



# **Freshwater Fish Marketing Corporation**

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

**Corporate Plan FY2016/17 to FY2020/21**

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 1,700 commercial fishers with market demand. It purchases approximately 15 million kilograms of lake 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; and maximize returns to commercial fishers. 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.

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 Indigenous (First Nations and Métis). The fishery fosters independent business owners, increases employment in rural and remote regions and reduces the need for social assistance. Approximately 80% of Freshwater's returns to fishers and agency fees will go to Indigenous communities. If 53° north and above is considered north, then approximately 45% of deliveries by value and 54% by volume came from northern communities. 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's projected operating budget for FY2016/17 is \$61.5 million based on net sales revenue of \$68.6 million. Initial and final returns to fishers are forecast to reach \$34.9 million or 50.9% of revenue. The attached projected financial statements reveal the fiscal realities of these commitments and the financial outcome of supporting the strategies discussed in this Plan.

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	FY2013/14	FY2014/15	FY2015/16	FY2016/17	FY2017/18	FY2018/19	FY2019/20	FY2020/21
Sales revenue	\$ 66,825	\$ 66,881	\$ 63,177	\$ 68,476	\$ 66,965	\$ 68,532	\$ 68,616	\$ 68,695	\$ 67,900	\$ 69,309	\$ 70,747
Retained earnings	\$ 3,041	\$ 4,240	\$ 6,880	\$ 8,185	\$ 10,352	\$ 12,596	\$ 13,399	\$ 14,945	\$ 15,140	\$ 15,908	\$ 16,194
R/E as a % of sales	4.55%	6.34%	10.89%	11.95%	15.46%	18.38%	19.53%	21.76%	22.30%	22.95%	22.89%

*Retained earnings policy  
in effect*

## Special Examination

At the time of writing this Plan, the Office of the Auditor General of Canada is undertaking the next scheduled Special Examination, which will be reported during FY2016/17. This Examination is conducted once every five years; the last one was conducted in 2010. The recommendations made by the Auditor General in the Special Examination Report of December 2010 have been implemented.

Freshwater has also implemented a Travel and Hospitality policy that is compliant with the Treasury Board Travel and Hospitality Order in Council.

## 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 FY2016/17 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	\$ 7.1 million
% Return to Fishers	50.9%
Retained earnings	\$13.4 million at April 30, 2017
Reduce expenses	5% by April 2016 to less than forecast by April 2017
Inventory	Meet planned inventory level targets by species
Improve direct labour efficiency	2% better than FY2016/17 actual
Improve operational costs per kg	3% better than FY2016/17 actual
Initial payments to fishers	\$28.9 million
Fish delivery volume	14.2 million kilograms
Plant Safety Costs – Reduce WCB claims and cost	Reduce from \$308,000 (forecast) to \$250,000
Reduce plant employee absenteeism	Reduce from 13% (forecast) to 12%

# 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.

	FY2015/16 Forecast	FY2016/17	FY2017/18	FY2018/19	FY2019/20	FY2020/21
Total Plant	\$ 1,900,000	\$ 1,590,000	\$ 2,250,000	\$ 2,250,000	\$ 2,250,000	\$ 2,250,000
Total Field Operations	\$ 240,000	\$ 793,500	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Total IT	\$ 100,000	\$ 116,500				
Total Capital Investment	\$ 2,240,000	\$ 2,500,000	\$ 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 \$1.32 based on currency market analysis in FY2016/17 and \$1.25 in FY2017/18, and \$1.20 in FY2018/19 to FY2020/21
- 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 lack of eco-certification
- 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 FY2016/17 is \$61.5 million based on net sales revenue of \$68.6 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 maintain sufficient 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 FY2016/17 through FY2020/21. 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 six years from \$2.8 million in FY2009/10 to a forecast of \$13.4 million in FY2016/17. 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:

