetration	Pin-bone out portion sales: incremental \$365K revenue (North America, Germany, Finland)
	Lake whitefish pin-bone out expansion	\$490K in pin-bone out portions and fillets Launch "made in Canada" fillets for fresh markets
	New business	\$1.5 million
Processing	Improve direct labour efficiency by 1.6%	Move Kgs/Hour Process from 36.4 to 37.0
	Improve Operational costs per KG by 6%	Improve Operational cost per KG from \$1.50 to \$1.41
	Increase yield on walleye by 1%	\$600,000
Field Operations	Delivery volume	Total deliveries 10.7 million kilograms
	Great Slave Lake lake whitefish deliveries	Work with NWTF to act as local agent and complete business plans for new plant construction in 2014
	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	Complete MSC eco-certification project on Waterhen area
	Achieve minimum 90% pass rate on fillet inspection scores	90% pass rate on fillet inspection scores by Quality Control
	Improve sanitation performance to minimum 80% pass rate	80% pass rate on pre-op testing by Quality Control
Human Resources and	Plant Safety - Reduce accident frequency	Reduce from 15.6 to 13.0

Government Services	per 100 employees	
	Reduce % of employee plant absenteeism	Reduce from 15% in FY2013 to 13% in FY2014
Supply Chain	Cold storage cost reduction	Improve cold storage cost per delivered KG from \$0.086 to \$0.077
	Production planning & JD Edwards System	Develop training and planning modules for integration by September 1, 2013
President's Office	Communication: Quarterly meetings with staff and fisher newsletters	One each quarter
	Produce new strategic plan document	Complete by April 30, 2014
	Communication: Major elements of the strategic plan to be communicated to employees	Complete by April 30, 2014
	Disaster and business recovery plan	Draft to Audit and Risk Committee by April 30, 2014

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 maintenance or replacement of aging plant infrastructure and information technology.

Schedule A

	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18
Major Renovation	\$ 1,715,000	\$ 1,700,000	\$ 1,700,000	\$ 1,700,000	\$ 1,700,000
Maintenance	\$ 1,066,000	\$ 1,050,000	\$ 1,050,000	\$ 1,050,000	\$ 1,050,000
Total Plant	\$ 2,781,000	\$ 2,750,000	\$ 2,750,000	\$ 2,750,000	\$ 2,750,000
Total Field Operations	\$ 680,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Total Capital Investment	\$ 3,461,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000

The accompanying schedule on the next page provides a detailed breakdown by spending category.

Investment in the plant since its original opening in 1971 was minimal until FY2006/07, running at or below the annual depreciation rate. After more than 40 years of operation, equipment and infrastructure are nearing the end of their useful life creating three sets of issues for the Corporation.

- **Maintenance:** Aging equipment and infrastructure are expensive to maintain and are increasingly prone to break-down during periods of heavy use.
- **Food safety regulations and customer quality assurance standards:** Well-publicized food safety problems have increased public sensitivity to safety in food processing, reinforcing an existing trend toward more rigid enforcement of regulations and more demanding standards applied by customers. The difficulty and additional cost of complying with regulations and the quality assurance standards of customers have become a factor in the industry and for the Corporation.
- **Efficiency:** Old technology and worn-out equipment reduce efficiencies and yields, increasing costs and adding to the difficulties of competing in a strong dollar environment.

In 2010 Freshwater engaged Genivar, consulting engineers, in response to this situation to provide a plant condition assessment for the 40 year old Winnipeg processing facility that included mechanical, electrical and structural engineering, building life-cycle analysis and capital asset planning. The objective of the study was to extend the operational life of the plant to 2035, meet health and food safety standards and gain cost savings through processing efficiencies.

