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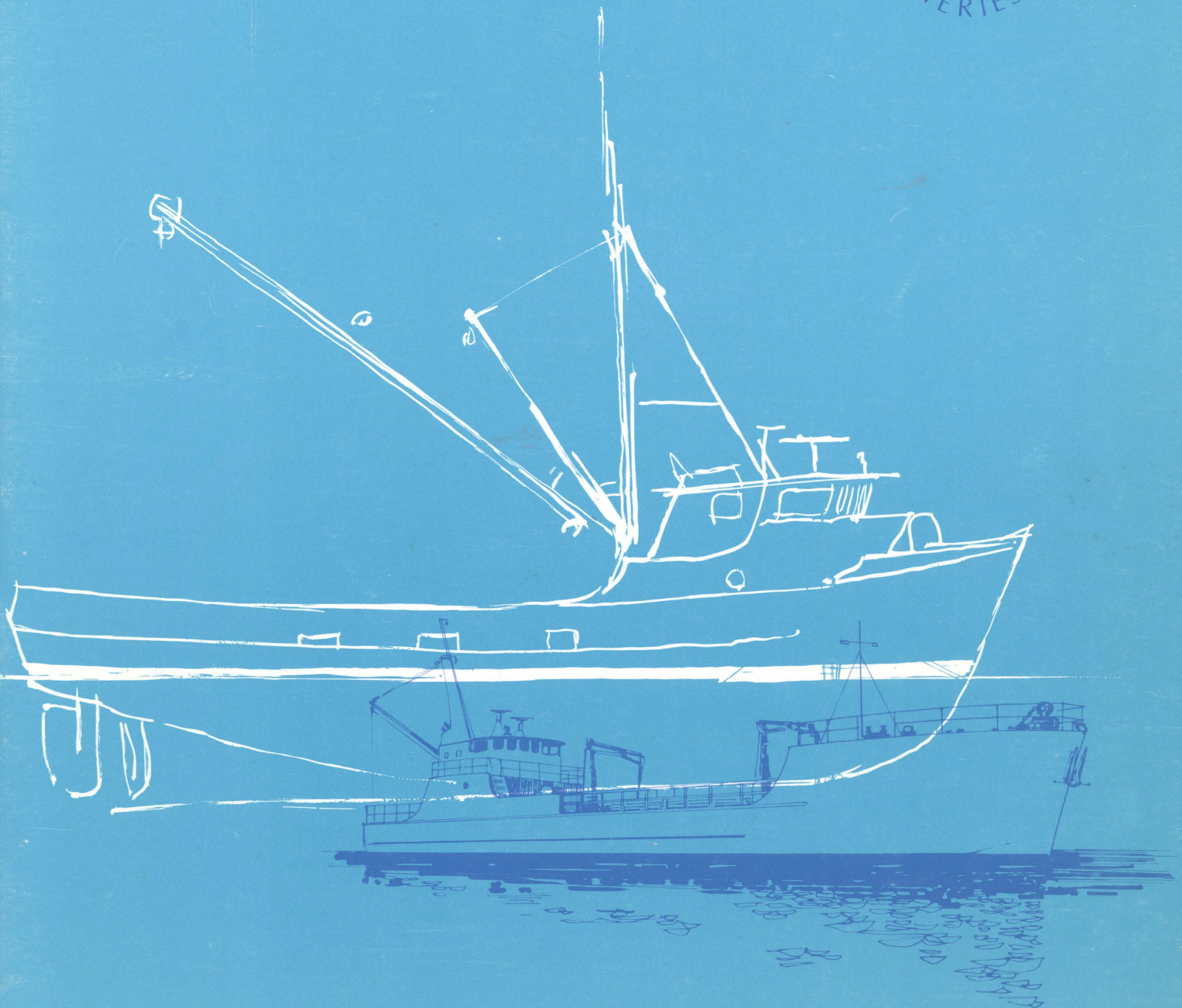
ANNUAL REPORT