	Annual Forecast FY2015/16	Annual Plan FY2016/17	Annual Plan FY2017/18	Annual Plan FY2018/19	Annual Plan FY2019/20	Annual Plan FY2020/21
Start Date	May-15	May-16	May-17	May-18	May-19	May-20
End Date	Apr-16	Apr-17	Apr-18	Apr-19	Apr-20	Apr-21
<b>Total net sales</b>	<b>68,532</b>	<b>68,616</b>	<b>68,695</b>	<b>67,900</b>	<b>69,309</b>	<b>70,747</b>
<b>Required retained earnings</b>	<b>13,706</b>	<b>13,723</b>	<b>13,739</b>	<b>13,580</b>	<b>13,862</b>	<b>14,149</b>
Profit before provision for final payments to fishers	4,992	7,071	6,795	3,436	4,975	3,969
Provision for final payments to fishers	(2,000)	(6,000)	(5,000)	(3,000)	(4,000)	(3,500)
Income tax expense	748	268	249	241	207	183
Total comprehensive income	2,244	803	1,546	195	768	286
Retained earnings, beginning of period	10,352	12,596	13,399	14,945	15,140	15,908
<b>Retained earnings, end of period</b>	<b>12,596</b>	<b>13,399</b>	<b>14,945</b>	<b>15,140</b>	<b>15,908</b>	<b>16,194</b>

## Borrowing Intentions

Freshwater is requesting borrowing authority for FY2016/17 per Table 2 below that shows fiscal year forecast borrowing requirements and cumulative debt repayments.

<b>Table 2: Peak borrowing requirements</b>						
(in 000's)						
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
	Forecast at April 30*	Projected	Projected	Projected	Projected	Projected
Short-term borrowings - Operating line	\$7,087	\$13,938	\$12,812	\$12,987	\$12,541	\$11,776
Short-term borrowings - Promissory note	\$5,400	\$5,200	\$0	\$0	\$0	\$0
Demand installment debt - 2012 and 2014 Capital investment	\$13,750	\$13,750	\$12,817	\$11,883	\$10,950	\$10,017
Demand installment debt - Capital investment and Operating repayment	\$0	\$2,500	\$9,660	\$10,850	\$11,270	\$10,920
Cumulative debt repayment	\$2,800	\$3,785	\$4,791	\$5,817	\$6,863	\$7,929
<b>Total borrowings</b>	<b>\$29,037</b>	<b>\$35,388</b>	<b>\$35,289</b>	<b>\$35,720</b>	<b>\$34,761</b>	<b>\$32,713</b>

The borrowing strategy described above demonstrates Freshwater's commitment to an aggressive debt repayment strategy as a self-sustaining Crown corporation while meeting the core objectives of the *Freshwater Fish Marketing Act*;

- purchase all fish offered for sale
- create an orderly market
- promote international markets
- Increase trade in fish
- Maximize returns to commercial fishers.

FFMC has volatility and risk in key areas of its business that influence its debt strategy. Foreign exchange rate fluctuations, the economics and supply of a wild caught fishery, and global economic factors influencing trade and markets impact the cash flow that FFMC relies on to meet its debt obligations. The above debt strategy balances the cash flow risk Freshwater faces while meeting the objectives of its legislated mandate and its *Long Term Debt and Retained Earnings Policy*.