	Major Renovation	Replacement of worn-out equipment and infrastructure				TOTAL
		Maintenance		Payback		
		Operations	Compliance	Improved Efficiency	Business Development	
TRANSCONA PLANT						
Water Pipe Replacement - Phase 1 of 3	\$ 321					\$ 321
Water Treatment Phase 1 of 2	\$ 770					\$ 770
Building Repairs - Rust/Ceilings/Floors/HVAC Improvement Plant	\$ 205					\$ 205
Roof	\$ 205					\$ 205
Powerhouse Compressor rebuild	\$ 64					\$ 64
Caviar modification - Floor/ HVAC	\$ 150					\$ 150
RF Smart phase 2		\$ 77				\$ 77
PLC Upgrade		\$ 77				\$ 77
Baader Rebuild		\$ 193				\$ 193
Metal detectors (2)			\$ 154			\$ 154
Large Fish Scaler				\$ 128		\$ 128
Office and Compute						
FPS Database upgrade		\$ 29				\$ 29
Oracle tools upgrade		\$ 13				\$ 13
VMWare failover server		\$ 20				\$ 20
Transcona Plant Failure Contingency						
Plant - Maintenance		\$ 375				\$ 375
						\$ -
TOTAL TRANSCONA PLANT	\$ 1,715	\$ 784	\$ 154	\$ 128	\$ -	\$ 2,781
FIELD OPERATIONS						
Fish Totes		\$ 105				\$ 105
Poplar River Barge		\$ 206				\$ 206
Berens River						
Staff Accommodations		\$ 241				\$ 241
Selkirk						
CFIA upgrades backflows, sewage		\$ 118				\$ 118
Riverton						
Plant - Maintenance		\$ 10				\$ 10
Leaf Rapids						
						\$ -
TOTAL FIELD OPERATIONS	\$ -	\$ 680	\$ -	\$ -	\$ -	\$ 680
TOTAL CAPITAL BUDGET	\$ 1,715	\$ 1,464	\$ 154	\$ 128	\$ -	\$ 3,461
TOTAL CAPITAL BUDGET \$ BY CATEGORY			3,333		128	\$ 3,461
TOTAL CAPITAL BUDGET % BY CATEGORY		96.30%		3.70%		100.00%

DEFINITIONS

Maintenance
Operations
Compliance

Capital investment required to replace or repair assets to assure business continuance
investments related to the processing of fish or the physical plant environment
investments related to food safety or security regulations

Payback
Improved Efficiency
Business Development

Capital investments that will provide a cost saving or increase revenue
investments with a financial return in material yield, operating and/or labour efficiency
investments with a financial return in product and market development

Operating Budget

Freshwater Fish 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 Fish's projected operating budget for FY2013/14 is \$52.9 million based on net sales revenue of \$61.5 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 Fish'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, the appreciation of the Canadian dollar, high costs to fishers 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 FY2013/14 through FY2017/18. 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 % of total payment 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 largest 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.

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. Prices are set seasonally – summer and winter to encourage fishing in periods that match the market demand for the particular species of fish.
2. Prices are set by species, form and size.
3. Quality standards are set to ensure that purchases are of sellable quality.
4. Significant market fluctuations during the year can be reacted to by changing the price paid to fishers.
5. 80% of Freshwater's foreign currency revenue is protected against currency fluctuations through hedging contracts. This is reflected in the initial price to fishers.
6. Payments are only made to fishers when fish is delivered and have passed quality inspection that it is received in good quality.

Final Payment and Retained Earnings

FFMC's targeted retained earnings level will be 20% of annual sales revenue per the 2008 Grant Thornton analysis (attached as Appendix 7).

The Corporation has increased its retained earnings over the last four years from 2.8 million in FY2009/10 to 6.9 million in FY2012/13. Cumulative net income before final payment over that 4 year period was \$13.1 million with only \$7.5 million or 57% paid out to fishers as final payment. The remaining 43% was reinvested in the Corporation. The 2013/14 to 2017/18 Corporate Plan demonstrates progress towards the required retained earnings level by FY2017/18. The Corporation's goal is to meet the 20% retained earnings target by FY2019/20.

Debt

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 FY2013/14 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 FY2013/14.