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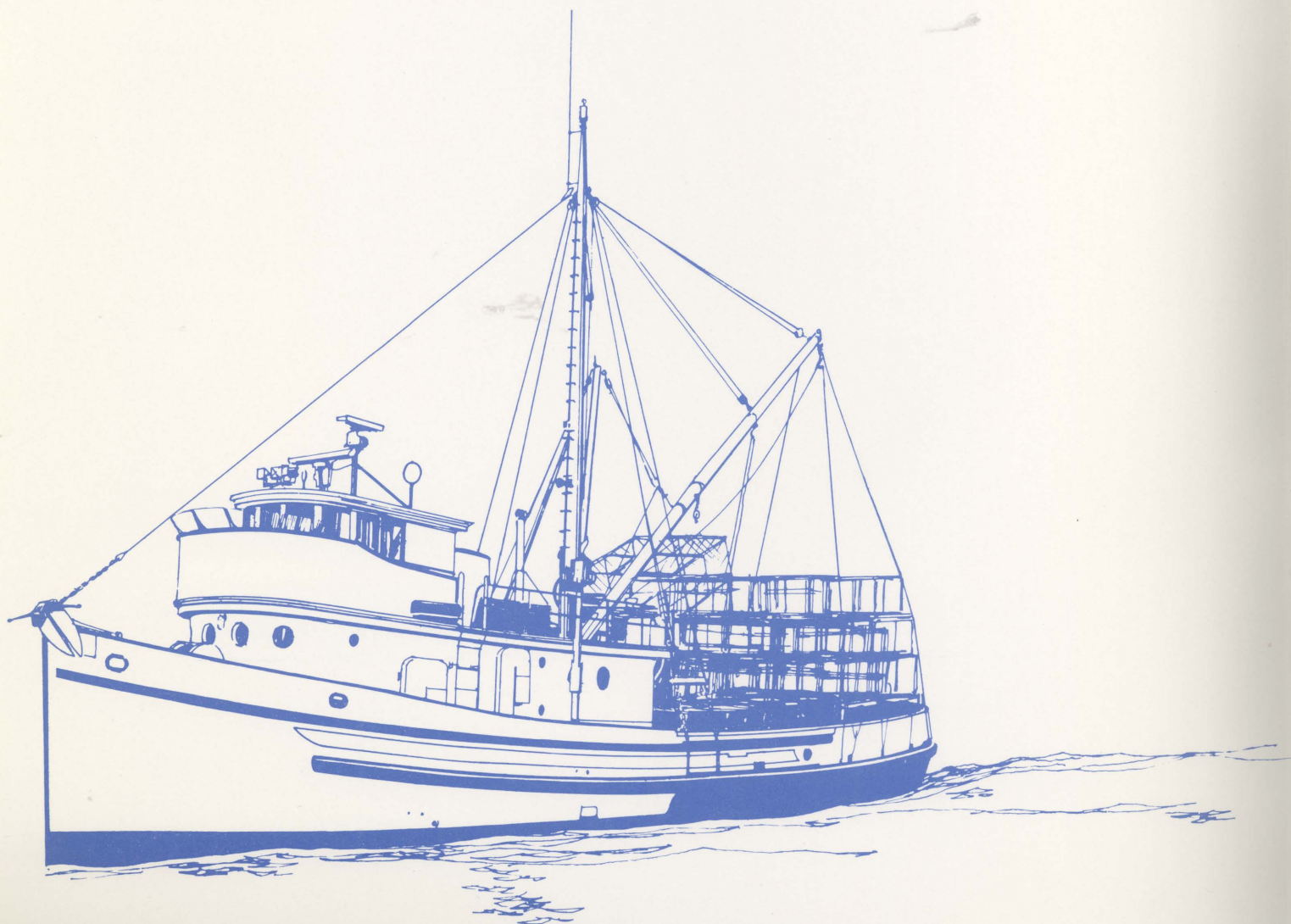
Pan-Alaska Fisheries Annual Report for the year ending April 30, 1969



Transfer Agent and Registrar —
NATIONAL BANK OF NORTH AMERICA, NEW YORK, NEW YORK

General Counsel —
LANE, POWELL, MOSS & MILLER, SEATTLE, WASHINGTON
KEANE, HAESSLER, HARPER and PEARLMAN, PORTLAND, OREGON
ROBERTSON, MONAGLE, EASTAUGH & ANNIS, JUNEAU, ALASKA