## Statement of Operations, Comprehensive Income and Retained Earnings FY2016/17

Quarterly Statement of Comprehensive Income (\$000)	Annual Forecast FY 2015/16 1-May-2015 30-Apr-2016	Quarterly Plan FY 2016/17 1-May-2016 31-Jul-2016	Quarterly Plan FY 2016/17 1-Aug-2016 31-Oct-2016	Quarterly Plan FY 2016/17 1-Nov-2016 31-Jan-2017	Quarterly Plan FY 2016/17 1-Feb-2017 30-Apr-2017	Annual Plan FY 2016/17 1-May-2016 30-Apr-2017
<b>Sales and gross margin</b>						
Net delivered weight to customers (kg)	8,135,914	1,900,288	2,378,678	1,316,407	2,399,256	7,994,629
Total gross sales at customer location in local currency	61,979	13,558	18,665	10,211	18,499	60,934
Plus (less): Fx gain/(loss)	10,536	2,666	3,670	2,008	3,637	11,981
Less: discounts and allowances	(3,984)	(1,022)	(1,279)	(708)	(1,290)	(4,298)
<b>Total net sales</b>	<b>68,532</b>	<b>15,202</b>	<b>21,056</b>	<b>11,510</b>	<b>20,847</b>	<b>68,616</b>
<b>Cost of sales</b>						
Opening inventory of finished fish products	12,546	13,810	17,286	18,582	19,001	13,810
Plus: fish purchases and processing expenses						
Fish purchases - mandated area	23,740	8,105	8,363	4,700	3,658	24,826
Fish purchases - Saskatchewan	3,947	1,348	1,391	781	608	4,128
Processing and operating costs	28,759	6,220	7,786	4,309	7,854	26,170
Depreciation and amortization of production assets	1,319	396	396	396	396	1,585
Sub-total	70,312	29,879	35,222	28,769	31,518	70,519
Less: ending inventory of processed fish products	(13,810)	(17,286)	(18,582)	(19,001)	(13,976)	(13,976)
<b>Total cost of sales</b>	<b>56,502</b>	<b>12,593</b>	<b>16,640</b>	<b>9,768</b>	<b>17,542</b>	<b>56,543</b>
<b>Gross profit on operations</b>	<b>12,030</b>	<b>2,609</b>	<b>4,416</b>	<b>1,743</b>	<b>3,305</b>	<b>12,073</b>
\$ per kg	\$1.48	\$1.37	\$1.86	\$1.32	\$1.38	\$1.51
% of net sales	17.6%	17.2%	21.0%	15.1%	15.9%	17.6%
<b>Marketing and administrative expenses</b>						
Salaries and benefits	2,647	588	588	588	588	2,352
Commissions	764	165	227	124	225	741
Data processing, office and professional services	621	133	133	133	133	530
Interest expense, net	687	115	115	115	115	461
Advertising and promotion	252	68	68	68	68	273
Meeting fees and expenses	65	22	22	22	22	87
Other marketing and administrative expenses	472	114	114	114	114	456
Depreciation and amortization of administration assets	29	24	24	24	24	97
<b>Total marketing and administrative expenses</b>	<b>5,537</b>	<b>1,229</b>	<b>1,291</b>	<b>1,188</b>	<b>1,289</b>	<b>4,997</b>
<b>Other income and expenses</b>	<b>(1,501)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(5)</b>
<b>Profit before provision for final payments to fishers</b>	<b>4,992</b>	<b>1,379</b>	<b>3,124</b>	<b>553</b>	<b>2,015</b>	<b>7,071</b>
Provision for final payments to fishers	(2,000)	(1,500)	(1,500)	(1,500)	(1,500)	(6,000)
Income tax expense (recovery)	748	67	67	67	67	268
<b>Total comprehensive income</b>	<b>2,244</b>	<b>(188)</b>	<b>1,557</b>	<b>(1,014)</b>	<b>448</b>	<b>803</b>
Retained earnings, beginning of period	10,352	12,596	12,408	13,965	12,951	12,596
<b>Retained earnings, end of period</b>	<b>12,596</b>	<b>12,408</b>	<b>13,965</b>	<b>12,951</b>	<b>13,399</b>	<b>13,399</b>
% of revenue returned to fishers	43.3%	72.0%	53.4%	60.7%	27.7%	50.9%
Initial payment %	84.7%	87.3%	75.7%	90.8%	67.9%	80.4%

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]

