



# **Freshwater Fish Marketing Corporation**

## ***Five-Year Corporate Plan Summary***

**Corporate Plan FY2015/16 to FY2019/20**

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

## **Corporate Profile**

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

Annual gross sales of approximately \$70 million go to important niche markets in the USA (60%), Canada (16%), Europe (20%), and other markets (4%). A 'final payment' from any year-end cash surpluses is distributed to fishers annually subject to the Long Term Debt and Retained Earnings Policy.

## **Vision**

Freshwater 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.

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

1. Orderly market/price maintenance - Freshwater buys all fish offered for sale and carries out market-stabilizing activities such as holding frozen inventory to match supply with demand.
2. Global markets - Freshwater gives Canadian inland fishers access to global markets while reducing the business risk for fishers inherent in the export of food products:
  - foreign exchange risk - by hedging currencies
  - market risk - by setting buying prices for a season and as much as possible for a year at a time
  - cash flow risk - by paying fishers within a week of delivery and managing customer receivables

3. Food safety and security - Freshwater works closely with the Canadian Food Inspection Agency (CFIA) and its customers to ensure its supply chain and processing plant meet federal and customer requirements for food safety and security. Freshwater was one of the first foreign fish plants certified for export to Russia.
4. Economic development - In many communities where Freshwater operates delivery points, the fishery is the only commercial avenue of economic development. A majority of these communities (42 of 53) are predominantly Aboriginal (First Nations and Métis). The fishery fosters independent business owners, increases employment in rural and remote regions and reduces the need for social assistance. In FY2013/14, 78% of the \$26 million that Freshwater paid out in returns to fishers and agency fees went to predominantly Aboriginal communities. If 53° north and above is considered north, then approximately 45% of deliveries by value and 54% by volume came from northern communities in FY2013/14. This income remains in the community in the form of wages for hired labour (fishers hire an average of four crew members) and money spent at local businesses.

### Special Examination

In 2010, Freshwater underwent its regular Special Examination by the Office of the Auditor General of Canada. The recommendations made by the Auditor General in the Special Examination Report of December 2010 have all been implemented. Another Special Examination is scheduled in FY2015/16. The following is a detailed status of actions undertaken:

<b>REPORT ITEM</b>	<b>STATUS / ACTION</b>
<b>Board profile</b>	<ul style="list-style-type: none"> <li>• A financial professional has been appointed to the Board and chairs the Audit and Risk Committee</li> <li>• The Board has submitted to the Minister a revised Board profile policy and is following this policy for all new appointment recommendations</li> </ul>
<b>Audit and Risk Committee</b>	<ul style="list-style-type: none"> <li>• Restructured and now in compliance</li> </ul>
<b>Internal audits</b>	<ul style="list-style-type: none"> <li>• The Audit and Risk Committee and management have a contract with KPMG to conduct internal audits</li> <li>• A multi-year audit plan has been approved and is in progress</li> </ul>
<b>Long-term strategic plan approval by shareholder</b>	<ul style="list-style-type: none"> <li>• The FY2013/14 plan was approved for a period of 2 years</li> <li>• As of February 15, 2015, the FY2014/15 plan is being reviewed by Treasury Board Secretariat, approval expected in April 2015</li> </ul>
<b>Risk management</b>	<ul style="list-style-type: none"> <li>• 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</li> </ul>
<b>Retained earnings</b>	<ul style="list-style-type: none"> <li>• A Long Term Debt and Retained Earnings Policy was developed and approved by the Board in February 2011. It became effective May 1, 2011.</li> </ul>
<b>Human resources strategy</b>	<ul style="list-style-type: none"> <li>• A strategic human resources plan is in place</li> </ul>
<b>Contracting and procurement policy</b>	<ul style="list-style-type: none"> <li>• A contracting and procurement policy and process is now in place</li> </ul>

The Corporate Plan presented here details how Freshwater will continue to maximize returns to fishers in a self-sustaining manner, 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.

Projected peak borrowing requirements will be as follows:

	FY2015/16	FY2016/17	FY2017/18	FY2018/19	FY2019/20
Operating debt	\$19,284	\$16,534	\$16,902	\$14,192	\$8,600
Demand installment debt	\$14,519	\$15,866	\$13,140	\$10,754	\$12,609
<b>Total Borrowing requirement (thousands)</b>	<b>\$33,803</b>	<b>\$32,400</b>	<b>\$30,042</b>	<b>\$24,946</b>	<b>\$21,209</b>

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. Freshwater must remain mindful of this when setting buying prices and balance the multiple priorities of debt reduction and a fishery that needs price stability.

A study was commissioned by Freshwater in FY2006/07 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 became effective in FY2011/12. 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 to date and the forecast for full achievement of the target by FY2016/17.