Certified Public Accountants —
ARTHUR YOUNG & COMPANY, SEATTLE, WASHINGTON



DIRECTORS and OFFICERS

ROBERT L. FERMAN, chairman of the board

W. A. RITTER, president, director

RONALD R. JENSEN, executive vice president

ROYAL A. FREW, senior vice president-marketing, director

ERIC R. HAESSLER, secretary, director

GILBERT F. TUFFLI, JR., director

RALPH S. JONES, vice president-operations

JOHN CUNNINGHAM, treasurer

RAYMOND W. HAMAN, assistant secretary

MARK COPELAND, assistant secretary

EXECUTIVE STAFF

KENNETH ALLREAD, superintendent, Kodiak

ROBERT H. BOROUGHS, marketing

JESSE L. BURTON, superintendent, Unalaska

ROBERT G. DAVIS, superintendent, M/V Mercator

GEORGE FEDERSPIEL, marketing

DONALD P. GERBER, purchasing agent

P. J. MARINKOVICH, manager, northern operations

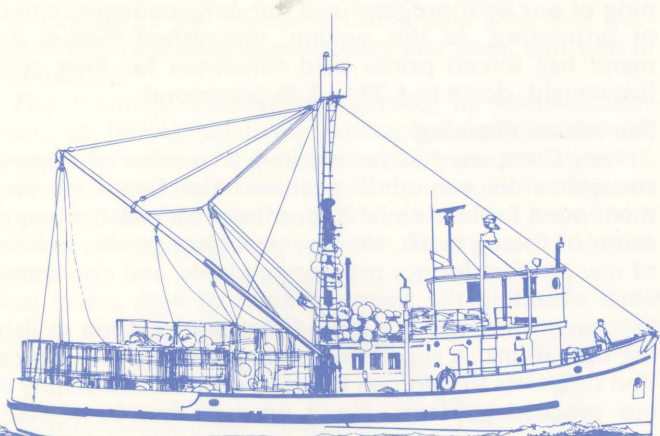
GENE N. RANDALL, chief engineer

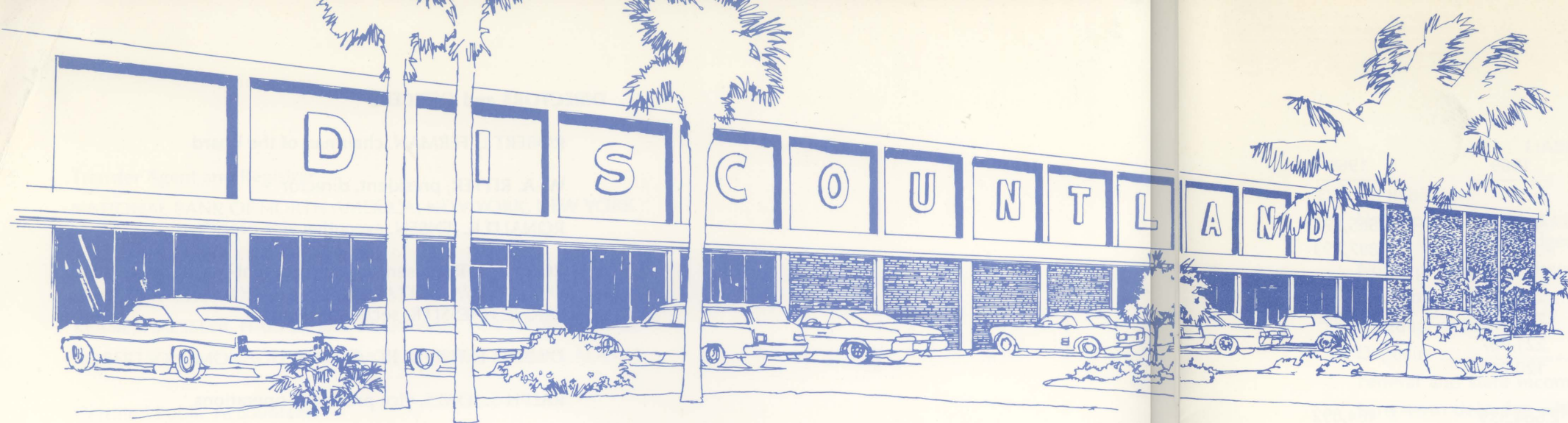
RODNEY L. ROUTH, administrative assistant

WILLIAM SOULE, director, quality control

DOMINICK SVORNICH, superintendent, Anacortes

ROBERT WISE, superintendent, Monroe





TO THE SHAREHOLDERS:

Net earnings for the fiscal year ended April 30, 1969 rose slightly to \$141,729 or 21¢ per share reflecting increased capitalization and investment credits, compared with \$117,264 or 25¢ per share in the prior year. These figures give a very limited portrayal of a complex economic year.