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, 20 year amortization, 3.47% interest

- New long-term debt for capital investment
 - \$3.4 million for capital purchases in FY2013/14, 20 year amortization, 3.47% interest
 - \$3 million for capital purchases annually 2014-2017, 20 year amortization, inflation adjusted 2015-2018

- Working Capital Debt
 - \$4 million LIBOR loan, 2.38% interest FY2012/13, inflation adjusted 2014-2017
 - Remaining requirements as Banker's Acceptance, 2.056% interest FY2013/14, inflation adjusted 2014-2017

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 is planning to convert the \$6.5 million from short-term to long-term debt by April 30, 2014.

Borrowing authority

Projected peak borrowing requirements will be as follows:

	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18
Operating debt	\$22,292	\$21,602	\$19,440	\$17,158	\$15,642
Long-term debt	\$15,300	\$16,887	\$18,668	\$20,336	\$20,994
Total Borrowing requirement (thousands)	\$37,592	\$38,489	\$38,108	\$37,494	\$36,636

Assumptions Underlying Financials

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

- Inflation of 2% annually;
- Foreign currency exchange of CAD/USD at \$0.98 in FY2013/14 and par 2014/15 onward;
- Depreciation per accounting policy; and,
- Selling and administration costs include efficiency gains.

Risks

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

- Continued global economic challenges could further strengthen the Canadian dollar, reducing sales revenue;
- 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.

Statement of Operations, Comprehensive Income and Retained Earnings 2014

Freshwater Fish Marketing Corporation Pro-Forma Financial Statements						
S7 - Quarterly Income Statement						
	Annual Actual	Quarterly Plan	Quarterly Plan	Quarterly Plan	Quarterly Plan	Annual Plan
	Fiscal 2013	Fiscal 2014	Fiscal 2014	Fiscal 2014	Fiscal 2014	Fiscal 2014
Start Date	1-May-2012	1-May-2013	1-Aug-2013	1-Nov-2013	1-Feb-2014	
End Date	30-Apr-2013	31-Jul-2013	31-Oct-2013	31-Jan-2014	30-Apr-2014	
Quarterly income statement - consolidated						
(\$'000, unless otherwise stated)						
Sales and gross margin						
Net delivered weight to customers (kg)	7,706,982	1,817,776	2,386,240	1,902,957	2,153,983	8,260,956
Total gross sales at customer location	-	15,444	17,926	14,356	19,194	66,919
Plus (less): Fx gain/(loss)	-	(199)	(234)	(184)	(258)	(875)
Less: discounts and allowances	-	(1,033)	(1,239)	(976)	(1,255)	(4,503)
Total net sales	63,475	14,212	16,453	13,195	17,681	61,542
Cost of sales						
Opening inventory of finished fish products	9,618	12,744	16,183	18,630	17,108	12,744
Plus: fish purchases and processing expenses						
Fish purchases - mandated area	25,449	8,614	9,458	3,623	3,751	25,445
Fish purchases - Saskatchewan	1,988	865	175	537	180	1,757
Processing and operating costs	26,336	5,595	6,644	5,304	7,023	24,567
Plant salaries, wages and benefits	11,728	2,492	2,959	2,362	3,128	10,940
Processing and operating costs	4,196	892	1,059	845	1,119	3,914
Packaging and storage	3,943	838	995	794	1,051	3,678
Freight	3,260	693	822	657	869	3,041
Repair and maintenance	1,835	390	463	370	489	1,712
Utilities and property taxes	1,374	292	347	277	366	1,282
Depreciation and amortization of production assets	1,401	472	476	480	483	1,911
Contingency	-	-	-	-	-	-
Sub-total	64,792	28,291	32,936	28,574	28,545	66,424
Less: ending inventory of processed fish products	(12,744)	(16,183)	(18,630)	(17,108)	(13,432)	(13,432)
Total cost of sales	52,048	12,108	14,306	11,465	15,113	52,992
Gross profit on operations	11,427	2,105	2,147	1,730	2,567	8,549
\$ per kg	\$1.48	\$1.16	\$0.90	\$0.91	\$1.19	\$1.03
% of net sales	18.0%	14.8%	13.1%	13.1%	14.5%	13.9%
Marketing and administrative expenses						
Salaries and benefits	3,360	547	547	547	547	2,186
Commissions	1,253	187	246	196	222	851
Data processing, office and professional services	1,113	161	161	161	161	644
Interest expense, net	699	205	208	225	220	858
Advertising and promotion	368	72	72	72	72	288
Meeting fees and expenses	97	22	22	22	22	88
Other marketing and administrative expenses	540	102	102	102	102	408
Depreciation and amortization of administration assets	39	23	23	23	23	90
Total marketing and administrative expenses	7,469	1,318	1,380	1,347	1,368	5,414
Other income and expenses	564	(312)	(312)	(312)	(312)	(1,247)
Profit before provision for final payments to fishers	4,522	475	455	72	887	1,889
Provision for final payments to fishers	(2,050)	-	-	-	(1,000)	(1,000)
Income tax expense (recovery)	(168)	-	-	-	-	-
Total comprehensive income	2,640	475	455	72	(113)	889
Retained earnings, beginning of period	4,240	6,880	7,355	7,810	7,882	6,880
Retained earnings, end of period	6,880	7,355	7,810	7,882	7,769	7,769
Provision for final payments to fishers	(2,050)					(1,000)
Payment %*	73.2%					84.0%