## Statement of Financial Position FY2016/17

Quarterly Statement of Financial Position (\$'000)	Annual Forecast FY 2015/16 1-May-2015 30-Apr-2016	Quarterly Plan FY 2016/17 1-May-2016 31-Jul-2016	Quarterly Plan FY 2016/17 1-Aug-2016 31-Oct-2016	Quarterly Plan FY 2016/17 1-Nov-2016 31-Jan-2017	Quarterly Plan FY 2016/17 1-Feb-2017 30-Apr-2017
<b>Assets</b>					
Current assets					
Cash	50	50	50	50	50
Trade receivables	8,208	8,635	9,158	9,319	8,854
Prepaid expenses	150	164	179	170	178
Income taxes receivable	-	-	-	-	-
Inventories					
Processed fish products, net of write-downs	13,810	17,286	18,582	19,001	13,976
Raw materials and supplies	936	850	850	850	850
Total inventories	14,746	18,136	19,432	19,851	14,826
Derivative-related assets	-	-	-	-	-
Total current assets	23,154	26,985	28,818	29,390	23,907
Property, plant and equipment	22,025	22,228	22,432	22,635	22,839
Intangible assets	175	150	150	150	150
<b>Total assets</b>	<b>45,354</b>	<b>49,363</b>	<b>51,400</b>	<b>52,175</b>	<b>46,896</b>
<b>Liabilities</b>					
Current liabilities					
Trade and other payables and accrued liabilities	3,000	5,499	5,982	5,708	5,951
Current portion of accrued obligation for employee benefit	280	208	251	236	272
Provision for final payments to fishers	2,000	1,500	3,000	4,500	6,000
Operating line (LIBOR)	5,400	5,200	5,200	5,200	-
Operating line (BA Short Term)	7,087	3,938	2,193	2,571	66
Demand installment debt	13,750	12,817	12,817	12,817	12,817
Current portion of demand installment debt	-	700	466	233	(0)
Derivative-related liabilities	200	203	203	203	203
Total current liabilities	31,717	30,064	30,112	31,468	25,309
Long Term Debt	-	5,632	6,065	6,497	6,930
Deferred tax liabilities	800	972	972	972	972
Accrued obligation for employee benefits	241	286	286	286	286
<b>Total liabilities</b>	<b>32,758</b>	<b>36,955</b>	<b>37,435</b>	<b>39,223</b>	<b>33,496</b>
<b>Equity</b>					
Retained earnings	12,596	12,408	13,965	12,951	13,399
<b>Total liabilities and equity</b>	<b>45,354</b>	<b>49,363</b>	<b>51,400</b>	<b>52,175</b>	<b>46,896</b>
<b>Quarterly peak borrowing requirement</b>					
Operating line (LIBOR)	5,400	5,200	5,200	5,200	-
Operating line (BA Short Term)	7,087	3,938	2,193	2,571	66
Current portion of demand and long-term debt	-	700	466	233	(0)
Demand installment debt	13,750	12,817	12,817	12,817	12,817
Long term debt	-	2,500	2,307	1,922	1,730
<b>Total peak borrowing requirement</b>	<b>26,237</b>	<b>25,154</b>	<b>22,983</b>	<b>22,743</b>	<b>14,612</b>
Contingency	4,000	5,000	4,000	12,645	2,000
<b>Adjusted peak borrowing requirement</b>	<b>30,237</b>	<b>30,154</b>	<b>26,983</b>	<b>35,388</b>	<b>16,612</b>

## Statement of Cash Flows FY 2016/17

Quarterly Cash Flow Statement (\$'000)	Annual	Quarterly	Quarterly	Quarterly	Quarterly	Annual
	Forecast	Plan	Plan	Plan	Plan	Plan
	FY 2015/16	FY 2016/17	FY 2016/17	FY 2016/17	FY 2016/17	FY 2016/17
	1-May-2015 30-Apr-2016	1-May-2016 31-Jul-2016	1-Aug-2016 31-Oct-2016	1-Nov-2016 31-Jan-2017	1-Feb-2017 30-Apr-2017	1-Feb-2017 30-Apr-2017
<b>Operating activities</b>						
Comprehensive income for the period	2,244	(188)	1,557	(1,014)	448	803
Plus: future tax expense	52	-	-	-	-	-
Plus: depreciation and amortization of production assets	1,319	421	421	421	421	1,682
Plus: depreciation and amortization of administration assets	29	-	-	-	-	-
Loss on disposal of property, plant and equipment	159	-	-	-	-	-
Plus (less): changes in non-cash operating working capital						
Trade receivables	524	(427)	(523)	(161)	465	(646)
Inventories						
Total processed fish products, net of write-downs	(1,264)	(3,476)	(1,296)	(419)	5,025	(166)
Raw materials and supplies	22	86	-	-	-	86
Total inventories	(1,242)	(3,390)	(1,296)	(419)	5,025	(80)
Prepaid expenses	(16)	(14)	(14)	8	(7)	(28)
Income taxes receivable	2	-	-	-	-	-
Deferred tax liabilities	-	172	-	-	-	172
Derivative-related assets	-	-	-	-	-	-
Trade and other payables and accrued liabilities	(1,382)	2,499	483	(273)	243	2,951
Derivative-related liabilities	(3)	3	-	-	-	3
Provision for final payments to fishers	900	(500)	1,500	1,500	1,500	4,000
Accrued obligation for employee benefits	(144)	(27)	43	(15)	36	37
Asset retirement obligation	-	-	-	-	-	-
Sub-total	(1,361)	(1,684)	192	640	7,261	6,409
Cash from operating activities	2,442	(1,451)	2,170	46	8,130	8,895
<b>Investing activities</b>						
Additions to property, plant and equipment	(1,583)	(624)	(624)	(624)	(624)	(2,496)
Additions to intangible assets	-	25	-	-	-	25
Investment tax credits received for PP&E	-	-	-	-	-	-
Proceeds on disposal of property, plant and equipment	159	-	-	-	-	-
Cash from investing activities	(1,424)	(599)	(624)	(624)	(624)	(2,471)
<b>Financing activities</b>						
Plus (less): changes in debt						
Operating line (LIBOR)	(216)	(200)	-	-	-	(200)
Operating line (BA Short Term)	132	(3,149)	(1,745)	378	(7,705)	(12,221)
Current portion of demand installment debt	-	700	(233)	(233)	(233)	(0)
Long term debt	-	5,632	432	432	432	6,930
Demand installment debt	(934)	(933)	-	(0)	-	(933)
Sub-total	(1,018)	2,050	(1,546)	577	(7,506)	(6,425)
Cash from financing activities	(1,018)	2,050	(1,546)	577	(7,506)	(6,425)
Net increase (decrease) in cash and cash equivalents	-	(0)	(0)	(0)	0	-
Plus: cash and cash equivalents, beginning of period	50	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 FY2016/17 – FY 2020/21