Fishing and Processing Operations

Pan-Alaska began the past fiscal year with three distinct advantages:

1. The Company had successfully financed and obtained a number of fishing boats.
2. The Company again instituted spring fishing in the Bering Sea.
3. Management commenced regular fishing and processing operations ahead of most of the rest of the industry.

The initial results from these planned programs were generally satisfactory. King crab was obtained in the Bering Sea, although our fishermen suffered some interference from tactics and activities of Russian and Japanese vessels. Early commencement of fishing and processing enabled us to build some inventory at moderate cost in advance of the full competitive industry effort. Some of the fishing boats acquired by our Company needed refitting and other improvements to increase efficiency, but all boats came into operation during the fiscal year and made an important contribution to our earnings. Operations for the first six months of the year were quite successful, and prospects for the entire year appeared to be quite favorable.

A number of unusual factors then began to affect the industry. New processing capacity both in the form of subsidiaries of major national concerns, and from new local operations, increased the competition for the King crab catch of the independent fishermen. An increase in the number of processors and a decrease in the available supply of King crab, particularly in the Kodiak fishing area, created industry problems.

The price paid to fishermen by processors at the beginning of the season was the negotiated price of \$.16 per pound. Because of intensive competitive pressure at Kodiak, several local processors there bid the price paid up as high as \$.45 per pound. Since approximately five pounds of live weight crab are required to produce one pound of finished crab, these actions produced a variation in the cost of raw product from \$.80 to \$2.25 per pound.

Marketing Factors

The industry selling price for crab products rose correspondingly from \$2.20 per pound to a high of \$3.15 per pound. Then, during the last quarter of the fiscal year, price resistance developed in the markets, and Alaska King crab was removed from the menus of many restaurants and institutional users. The market price for finished crab dropped first to \$2.85 and then to \$2.65 per pound, and demand remained sluggish. The price paid fishermen for crab dropped from \$.45 to between \$.30 and \$.35. Catches continued at a low rate and fishermen, understandably, continued to try for the higher prices.

The sharp upward price movements for raw crab and for the finished product adversely affected the markets and the prospects for processors and fishermen, alike. Your Company was one of the few companies in the industry to show an operating profit in the last year, and we would not have done so without the advance planning of our boat program and our early commencement of processing. At this writing, diminished market demand has forced prices paid fishermen for King crab, live weight, down to \$.22 to \$.25 per pound.

Pan-Alaska Planning

Your Company has been taking a number of steps to strengthen its economic position. The first such step mentioned in the Annual Report last year was the acquisition of fishing boats, thereby providing greater control of raw product for our processing plants, and also somewhat offsetting the harmful effects of high prices paid fishermen, through our own direct participation in fishing operations. A second operating step was intensification of efforts to improve the efficiency and versatility of our processing plants. Good progress has been made and these efforts have lead to commencement of new activities intended to provide a greater return from our corporate assets.

We are developing product diversification in Dungeness crab, shrimp and other seafood products.

Your Company has embarked upon a program of diversification intended to supplement its activities in fishing and food processing. We believe that the emerging economic development of Alaska may offer such opportunities. Your Company has also proceeded to consider a number of other acquisitions in other areas, and one acquisition was consummated during the fiscal year.

Discountland, Inc.