Payment % = [Provision for final payments to fishers + fish purchases - mandated area] ÷ [Fish purchases - mandated area + fish purchases - non-mandated area + profit before provision for final payments to fishers]

Balance Sheet 2014

Freshwater Fish Marketing Corporation Pro-Forma Financial Statements					
S8 - Quarterly Balance Sheet					
	Annual Actual	Quarterly Plan	Quarterly Plan	Quarterly Plan	Quarterly Plan
	Fiscal 2013	Fiscal 2014	Fiscal 2014	Fiscal 2014	Fiscal 2014
Start Date	1-May-2012	1-May-2013	1-Aug-2013	1-Nov-2013	1-Feb-2014
End Date	30-Apr-2013	31-Jul-2013	31-Oct-2013	31-Jan-2014	30-Apr-2014
Quarterly balance sheet - consolidated					
(\$'000)					
Assets					
Current assets					
Cash	10	50	50	50	50
Trade receivables	6,396	6,397	6,765	6,830	4,932
Prepaid expenses	64	348	380	379	273
Income taxes receivable	516	516	516	516	516
Inventories					
Processed fish products, net of write-downs					
Walleye (Fickerel)	7,988	11,162	13,051	11,760	7,988
Lake Whitefish	697	915	1,266	760	697
Northern Pike	3,658	3,366	3,305	3,526	3,658
Sauger	318	307	364	333	307
Mullet	36	111	164	268	374
Perch	19	52	360	431	379
Lake Trout	17	258	110	20	17
Other	10	10	10	10	10
Total processed fish products, net of write-downs	12,744	16,183	18,630	17,108	13,432
Raw materials and supplies	1,106	1,106	1,106	1,106	1,106
Total inventories	13,850	17,289	19,736	18,214	14,538
Derivative-related assets	115	115	115	115	115
Total current assets	20,951	24,715	27,562	26,104	20,424
Property, plant and equipment	21,172	21,550	21,924	22,295	22,662
Intangible assets	29	29	29	29	29
Total assets	42,152	46,294	49,515	48,427	43,115
Liabilities					
Current liabilities					
Trade and other payables and accrued liabilities	3,695	4,277	4,671	4,657	3,361
Current portion of accrued obligation for employee benefits	683	683	683	683	683
Provision for final payments to fishers	2,050	2,050	2,050	-	1,000
Operating line (LIBOR)	4,030	4,030	4,030	4,030	4,030
Operating line (BA Short Term)	7,200	10,519	13,124	14,262	6,191
Current portion of long-term debt	933	933	933	933	1,053
Derivative-related liabilities	606	606	606	606	606
Total current liabilities	19,197	23,098	26,097	25,171	16,924
Operating line (BA LT) #1	15,067	14,833	14,600	14,367	17,414
Deferred tax liabilities	649	649	649	649	649
Accrued obligation for employee benefits	309	309	309	309	309
Asset retirement obligation	50	50	50	50	50
Total liabilities	35,272	38,939	41,705	40,546	35,346
Equity					
Retained earnings	6,880	7,355	7,810	7,882	7,769
Total liabilities and equity	42,152	46,294	49,515	48,427	43,115
Quarterly peak borrowing requirement					
Operating line (LIBOR)		4,030	4,030	4,030	4,030
Operating line (BA Short Term)		11,799	13,124	14,262	13,773
Current portion of long-term debt		933	933	933	933
Long-term debt		14,911	14,600	14,367	14,289
Total peak borrowing requirement		31,674	32,687	33,592	33,025
Contingency		4,000	4,000	4,000	4,000
Adjusted peak borrowing requirement		35,674	36,687	37,592	37,025