	ACTUAL				FORECAST					
	FY2010/11	FY2011/12	FY2012/13	FY2103/14	FY2014/15	FY2015/16	FY2016/17	FY2017/18	FY2018/19	FY2019/20
Sales revenue	\$ 66,825	\$ 66,881	\$ 63,177	\$ 68,476	\$ 63,805	\$ 67,000	\$ 67,790	\$ 69,765	\$ 71,471	\$ 72,770
Retained earnings	\$ 3,041	\$ 4,240	\$ 6,880	\$ 8,185	\$ 10,024	\$ 12,555	\$ 15,527	\$ 20,072	\$ 23,111	\$ 25,006
R/E as a % of sales	4.55%	6.34%	10.89%	11.95%	15.71%	18.74%	22.90%	28.77%	32.34%	34.36%

*Retained earnings policy  
in effect*

## Strategic Goals

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

## Strategic Initiatives

1. **Expand and diversify the business** - Create broader product lines and a more diverse set of key markets to reduce dependence on core species and markets.
2. **Manage the business with a market orientation** - operate using species-specific business plans and sound market assessments to drive investment and harvest management with the goal of increasing revenues.
3. **Promote sustainable development and commercial viability of the fishery** – work with fishing communities and government to improve opportunities and income for fishers.
4. **Develop processing infrastructure to meet fish and market needs** – invest in infrastructure and develop systems to add value to products, reduce costs and meet current standards for food safety, security and quality.
5. **Ensure long-term financial viability of the Corporation** - create or modify policies and put in place programs to reduce its short-term debt, properly finance its long-term capital expenditure program and operate on best practice principles.
6. **Promote environment of total quality, lake to plate** – develop a culture of total quality management throughout the supply chain to meet customer needs effectively, efficiently and consistently.
7. **Stakeholder communications** – execute a two-way communications strategy for each stakeholder group (fishers, employees, customers, government and the public) to maximize the fishery resources and increase returns to fishers.

## Key Performance Indicators

Achievement of the FY2105/16 plan requires the Corporation to operate within its budget and meet operational goals summarized in the Key Performance Indicators below.

Metric	Performance Target
Net Income	\$ 4.5 million
% Return to Fishers	46.1%
Retained earnings	\$12.6 million by April 2016
Reduce expenses	5% by April 2016
Gross and net sales	Increase of 2% from \$71.8 million/\$66.9 million by April 2016
Improve direct labour efficiency	by 2% by April 2016
Improve operational costs per kg	by 5% % by April 2016
Initial payments to fishers	\$31.1 million
Fish delivery volume	14.9 million kilograms
Plant Safety - Reduce accident frequency per 100 employees	Reduce from 14.7 to 13.9 accidents per 100 employees
Reduce plant employee absenteeism	Reduce from 15% (forecast) to 13%

## Capital Budget

In developing the capital plan for the planning period, Freshwater has designed a capital plan that is affordable within its borrowing limits while meeting the commitment of paying down debt. Investments as per below.

	FY2014/15 Forecast	FY2015/16	FY2016/17	FY2017/18	FY2018/19
Total Plant	\$ 1,330,000	\$ 1,888,000	\$ 2,250,000	\$ 2,250,000	\$ 2,250,000
Total Field Operations	\$ 600,000	\$ 512,000	\$ 250,000	\$ 250,000	\$ 250,000
Total IT	\$ 70,000	\$ 100,000			
Total Capital Investment	\$ 2,000,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000

## Assumptions

### Assumptions Underlying Financials

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

- Inflation of 2% annually
- Foreign currency exchange of CAD/USD at \$1.15 based on currency market analysis by Freshwater's foreign exchange consultant in FY2015/16 and \$1.15 in FY2016/17 to FY2019/20
- Depreciation per accounting policy
- Selling, administration and processing costs include efficiency gains and cost reductions

### Risks

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

- Volatility of the Canadian dollar could impact sales revenue as a result of global economic factors
- Interest rate increases
- Declining marketability of fish due to global events
- Changing fish populations (less walleye more lake whitefish) in Lake Winnipeg

## Financial Statements

Freshwater is committed to running a high quality and effective organization by providing commercial and economic development, assuring food security and safety and encouraging and shaping markets for Canadian freshwater fish exports throughout the world. Freshwater's projected operating budget for FY2015/16 is \$62.4 million based on net sales revenue of \$66.9 million. The attached projected financial statements reveal the fiscal realities of these commitments and the financial outcome of supporting the strategies discussed in this Plan.

## **Fish Deliveries**

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

## **Revenues**

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

## **Expense Management**

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

## **Payments to Fishers**

### **Initial Payment**

Freshwater continues to face challenges in its business that include the need to increase fish deliveries, weak financial viability for fisheries, high costs of fishing in today's economy, and global market competition for protein foods that include freshwater fish. In addressing these challenges, Freshwater has achieved and is forecasting reductions in overhead expenses, improvements in operating efficiencies, increases in retained earnings and repayment of long-term debt from FY2015/16 through FY2019/20. These measures will continue to place the Corporation on a more solid financial footing.