Annual Statement of Comprehensive Income (\$'000)	Annual Forecast FY 2015/16 1-May-2015 30-Apr-2016	Annual Plan FY 2016/17 1-May-2016 30-Apr-2017	Annual Plan FY 2017/18 1-May-2017 30-Apr-2018	Annual Plan FY 2018/19 1-May-2018 30-Apr-2019	Annual Plan FY 2019/20 1-May-2019 30-Apr-2020	Annual Plan FY 2020/21 1-May-2020 30-Apr-2021
<b>Sales and gross margin</b>						
Net delivered weight to customers (kg)	8,135,914	7,994,629	8,074,575	8,155,321	8,236,874	8,319,243
Total gross sales at customer location in local currency	61,979	60,934	62,158	63,408	64,682	65,982
Plus (less): Fx gain/(loss)	10,536	11,981	10,878	8,877	9,056	9,238
Less: discounts and allowances	(3,984)	(4,298)	(4,341)	(4,385)	(4,428)	(4,473)
<b>Total net sales</b>	<b>68,532</b>	<b>68,616</b>	<b>68,695</b>	<b>67,900</b>	<b>69,309</b>	<b>70,747</b>
<b>Cost of sales</b>						
Opening inventory of finished fish products	12,546	13,810	13,976	15,095	14,607	15,229
Plus: fish purchases and processing expenses						
Fish purchases - mandated area	23,740	24,826	25,325	25,834	26,354	26,883
Fish purchases - Saskatchewan	3,947	4,128	4,211	4,296	4,382	4,470
Processing and operating costs	28,759	26,170	26,432	26,696	26,963	27,232
Depreciation and amortization of production assets	1,319	1,585	1,905	1,953	2,009	2,060
Sub-total	70,312	70,519	71,849	73,874	74,315	75,874
Less: ending inventory of processed fish products	(13,810)	(13,976)	(15,095)	(14,607)	(15,229)	(14,396)
<b>Total cost of sales</b>	<b>56,502</b>	<b>56,543</b>	<b>56,753</b>	<b>59,267</b>	<b>59,086</b>	<b>61,478</b>
<b>Gross profit on operations</b>	<b>12,030</b>	<b>12,073</b>	<b>11,941</b>	<b>8,633</b>	<b>10,223</b>	<b>9,269</b>
\$ per kg	\$1.48	\$1.51	\$1.48	\$1.06	\$1.24	\$1.11
% of net sales	17.6%	17.6%	17.4%	12.7%	14.7%	13.1%
<b>Marketing and administrative expenses</b>						
Salaries and benefits	2,647	2,352	2,375	2,399	2,423	2,447
Commissions	764	741	748	756	763	771
Data processing, office and professional services	621	530	535	541	546	552
Interest expense, net	687	461	466	471	475	480
Advertising and promotion	252	273	276	279	281	284
Meeting fees and expenses	65	87	87	88	89	90
Other marketing and administrative expenses	472	456	460	465	470	474
Depreciation and amortization of administration assets	29	97	98	99	100	101
Total marketing and administrative expenses	5,537	4,997	5,047	5,097	5,148	5,200
<b>Other income and expenses</b>	(1,501)	(5)	(100)	(100)	(100)	(100)
<b>Profit before provision for final payments to fishers</b>	<b>4,992</b>	<b>7,071</b>	<b>6,795</b>	<b>3,436</b>	<b>4,975</b>	<b>3,969</b>
Provision for final payments to fishers	(2,000)	(6,000)	(5,000)	(3,000)	(4,000)	(3,500)
Income tax expense (recovery)	748	268	249	241	207	183
<b>Total comprehensive income</b>	<b>2,244</b>	<b>803</b>	<b>1,546</b>	<b>195</b>	<b>768</b>	<b>286</b>
Retained earnings, beginning of period	10,352	12,596	13,399	14,945	15,140	15,908
<b>Retained earnings, end of period</b>	<b>12,596</b>	<b>13,399</b>	<b>14,945</b>	<b>15,140</b>	<b>15,908</b>	<b>16,194</b>
% of revenue returned to fishers	43.3%	50.9%	50.3%	48.8%	50.1%	49.3%
Initial payment %	84.7%	80.4%	81.3%	89.8%	86.1%	88.8%