Statement of Cash Flows 2014

Freshwater Fish Marketing Corporation Pro-Forma Financial Statements						
S9 - Quarterly Cash Flow Statement						
	Annual Actual	Quarterly Plan	Quarterly Plan	Quarterly Plan	Quarterly Plan	Annual Plan
	Fiscal 2013	Fiscal 2014	Fiscal 2014	Fiscal 2014	Fiscal 2014	Fiscal 2014
Start Date	1-May-2012	1-May-2013	1-Aug-2013	1-Nov-2013	1-Feb-2014	
End Date	30-Apr-2013	31-Jul-2013	31-Oct-2013	31-Jan-2014	30-Apr-2014	
Quarterly cash flow statement - consolidated						
(\$'000)						
Operating activities						
Comprehensive income for the period	2,640	475	455	72	(113)	889
Plus: future tax expense	336	-	-	-	-	-
Plus: depreciation and amortization of production assets	1,572	472	476	480	483	1,911
Plus: depreciation and amortization of administration assets	-	-	-	-	-	-
Loss on disposal of property, plant and equipment	13	-	-	-	-	-
Plus (less): changes in non-cash operating working capital						
Trade receivables	(4)	(1)	(367)	(65)	1,897	1,464
Inventories						
Total processed fish products, net of write-downs	(3,359)	(3,439)	(2,447)	1,522	3,677	(688)
Raw materials and supplies	-	-	-	-	-	-
Total inventories	(3,359)	(3,439)	(2,447)	1,522	3,677	(688)
Prepaid expenses	630	(284)	(32)	1	105	(209)
Income taxes receivable	(401)	-	-	-	-	-
Derivative-related assets	24	-	-	-	-	-
Trade and other payables and accrued liabilities	(1,618)	582	394	(15)	(1,295)	(334)
Derivative-related liabilities	212	-	-	-	-	-
Provision for final payments to fishers	(900)	-	-	(2,050)	1,000	(1,050)
Accrued obligation for employee benefits	(584)	-	-	-	-	-
Asset retirement obligation	-	-	-	-	-	-
Sub-total	(6,000)	(3,143)	(2,452)	(606)	5,384	(817)
Cash from operating activities	(1,439)	(2,195)	(1,521)	(55)	5,754	1,983
Investing activities						
Additions to property, plant and equipment	(5,166)	(850)	(850)	(850)	(850)	(3,401)
Investment tax credits received for PP&E	115	-	-	-	-	-
Proceeds on disposal of property, plant and equipment	2	-	-	-	-	-
Cash from investing activities	(5,049)	(850)	(850)	(850)	(850)	(3,401)
Financing activities						
Plus (less): changes in debt						
Operating line (LIBOR)	78	-	-	-	-	-
Operating line (BA Short Term)	-	3,319	2,605	1,139	(8,071)	(1,009)
Current portion of long-term debt	-	-	-	-	120	120
Long-term debt	6,000	(233)	(233)	(233)	3,048	2,348
Sub-total	6,078	3,086	2,371	905	(4,904)	1,458
Cash from financing activities	6,078	3,086	2,371	905	(4,904)	1,458
Net increase (decrease) in cash and cash equivalents	(410)	40	-	(0)	-	40
Plus: cash and cash equivalents, beginning of period	420	10	50	50	50	10
Cash and cash equivalents, end of period	10	50	50	50	50	50