As Freshwater continues to attain a more solid financial footing through the initiatives described above, the percentage of total payments paid to fishers as initial payments, which is used by Freshwater to purchase fish and encourage deliveries, is forecast to increase to encourage development of the freshwater fishery.

Of all the challenges Freshwater faces, the most significant is the low volume of fish deliveries. Without fish, Freshwater does not have a business. Through Freshwater's mandate and its commitment to balance fish supply from fishers with the market demand, it is paramount that Freshwater continue to encourage deliveries through its initial pricing strategies to obtain operating efficiencies and economies of scale in its operations.

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

1. Annual prices are set by species, form and size according to market demand and pricing.
2. Annual prices are adjusted seasonally – summer and winter -- to encourage fishing in periods that match the market demand for the particular species of fish.
3. Significant market fluctuations during the year can be reacted to by changing the price paid to fishers.
4. 80% of Freshwater's foreign currency revenue is protected against currency fluctuations through hedging contracts. This is reflected in the initial price to fishers.
5. Quality standards are set to ensure that purchases are of saleable quality.

6. Payments are only made to fishers when fish is delivered and has passed inspection confirming that it is received in good quality.
7. Freshwater sells into multiple markets, which reduces risk by reducing dependence on any single market.

### Final Payment and Retained Earnings

Freshwater has a targeted retained earnings level of 20% of annual sales revenue per the independent analysis that was performed in FY2006/07.

The Corporation has increased its retained earnings over the last five years from \$2.8 million in FY2009/10 to a forecast of \$10.02 million in FY2015/16. The Corporate Plan demonstrates progress towards the required retained earnings level over the plan period and will reach its target in FY2016/17.

The following shows a timeline with annual retained earnings targets that continue to make progress in putting the Corporation on a more solid financial footing:

Freshwater Fish Marketing Corporation Pro-Forma Retained Earnings						
	Annual Forecast	Annual Plan	Annual Plan	Annual Plan	Annual Plan	Annual Plan
	FY2014/15	FY2015/16	FY2016/17	FY2017/18	FY2018/19	FY2019/20
Start Date	May-14	May-15	May-16	May-17	May-18	May-19
End Date	Apr-15	Apr-16	Apr-17	Apr-18	Apr-19	Apr-20
<b>Total net sales</b>	<b>63,805</b>	<b>67,000</b>	<b>67,790</b>	<b>69,765</b>	<b>71,471</b>	<b>72,770</b>
<b>Required retained earnings</b>	<b>12,761</b>	<b>13,400</b>	<b>13,558</b>	<b>13,953</b>	<b>14,294</b>	<b>14,554</b>
Profit before provision for final payments to fishers	2,839	4,858	5,221	7,786	8,246	8,078
Provision for final payments to fishers	(1,000)	(2,000)	(2,000)	(3,000)	(5,000)	(6,000)
Income tax expense	-	327	249	241	207	183
Total comprehensive income	1,839	2,531	2,972	4,545	3,039	1,895
Retained earnings, beginning of period	8,185	10,024	12,555	15,527	20,072	23,111
<b>Retained earnings, end of period</b>	<b>10,024</b>	<b>12,555</b>	<b>15,527</b>	<b>20,072</b>	<b>23,111</b>	<b>25,006</b>

### Freshwater Retained Earnings Policy:

A final payment to fishers will be paid based on the following formula:

Annual comprehensive income before income tax plus annual depreciation less the 3-year rolling average (the current and previous two fiscal years) of cash purchases of capital assets

Regardless of the formulated final payment, Freshwater has set a target of a \$1 million annual minimum final payment to fishers. However, progress towards targeted retained earnings needs to be substantially on schedule per the Corporation's five-year Corporate Plan before any final payment is paid to fishers.



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.

### Borrowing Intentions

Freshwater’s legislated borrowing limit is \$50 million and currently is authorized at \$39.5 million. The Corporation currently utilizes a revolving demand credit facility providing access to funds up to the amount of \$23 million in short term borrowings and \$16.5 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 FY2015/16 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 FY2015/16.

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

- Existing long-term debt
  - \$8.5 million, 20 year amortization, 3.47% interest
  - \$6.1 million, 15 year amortization, 3.15% interest
  
- New long-term debt for capital investment
  - \$2.5 million for capital purchases in FY2015/16, 15 year amortization, 3.50% interest
  - \$2.5 million for capital purchases annually FY2016/17-FY2019/20, 15 year amortization, and inflation adjusted FY2016/17-FY2019/20.
  