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]

## Statement of Financial Position FY2016/17 - FY2020/21

Annual Statement of Financial Position (\$'000)	Annual Forecast FY 2015/16 1-May-2015 30-Apr-2016	Annual Plan FY 2016/17 1-May-2016 30-Apr-2017	Annual Plan FY 2017/18 1-May-2017 30-Apr-2018	Annual Plan FY 2018/19 1-May-2018 30-Apr-2019	Annual Plan FY 2019/20 1-May-2019 30-Apr-2020	Annual Plan FY 2020/21 1-May-2020 30-Apr-2021
<b>Assets</b>						
Current assets						
Cash	50	50	50	50	50	50
Trade receivables	8,208	8,854	8,846	8,929	9,305	9,498
Prepaid expenses	150	178	217	143	222	149
Inventories						
Processed fish products, net of write-downs	13,810	13,976	15,095	14,607	15,229	14,396
Raw materials and supplies	936	850	850	850	850	850
Total inventories	14,746	14,826	15,945	15,457	16,079	15,246
Derivative-related assets	-	-	-	-	-	-
Total current assets	23,154	23,907	25,058	24,580	25,655	24,943
Property, plant and equipment	22,025	22,839	23,336	23,784	24,175	24,623
Intangible assets	175	150	150	150	150	150
<b>Total assets</b>	<b>45,354</b>	<b>46,896</b>	<b>48,544</b>	<b>48,514</b>	<b>49,980</b>	<b>49,716</b>
<b>Liabilities</b>						
Current liabilities						
Trade and other payables and accrued liabilities	3,000	5,951	2,679	4,804	4,949	4,999
Current portion of accrued obligation for employee benefits	280	272	250	250	250	250
Provision for final payments to fishers	2,000	6,000	5,000	3,000	4,000	3,500
Operating line (LIBOR)	5,400	-	-	-	-	-
Operating line (BA Short Term)	7,087	66	3,436	2,830	2,896	4,080
Demand installment debt	13,750	12,817	11,883	10,950	10,017	9,083
Derivative-related liabilities	200	203	203	203	203	203
Total current liabilities	31,717	25,309	23,452	22,037	22,315	22,115
Long Term Debt	-	6,930	8,890	10,080	10,500	10,150
Deferred tax liabilities	800	972	972	972	972	972
Accrued obligation for employee benefits	241	286	286	286	286	286
Asset retirement obligation	-	-	-	-	-	-
<b>Total liabilities</b>	<b>32,758</b>	<b>33,497</b>	<b>33,599</b>	<b>33,374</b>	<b>34,073</b>	<b>33,523</b>
<b>Equity</b>						
Retained earnings	12,596	13,399	14,945	15,140	15,908	16,194
<b>Total liabilities and equity</b>	<b>45,354</b>	<b>46,896</b>	<b>48,544</b>	<b>48,514</b>	<b>49,980</b>	<b>49,716</b>
<b>Annual peak borrowing requirement</b>						
Operating line (LIBOR)	5,400	5,200	-	-	-	-
Operating line (BA Short Term)	7,087	9,938	8,812	9,987	9,541	9,777
Demand installment debt	13,750	13,750	12,817	11,883	10,950	10,017
Long Term Debt	-	2,500	9,660	10,850	11,270	10,920
<b>Total peak borrowing requirement before undernote</b>	<b>26,237</b>	<b>31,388</b>	<b>31,289</b>	<b>32,720</b>	<b>31,761</b>	<b>30,713</b>
Contingency	4,000	4,000	4,000	3,000	3,000	2,000
<b>Adjusted peak borrowing requirement</b>	<b>30,237</b>	<b>35,388</b>	<b>35,289</b>	<b>35,720</b>	<b>34,761</b>	<b>32,713</b>