Statement of Operations, Comprehensive Income and Retained Earnings 2014-2018

Freshwater Fish Marketing Corporation Pro-Forma Financial Statements						
S1 - Annual Income Statement						
	Annual Actual	Annual Plan	Annual Plan	Annual Plan	Annual Plan	Annual Plan
	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018
Start Date	1-May-2012	1-May-2013	1-May-2014	1-May-2015	1-May-2016	1-May-2017
End Date	30-Apr-2013	30-Apr-2014	30-Apr-2015	30-Apr-2016	30-Apr-2017	30-Apr-2018
Annual income statement - consolidated						
(\$'000, unless otherwise stated)						
Sales and gross margin						
Net delivered weight to customers (kg)	7,706,982	8,260,956	7,907,160	8,060,295	8,215,521	8,372,872
Total gross sales at customer location	-	66,919	67,009	68,235	69,334	70,582
Plus (less): Fx gain/(loss)	-	(875)	-	-	-	-
Less: discounts and allowances	-	(4,503)	(4,446)	(4,532)	(4,618)	(4,706)
Total net sales	63,475	61,542	62,563	63,704	64,716	65,876
Cost of sales						
Opening inventory of finished fish products	9,618	12,744	13,432	13,432	13,432	13,432
Plus: fish purchases and processing expenses						
Fish purchases - mandated area	25,449	25,445	25,708	26,253	26,524	26,798
Fish purchases - Saskatchewan	1,988	1,757	1,540	1,340	1,419	1,500
Plant salaries, wages and benefits	11,728	10,940	10,752	10,945	11,093	11,305
Processing and operating costs	4,196	3,914	3,847	3,916	3,969	4,045
Packaging and storage	3,943	3,678	3,615	3,680	3,729	3,801
Freight	3,260	3,041	2,989	3,042	3,083	3,142
Repair and maintenance	1,835	1,712	1,682	1,713	1,736	1,769
Utilities and property taxes	1,374	1,282	1,260	1,282	1,300	1,324
Depreciation and amortization of production assets	1,401	1,911	1,991	2,092	2,183	2,265
Contingency	-	-	-	-	-	-
Sub-total	64,792	66,424	66,816	67,695	68,466	69,379
Less: ending inventory of processed fish products	(12,744)	(13,432)	(13,432)	(13,432)	(13,432)	(13,432)
Total cost of sales	52,048	52,992	53,385	54,264	55,035	55,947
Gross profit on operations	11,427	8,549	9,179	9,440	9,681	9,928
\$ per kg	\$1.48	\$1.03	\$1.16	\$1.17	\$1.18	\$1.19
% of net sales	18.0%	13.9%	14.7%	14.8%	15.0%	15.1%
Marketing and administrative expenses						
Salaries and benefits	3,360	2,186	2,274	2,320	2,366	2,414
Commissions	1,253	851	814	830	846	862
Data processing, office and professional services	1,113	644	670	684	698	712
Interest expense, net	699	858	921	943	961	962
Advertising and promotion	368	288	300	306	312	318
Meeting fees and expenses	97	88	92	94	95	97
Other marketing and administrative expenses	540	408	424	433	441	450
Depreciation and amortization of administration assets	39	90	94	96	98	100
Total marketing and administrative expenses	7,469	5,414	5,590	5,705	5,817	5,914
Other income and expenses	564	(1,247)	(1,247)	(1,247)	(1,247)	(1,247)
Profit before provision for final payments to fishers	4,522	1,889	2,342	2,489	2,617	2,767
Provision for final payments to fishers	(2,050)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Income tax expense (recovery)	(168)	-	-	-	-	-
Total comprehensive income	2,640	889	1,342	1,489	1,617	1,767
Retained earnings, beginning of period	4,240	6,880	7,769	9,111	10,600	12,218
Retained earnings, end of period	6,880	7,769	9,111	10,600	12,218	13,985
Provision for final payments to fishers	(2,050)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Payment %*	73.2%	84.0%	83.5%	83.9%	83.5%	83.0%