- Working Capital Debt
  - \$4 million LIBOR loan, 2.05% interest FY2015/16, inflation adjusted FY2016/17–FY2018/19
  - Remaining requirements as Banker’s Acceptance, 2.05% interest FY2015/16, inflation adjusted FY2016/17-FY2019/20

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.

Projected peak borrowing requirements will be as follows:

	FY2015/16	FY2016/17	FY2017/18	FY2018/19	FY2019/20
Operating debt	\$19,284	\$16,534	\$16,902	\$14,192	\$8,600
Demand installment debt	\$14,519	\$15,866	\$13,140	\$10,754	\$12,609
<b>Total Borrowing requirement (thousands)</b>	<b>\$33,803</b>	<b>\$32,400</b>	<b>\$30,042</b>	<b>\$24,946</b>	<b>\$21,209</b>

## Statement of Operations, Comprehensive Income and Retained Earnings FY2015/16

Freshwater Fish Marketing Corporation Pro-Forma Financial Statements						
S7 - Quarterly Statement of Comprehensive Income						
	Annual Forecast	Quarterly Plan	Quarterly Plan	Quarterly Plan	Quarterly Plan	Annual Plan
	FY2014/15	FY2015/16	FY2015/16	FY2015/16	FY2015/16	FY2015/16
Start Date	1-May-2014	1-May-2015	1-Aug-2015	1-Nov-2015	1-Feb-2016	
End Date	30-Apr-2015	31-Jul-2015	31-Oct-2015	31-Jan-2016	30-Apr-2016	
<b>(\$'000, unless otherwise stated)</b>						
<b>Sales and gross margin</b>						
Net delivered weight to customers (kg)	8,135,914	1,869,309	2,286,777	1,875,421	2,373,125	8,404,633
Total gross sales at customer location	64,764	14,044	19,056	14,099	18,719	65,918
Plus (less): Fx gain/(loss)	4,137	1,241	1,745	1,247	1,686	5,919
Less: discounts and allowances	(5,096)	(1,044)	(1,380)	(1,038)	(1,374)	(4,837)
<b>Total net sales</b>	<b>63,805</b>	<b>14,240</b>	<b>19,421</b>	<b>14,308</b>	<b>19,030</b>	<b>67,000</b>
<b>Cost of sales</b>						
Opening inventory of finished fish products	12,546	13,810	18,235	20,113	18,490	13,810
Plus: fish purchases and processing expenses						
Fish purchases - mandated area	24,017	9,757	9,502	3,118	2,479	24,857
Fish purchases - Saskatchewan	3,215	588	610	1,328	945	3,471
Processing and operating costs	24,797	5,302	7,196	5,376	7,237	25,112
Depreciation and amortization of production assets	1,319	456	460	465	469	1,850
Contingency	1,044	-	-	-	-	-
Sub-total	66,939	29,914	36,004	30,400	29,620	69,099
Less: ending inventory of processed fish products	(13,810)	(18,235)	(20,113)	(18,490)	(13,846)	(13,846)
<b>Total cost of sales</b>	<b>53,129</b>	<b>11,679</b>	<b>15,890</b>	<b>11,910</b>	<b>15,774</b>	<b>55,253</b>
<b>Gross profit on operations</b>	<b>10,676</b>	<b>2,562</b>	<b>3,531</b>	<b>2,398</b>	<b>3,256</b>	<b>11,746</b>
\$ per kg	\$1.31	\$1.37	\$1.54	\$1.28	\$1.37	\$1.40
% of net sales	16.7%	18.0%	18.2%	16.8%	17.1%	17.5%
<b>Marketing and administrative expenses</b>						
Salaries and benefits	2,304	572	572	572	572	2,286
Commissions	859	198	242	199	251	890
Data processing, office and professional services	763	168	168	168	168	674
Interest expense, net	479	171	181	186	179	717
Advertising and promotion	252	75	75	75	75	301
Meeting fees and expenses	67	23	23	23	23	92
Other marketing and administrative expenses	370	107	107	107	107	426
Depreciation and amortization of administration assets	27	24	24	24	24	94
Total marketing and administrative expenses	5,121	1,338	1,392	1,353	1,398	5,481
<b>Other income and expenses</b>	<b>(2,716)</b>	<b>(352)</b>	<b>(352)</b>	<b>(352)</b>	<b>(352)</b>	<b>(1,407)</b>
<b>Profit before provision for final payments to fishers</b>	<b>2,839</b>	<b>872</b>	<b>1,787</b>	<b>693</b>	<b>1,506</b>	<b>4,858</b>
Provision for final payments to fishers	(1,000)	-	-	-	(2,000)	(2,000)
Income tax expense (recovery)	-	60	89	89	89	327
<b>Total comprehensive income</b>	<b>1,839</b>	<b>812</b>	<b>1,698</b>	<b>604</b>	<b>(583)</b>	<b>2,531</b>
Retained earnings, beginning of period	8,185	10,024	10,836	12,534	13,138	10,024
<b>Retained earnings, end of period</b>	<b>10,024</b>	<b>10,836</b>	<b>12,534</b>	<b>13,138</b>	<b>12,555</b>	<b>12,555</b>
% of revenue returned to fishers	44.2%	72.6%	52.1%	31.1%	28.5%	45.3%
Initial payment %	89.4%	91.8%	84.2%	81.8%	62.2%	83.7%