## Statement of Cash Flows FY 2016/17 – FY 2020/21

Annual Cash Flow Statement (\$'000)	Annual	Annual	Annual	Annual	Annual	Annual
	Forecast	Plan	Plan	Plan	Plan	Plan
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
	1-May-2015 30-Apr-2016	1-May-2016 30-Apr-2017	1-May-2017 30-Apr-2018	1-May-2018 30-Apr-2019	1-May-2019 30-Apr-2020	1-May-2020 30-Apr-2021
<b>Operating activities</b>						
Comprehensive income for the period	2,244	803	1,546	195	768	286
Plus: future tax expense	52	-	-	-	-	-
Plus: depreciation and amortization of production assets	1,319	1,682	2,003	2,052	2,109	2,052
Plus: depreciation and amortization of administration assets	29	-	-	-	-	-
Loss on disposal of property, plant and equipment	159	-	-	-	-	-
Plus (less): changes in non-cash operating working capital	-	-	-	-	-	-
Trade receivables	524	(646)	8	(84)	(375)	(193)
Inventories	-	-	-	-	-	-
Total processed fish products, net of write-downs	(1,264)	(166)	(1,119)	488	(621)	832
Raw materials and supplies	22	86	-	-	-	-
Total inventories	(1,242)	(80)	(1,119)	488	(621)	832
Prepaid expenses	(16)	(28)	(40)	74	(78)	72
Income taxes receivable	2	-	-	-	-	-
Deferred tax liability	-	172	-	-	-	-
Trade and other payables and accrued liabilities	(1,382)	2,951	(3,271)	2,124	146	49
Current portion of accrued obligation for employee benefits	-	(8)	-	-	-	-
Derivative-related liabilities	(3)	3	-	-	-	-
Provision for final payments to fishers	900	4,000	(1,000)	(2,000)	1,000	(500)
Accrued obligation for employee benefits	(144)	45	(22)	-	-	-
Asset retirement obligation	-	(0)	-	-	-	-
Sub-total	(1,361)	6,409	(5,444)	603	71	261
Cash from operating activities	2,442	8,895	(1,896)	2,850	2,948	2,599
<b>Investing activities</b>						
Additions to property, plant and equipment	(1,583)	(2,496)	(2,500)	(2,500)	(2,500)	(2,500)
Additions to intangible assets	-	25	-	-	-	-
Investment tax credits received for PP&E	-	-	-	-	-	-
Proceeds on disposal of property, plant and equipment	159	-	-	-	-	-
Cash from investing activities	(1,424)	(2,471)	(2,500)	(2,500)	(2,500)	(2,500)
<b>Financing activities</b>						
Plus (less): changes in debt	-	-	-	-	-	-
Operating line (LIBOR)	(216)	(200)	-	-	-	-
Operating line (BA Short Term)	132	(12,221)	3,370	(606)	66	1,184
Long term debt	-	6,930	1,960	1,190	420	(350)
Demand installment debt	(934)	(933)	(934)	(933)	(933)	(933)
Sub-total	(1,018)	(6,424)	4,396	(349)	(447)	(99)
Cash from financing activities	(1,018)	(6,424)	4,396	(349)	(447)	(99)
Net increase (decrease) in cash and cash equivalents	-	(0)	0	0	0	(0)
Plus: cash and cash equivalents, beginning of period	50	50	50	50	50	50
Cash and cash equivalents, end of period	50	50	50	50	50	50