Payment % = [Provision for final payments to fishers + fish purchases - mandated area] ÷ [Fish purchases - mandated area + fish purchases - non-mandated area + profit before provision for final payments to fishers]

Balance Sheet 2014-2018

Freshwater Fish Marketing Corporation Pro-Forma Financial Statements						
S2 - Annual Balance Sheet						
	Annual Actual	Annual Plan	Annual Plan	Annual Plan	Annual Plan	Annual Plan
	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018
Start Date	1-May-2012	1-May-2013	1-May-2014	1-May-2015	1-May-2016	1-May-2017
End Date	30-Apr-2013	30-Apr-2014	30-Apr-2015	30-Apr-2016	30-Apr-2017	30-Apr-2018
Annual balance sheet - consolidated						
(\$'000)						
Assets						
Current assets						
Cash	10	50	50	50	50	50
Trade receivables	6,396	4,932	4,981	4,995	4,998	4,986
Prepaid expenses	64	273	267	267	267	266
Income taxes receivable	516	516	516	516	516	516
Inventories						
Processed fish products, net of write-downs						
Walleye (Fickerel)	7,988	7,988	7,988	7,988	7,988	7,988
Lake Whitefish	697	697	697	697	697	697
Northern Pike	3,658	3,658	3,658	3,658	3,658	3,658
Sauger	318	307	307	307	307	307
Mullet	36	374	374	374	374	374
Perch	19	379	379	379	379	379
Lake Trout	17	17	17	17	17	17
Other	10	10	10	10	10	10
Total processed fish products, net of write-downs	12,744	13,432	13,432	13,432	13,432	13,432
Raw materials and supplies	1,106	1,106	1,106	1,106	1,106	1,106
Total inventories	13,850	14,538	14,538	14,538	14,538	14,538
Derivative-related assets	115	115	115	115	115	115
Total current assets	20,951	20,424	20,466	20,481	20,483	20,471
Property, plant and equipment	21,172	22,662	23,671	24,580	25,397	26,132
Intangible assets	29	29	29	29	29	29
Total assets	42,152	43,115	44,167	45,090	45,909	46,633
Liabilities						
Current liabilities						
Trade and other payables and accrued liabilities	3,695	3,361	3,281	3,288	3,280	3,275
Current portion of accrued obligation for employee benefits	683	683	683	683	683	683
Provision for final payments to fishers	2,050	1,000	1,000	1,000	1,000	1,000
Operating line (LIBOR)	4,030	4,030	4,030	4,030	4,030	4,030
Operating line (BA Short Term)	7,200	6,191	4,033	1,622	-	-
Current portion of long-term debt	933	1,053	1,162	1,275	1,390	1,509
Derivative-related liabilities	606	606	606	606	606	606
Total current liabilities	19,197	16,924	14,795	12,504	10,989	11,104
Long-term debt	15,067	17,414	19,252	20,978	21,695	20,536
Deferred tax liabilities	649	649	649	649	649	649
Accrued obligation for employee benefits	309	309	309	309	309	309
Asset retirement obligation	50	50	50	50	50	50
Total liabilities	35,272	35,346	35,055	34,490	33,692	32,648
Equity						
Retained earnings	6,880	7,769	9,111	10,600	12,218	13,985
Total liabilities and equity	42,152	43,115	44,167	45,090	45,909	46,633
Annual peak borrowing requirement						
Operating line (LIBOR)		4,030	4,030	4,030	4,030	4,030
Operating line (BA Short Term)		14,262	12,517	10,244	7,847	6,214
Current portion of long-term debt		933	1,055	1,166	1,281	1,398
Long-term debt		14,367	16,886	18,668	20,336	20,994
Total peak borrowing requirement before undernoted		33,592	34,489	34,108	33,494	32,636
Contingency		4,000	4,000	4,000	4,000	4,000
Adjusted peak borrowing requirement		37,592	38,489	38,108	37,494	36,636