Initial Payment % = [Fish purchases - mandated area] ÷ [Fish purchases - mandated area + total comprehensive income]

## Statement of Financial Position FY2015/16

Freshwater Fish Marketing Corporation Pro-Forma Financial Statements				
Quarterly Statement of Financial Position				
	Quarterly Forecast	Quarterly Plan	Quarterly Plan	Quarterly Plan
	FY2015/16	FY2015/16	FY2015/16	FY2015/16
Start Date	1-May-2015	1-Aug-2015	1-Nov-2015	1-Feb-2016
End Date	31-Jul-2015	31-Oct-2015	31-Jan-2016	30-Apr-2016

(\$'000)				
<b>Assets</b>				
Current assets				
Cash	50	50	50	50
Trade receivables	12,242	12,713	13,161	9,219
Prepaid expenses	135	143	150	104
Income taxes receivable	-	-	-	-
Inventories				
Processed fish products, net of write-downs	18,235	20,113	18,490	13,846
Raw materials and supplies	850	850	850	850
Total inventories	19,085	20,963	19,340	14,696
Derivative-related assets	-	-	-	-
Total current assets	31,512	33,869	32,701	24,069
Property, plant and equipment	19,419	19,584	19,744	19,900
Intangible assets	150	150	150	150
<b>Total assets</b>	<b>51,081</b>	<b>53,603</b>	<b>52,595</b>	<b>44,120</b>
<b>Liabilities</b>				
Current liabilities				
Trade and other payables and accrued liabilities	7,383	7,798	8,182	5,701
Current portion of accrued obligation for employee benefits	550	550	550	550
Provision for final payments to fishers	2,000	2,000	-	2,000
Operating line (LIBOR)	4,600	4,600	4,600	4,600
Operating line (BA Short Term)	9,970	10,612	10,850	1,172
Demand installment debt	14,442	14,208	13,975	16,242
Derivative-related liabilities	200	200	200	200
Total current liabilities	39,145	39,969	38,357	30,465
Deferred tax liabilities	800	800	800	800
Accrued obligation for employee benefits	300	300	300	300
Asset retirement obligation	-	-	-	-
<b>Total liabilities</b>	<b>40,245</b>	<b>41,069</b>	<b>39,457</b>	<b>31,565</b>
<b>Equity</b>				
Retained earnings	10,836	12,534	13,138	12,555
<b>Total liabilities and equity</b>	<b>51,081</b>	<b>53,603</b>	<b>52,595</b>	<b>44,120</b>

<b>Quarterly peak borrowing requirement</b>				
Operating line (LIBOR)	4,600	4,600	4,600	4,600
Operating line (BA Short Term)	10,684	10,612	10,850	9,569
Demand installment debt	14,519	14,208	13,975	13,897
<b>Total peak borrowing requirement</b>	<b>29,803</b>	<b>29,421</b>	<b>29,425</b>	<b>28,066</b>
Contingency	4,000	4,000	4,000	4,000
<b>Adjusted peak borrowing requirement</b>	<b>33,803</b>	<b>33,421</b>	<b>33,425</b>	<b>32,066</b>

## Statement of Cash Flows FY 2015/16

Freshwater Fish Marketing Corporation Pro-Forma Financial Statements						
Quarterly Cash Flow Statement	Annual Forecast	Quarterly Forecast	Quarterly Plan	Quarterly Plan	Quarterly Plan	Annual Plan
	FY2014/15	FY2015/16	FY2015/16	FY2015/16	FY2015/16	FY2015/16
Start Date	1-May-2014	1-May-2015	1-Aug-2015	1-Nov-2015	1-Feb-2016	
End Date	30-Apr-2015	31-Jul-2015	31-Oct-2015	31-Jan-2016	30-Apr-2016	
<b>(\$'000)</b>						
<b>Operating activities</b>						
Comprehensive income for the period	1,839	812	1,698	604	(583)	2,531
Plus: future tax expense	52	-	-	-	-	-
Plus: depreciation and amortization of production assets	1,857	456	460	465	469	1,850
Plus: depreciation and amortization of administration assets	-	-	-	-	-	-
Loss on disposal of property, plant and equipment	159	-	-	-	-	-
Plus (less): changes in non-cash operating working capital	-	-	-	-	-	-
Trade receivables	524	(5,712)	(471)	(447)	3,942	(2,689)
Inventories	-	-	-	-	-	-
Total processed fish products, net of write-downs	(1,264)	(4,425)	(1,878)	1,623	4,644	(36)
Raw materials and supplies	22	-	-	-	-	-
Total inventories	(1,242)	(4,425)	(1,878)	1,623	4,644	(36)
Prepaid expenses	(16)	(35)	(8)	(7)	45	(4)
Income taxes receivable	2	-	-	-	-	-
Derivative-related assets	-	-	-	-	-	-
Trade and other payables and accrued liabilities	(1,382)	4,383	415	384	(2,482)	2,701
Derivative-related liabilities	(3)	-	-	-	-	-
Provision for final payments to fishers	900	-	-	(2,000)	2,000	-
Accrued obligation for employee benefits	(144)	-	-	-	-	-
Asset retirement obligation	-	-	-	-	-	-
Sub-total	(1,361)	(5,789)	(1,942)	(447)	8,150	(29)
Cash from operating activities	2,546	(4,521)	216	621	8,035	4,352
<b>Investing activities</b>						
Additions to property, plant and equipment	(235)	(625)	(625)	(625)	(625)	(2,500)
Additions to intangible assets	-	-	-	-	-	-
Investment tax credits received for PP&E	(198)	-	-	-	-	-
Proceeds on disposal of property, plant and equipment	159	-	-	-	-	-
Cash from investing activities	(274)	(625)	(625)	(625)	(625)	(2,500)
<b>Financing activities</b>						
Plus (less): changes in debt	-	-	-	-	-	-
Operating line (LIBOR)	(216)	-	-	-	-	-
Operating line (BA Short Term)	(7,509)	5,379	642	237	(9,677)	(3,419)
Current portion of long-term debt	-	-	-	-	87	87
Demand installment debt	5,175	(233)	(233)	(233)	2,267	1,567
Sub-total	(2,550)	5,146	409	4	(7,410)	(1,852)
Cash from financing activities	(2,550)	5,146	409	4	(7,410)	(1,852)
Net increase (decrease) in cash and cash equivalents	(278)	0	0	0	-	0
Plus: cash and cash equivalents, beginning of period	328	50	50	50	50	50
Cash and cash equivalents, end of period	50	50	50	50	50	50

## Statement of Operations, Comprehensive Income and Retained Earnings FY2015/16 - FY 2019/20

Freshwater Fish Marketing Corporation Pro-Forma Financial Statements						
Annual Statement of Comprehensive Income						
	Annual Forecast	Annual Plan	Annual Plan	Annual Plan	Annual Plan	Annual Plan
	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
Start Date	1-May-2014	1-May-2015	1-May-2016	1-May-2017	1-May-2018	1-May-2019
End Date	30-Apr-2015	30-Apr-2016	30-Apr-2017	30-Apr-2018	30-Apr-2019	30-Apr-2020
<b>(\$'000, unless otherwise stated)</b>						
<b>Sales and gross margin</b>						
Net delivered weight to customers (kg)	8,135,914	8,404,633	8,445,870	8,583,176	8,723,535	8,865,029
Total gross sales at customer location in local currency	64,764	65,918	67,056	68,960	70,609	71,899
Plus (less): Fx gain/(loss)	4,137	5,919	5,727	5,890	6,039	6,141
Less: discounts and allowances	(5,096)	(4,837)	(4,993)	(5,084)	(5,177)	(5,270)
<b>Total net sales</b>	<b>63,805</b>	<b>67,000</b>	<b>67,790</b>	<b>69,765</b>	<b>71,471</b>	<b>72,770</b>
<b>Cost of sales</b>						
Opening inventory of finished fish products	12,546	13,810	13,846	13,552	13,253	12,944
Plus: fish purchases and processing expenses						
Fish purchases - mandated area	24,017	24,857	26,108	27,018	27,955	28,920
Fish purchases - Saskatchewan	3,215	3,471	3,453	3,436	3,419	3,402
Processing and operating costs	24,797	25,112	24,434	23,040	23,461	23,886
Depreciation and amortization of production assets	1,319	1,850	1,905	1,953	2,009	2,060
Contingency	1,044	-	-	-	-	-
Sub-total	66,939	69,099	69,746	68,999	70,097	71,211
Less: ending inventory of processed fish products	(13,810)	(13,846)	(13,552)	(13,253)	(12,944)	(12,626)
<b>Total cost of sales</b>	<b>53,129</b>	<b>55,253</b>	<b>56,193</b>	<b>55,747</b>	<b>57,153</b>	<b>58,585</b>
<b>Gross profit on operations</b>	<b>10,676</b>	<b>11,746</b>	<b>11,597</b>	<b>14,019</b>	<b>14,318</b>	<b>14,185</b>
\$ per kg	\$1.31	\$1.40	\$1.37	\$1.63	\$1.64	\$1.60
% of net sales	16.7%	17.5%	17.1%	20.1%	20.0%	19.5%
<b>Marketing and administrative expenses</b>						
Salaries and benefits	2,304	2,286	2,177	2,156	2,134	2,134
Commissions	859	890	745	757	769	782
Data processing, office and professional services	763	674	654	635	617	617
Interest expense, net	479	717	712	620	509	532
Advertising and promotion	252	301	290	281	273	273
Meeting fees and expenses	67	92	90	87	84	84
Other marketing and administrative expenses	370	426	414	402	390	390
Depreciation and amortization of administration assets	27	94	94	94	94	94
Total marketing and administrative expenses	5,121	5,481	5,176	5,033	4,872	4,907
<b>Other income and expenses</b>	<b>(2,716)</b>	<b>(1,407)</b>	<b>(1,200)</b>	<b>(1,200)</b>	<b>(1,200)</b>	<b>(1,200)</b>
<b>Profit before provision for final payments to fishers</b>	<b>2,839</b>	<b>4,858</b>	<b>5,221</b>	<b>7,786</b>	<b>8,246</b>	<b>8,078</b>
Provision for final payments to fishers	(1,000)	(2,000)	(2,000)	(3,000)	(5,000)	(6,000)
Income tax expense (recovery)	-	327	249	241	207	183
<b>Total comprehensive income</b>	<b>1,839</b>	<b>2,531</b>	<b>2,972</b>	<b>4,545</b>	<b>3,039</b>	<b>1,895</b>
Retained earnings, beginning of period	8,185	10,024	12,555	15,527	20,072	23,111
<b>Retained earnings, end of period</b>	<b>10,024</b>	<b>12,555</b>	<b>15,527</b>	<b>20,072</b>	<b>23,111</b>	<b>25,006</b>
% of revenue returned to fishers	44.2%	45.3%	46.6%	48.0%	50.9%	52.7%
Initial payment %	89.4%	83.7%	83.3%	77.6%	77.2%	78.2%