Statement of Cash Flows 2014-2018

Freshwater Fish Marketing Corporation Pro-Forma Financial Statements						
S3 - Annual Cash Flow Statement						
	Annual Actual	Annual Plan	Annual Plan	Annual Plan	Annual Plan	Annual Plan
	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018
Start Date	1-May-2012	1-May-2013	1-May-2014	1-May-2015	1-May-2016	1-May-2017
End Date	30-Apr-2013	30-Apr-2014	30-Apr-2015	30-Apr-2016	30-Apr-2017	30-Apr-2018
Annual cash flow statement - consolidated						
(\$'000)						
Operating activities						
Comprehensive income for the period	2,640	889	1,342	1,489	1,617	1,767
Plus: future tax expense	336	-	-	-	-	-
Plus: depreciation and amortization	1,572	1,911	1,991	2,092	2,183	2,265
Plus: depreciation and amortization of administration assets	-	-	-	-	-	-
Loss on disposal of property, plant and equipment	13	-	-	-	-	-
Plus (less): changes in non-cash operating working capital						
Trade receivables	(4)	1,464	(49)	(14)	(3)	12
Inventories						
Total processed fish products, net of write-downs	(3,359)	(688)	-	(0)	-	(0)
Raw materials and supplies	-	-	-	-	-	-
Total inventories	(3,359)	(688)	-	(0)	-	(0)
Prepaid expenses	630	(209)	7	(1)	1	0
Income taxes receivable	(401)	-	-	-	-	-
Derivative-related assets	24	-	-	-	-	-
Trade and other payables and accrued liabilities	(1,618)	(334)	(81)	7	(8)	(4)
Derivative-related liabilities	212	-	-	-	-	-
Provision for final payments to fishers	(900)	(1,050)	-	-	-	-
Accrued obligation for employee benefits	(584)	-	-	-	-	-
Asset retirement obligation	-	-	-	-	-	-
Sub-total	(6,000)	(817)	(123)	(7)	(10)	8
Cash from operating activities	(1,439)	1,983	3,210	3,573	3,790	4,040
Investing activities						
Additions to property, plant and equipment	(5,166)	(3,401)	(3,000)	(3,000)	(3,000)	(3,000)
Investment tax credits received for PP&E	115	-	-	-	-	-
Proceeds on disposal of property, plant and equipment	2	-	-	-	-	-
Cash from investing activities	(5,049)	(3,401)	(3,000)	(3,000)	(3,000)	(3,000)
Financing activities						
Plus (less): changes in debt						
Operating line (LIBOR)	78	-	-	-	-	-
Operating line (BA Short Term)	-	(1,009)	(2,157)	(2,411)	(1,622)	-
Current portion of long-term debt	-	120	109	112	116	119
Long-term debt	6,000	2,348	1,838	1,725	717	(1,159)
Sub-total	6,078	1,458	(210)	(573)	(790)	(1,040)
Cash from financing activities	6,078	1,458	(210)	(573)	(790)	(1,040)
Net increase (decrease) in cash and cash equivalents	(410)	40	0	(0)	(0)	(0)
Plus: cash and cash equivalents, beginning of period	420	10	50	50	50	50
Cash and cash equivalents, end of period	10	50	50	50	50	50