Initial Payment % = [Fish purchases - mandated area] ÷ [Fish purchases - mandated area + total comprehensive income]

## Statement of Financial Position FY2015/16 - FY2019/20

Freshwater Fish Marketing Corporation Pro-Forma Financial Statements						
Annual Statement of Financial Position						
	Annual Forecast	Annual Plan	Annual Plan	Annual Plan	Annual Plan	Annual Plan
	FY2014/15	FY2015/16	FY2016/17	FY2017/18	FY2018/19	FY2019/20
Start Date	1-May-2014	1-May-2015	1-May-2016	1-May-2017	1-May-2018	1-May-2019
End Date	30-Apr-2015	30-Apr-2016	30-Apr-2017	30-Apr-2018	30-Apr-2019	30-Apr-2020
<b>(\$'000)</b>						
<b>Assets</b>						
Current assets						
Cash	50	50	50	948	7,595	9,585
Trade receivables	6,530	9,219	9,148	9,470	9,504	9,491
Prepaid expenses	100	104	100	95	95	95
Income taxes receivable	-	-	-	-	-	-
Inventories						
Processed fish products, net of write-downs	13,810	13,846	13,552	13,253	12,944	12,626
Raw materials and supplies	850	850	850	850	850	850
Total inventories	14,660	14,696	14,402	14,103	13,794	13,476
Derivative-related assets	-	-	-	-	-	-
<b>Total current assets</b>	<b>21,340</b>	<b>24,069</b>	<b>23,701</b>	<b>24,615</b>	<b>30,989</b>	<b>32,647</b>
Property, plant and equipment	19,250	19,900	20,245	20,792	21,282	21,722
Intangible assets	150	150	150	150	150	150
<b>Total assets</b>	<b>40,740</b>	<b>44,120</b>	<b>44,096</b>	<b>45,557</b>	<b>52,421</b>	<b>54,519</b>
<b>Liabilities</b>						
Current liabilities						
Trade and other payables and accrued liabilities	3,000	5,701	5,476	5,167	5,185	5,178
Current portion of accrued obligation for employee benefits	550	550	550	550	550	550
Provision for final payments to fishers	2,000	2,000	2,000	3,000	5,000	6,000
Operating line (LIBOR)	4,600	4,600	4,600	4,600	4,600	4,600
Operating line (BA Short Term)	4,591	1,172	-	-	-	-
Demand installment debt	14,675	16,242	14,643	10,869	12,675	11,885
Derivative-related liabilities	200	200	200	200	200	200
<b>Total current liabilities</b>	<b>29,616</b>	<b>30,465</b>	<b>27,469</b>	<b>24,385</b>	<b>28,210</b>	<b>28,413</b>
Deferred tax liabilities	800	800	800	800	800	800
Accrued obligation for employee benefits	300	300	300	300	300	300
Asset retirement obligation	-	-	-	-	-	-
<b>Total liabilities</b>	<b>30,716</b>	<b>31,565</b>	<b>28,569</b>	<b>25,485</b>	<b>29,310</b>	<b>29,513</b>
<b>Equity</b>						
Retained earnings	10,024	12,555	15,527	20,072	23,111	25,006
<b>Total liabilities and equity</b>	<b>40,740</b>	<b>44,120</b>	<b>44,096</b>	<b>45,557</b>	<b>52,421</b>	<b>54,519</b>
<b>Annual peak borrowing requirement</b>						
Operating line (LIBOR)	4,600	4,600	4,600	4,600	4,600	4,600
Operating line (BA Short Term)	4,591	10,684	7,934	8,302	5,592	-
Current portion of long-term debt	933	933	1,021	1,020	696	790
Demand installment debt	14,675	14,519	15,865	13,140	10,754	12,609
<b>Total peak borrowing requirement before undernoted</b>	<b>23,866</b>	<b>29,803</b>	<b>28,400</b>	<b>26,042</b>	<b>20,946</b>	<b>17,209</b>
Contingency	4,000	4,000	4,000	4,000	4,000	4,000
<b>Adjusted peak borrowing requirement</b>	<b>27,866</b>	<b>33,803</b>	<b>32,400</b>	<b>30,042</b>	<b>24,946</b>	<b>21,209</b>

## Statement of Cash Flows FY 2015/16 – FY 2019/20

Freshwater Fish Marketing Corporation Pro-Forma Financial Statements						
Annual Cash Flow Statement	Annual Forecast	Annual Plan	Annual Plan	Annual Plan	Annual Plan	Annual Plan
	FY2014/15	FY2015/16	FY2016/17	FY2017/18	FY2018/19	FY2019/20
Start Date	1-May-2014	1-May-2015	1-May-2016	1-May-2017	1-May-2018	1-May-2019
End Date	30-Apr-2015	30-Apr-2016	30-Apr-2017	30-Apr-2018	30-Apr-2019	30-Apr-2020
<b>(\$'000)</b>						
<b>Operating activities</b>						
Comprehensive income for the period	1,839	2,531	2,972	4,545	3,039	1,895
Plus: future tax expense	52	-	-	-	-	-
Plus: depreciation and amortization of production assets	1,857	1,850	1,905	1,953	2,009	2,060
Plus: depreciation and amortization of administration assets	-	-	-	-	-	-
Loss on disposal of property, plant and equipment	159	-	-	-	-	-
Plus (less): changes in non-cash operating working capital	-	-	-	-	-	-
Trade receivables	524	(2,689)	71	(322)	(35)	14
Inventories	-	-	-	-	-	-
Total processed fish products, net of write-downs	(1,264)	(36)	293	300	309	318
Raw materials and supplies	22	-	-	-	-	-
Total inventories	(1,242)	(36)	293	300	309	318
Prepaid expenses	(16)	(4)	4	6	(0)	0
Income taxes receivable	2	-	-	-	-	-
Derivative-related assets	-	-	-	-	-	-
Trade and other payables and accrued liabilities	(1,382)	2,701	(224)	(310)	19	(8)
Derivative-related liabilities	(3)	-	-	-	-	-
Provision for final payments to fishers	900	-	-	1,000	2,000	1,000
Accrued obligation for employee benefits	(144)	-	-	-	-	-
Asset retirement obligation	-	-	-	-	-	-
Sub-total	(1,361)	(29)	144	674	2,292	1,324
Cash from operating activities	2,546	4,352	5,021	7,172	7,341	5,279
<b>Investing activities</b>						
Additions to property, plant and equipment	(235)	(2,500)	(2,250)	(2,500)	(2,500)	(2,500)
Additions to intangible assets	-	-	-	-	-	-
Investment tax credits received for PP&E	(198)	-	-	-	-	-
Proceeds on disposal of property, plant and equipment	159	-	-	-	-	-
Cash from investing activities	(274)	(2,500)	(2,250)	(2,500)	(2,500)	(2,500)
<b>Financing activities</b>						
Plus (less): changes in debt	-	-	-	-	-	-
Operating line (LIBOR)	(216)	-	-	-	-	-
Operating line (BA Short Term)	(7,509)	(3,419)	(1,172)	-	-	-
Current portion of long-term debt	-	87	81	(408)	95	13
Long-term debt	-	1,479	(1,680)	(3,366)	1,711	(803)
Sub-total	(2,550)	(1,852)	(2,771)	(3,774)	1,806	(789)
Cash from financing activities	(2,550)	(1,852)	(2,771)	(3,774)	1,806	(789)
Net increase (decrease) in cash and cash equivalents	(278)	0	0	898	6,647	1,990
Plus: cash and cash equivalents, beginning of period	328	50	50	50	948	7,595
Cash and cash equivalents, end of period	50	50	50	948	7,595	9,585