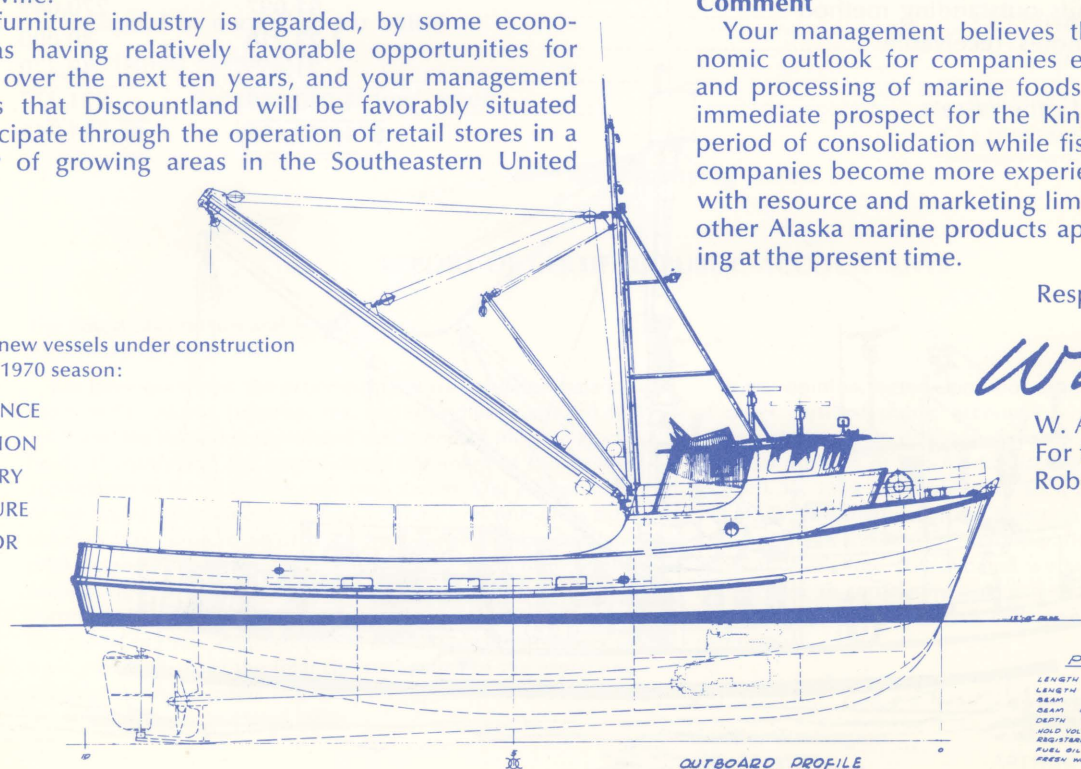
Discountland of Dade, Inc., now renamed Discountland, Inc., was acquired by your Company on October 31, 1968. Discountland operates a growing chain of furniture stores in Miami and other parts of Florida. Its sales rose from \$469,000 in 1964 to over \$3,000,000 in 1968. The acquisition price paid for the company was based upon a multiple of earnings. As result of an audit of the company's financial statements at April 30, 1969, the income figure for the year ending October 31, 1968 was adjusted and determined to be \$44,239. The adjusted acquisition price paid for the company in cash, stock and notes was \$530,000. The company had a book value of \$226,723 at the time of acquisition.

Discountland had an operating deficit of \$43,710, for the six month period ended April 30, 1969. However, a number of new stores were started up during this period, which imposed a heavy initial burden on operations. Discountland is presently operating six retail outlets located in the Miami-Ft. Lauderdale area, five outlets in the Tampa-Lakeland-Clearwater area, and one in Jacksonville.

The furniture industry is regarded, by some economists, as having relatively favorable opportunities for growth over the next ten years, and your management believes that Discountland will be favorably situated to participate through the operation of retail stores in a number of growing areas in the Southeastern United States.

Profile of new vessels under construction for 1969 - 1970 season:

CONFIDENCE
RESOLUTION
DISCOVERY
ADVENTURE
ENDEAVOR



PARTICULARS

LENGTH OVERALL	91'-0"
LENGTH DWL	88'-0"
BEAM AID	28'-0"
BEAM OVERBOARD	26'-0"
DEPTH AID 3/4 S	12'-0"
GROSS TONNAGE	5,500 GRT
REGISTERED GROSS TONNAGE UNDER	500
FUEL OIL CAPACITY	8,450 GALS
FRESH WATER CAPACITY	3,400 GALS

OUTBOARD PROFILE

Finances and Resources

The net worth of your Company rose from \$1,796,905 to \$4,009,009 during the past fiscal year. A large part of the increase in net worth was accomplished by conversion of a \$1,000,000 note into preferred stock and by the subsequent private placement of additional common and preferred stock to several institutional and individual investors. The investment in fixed assets rose materially during the year, reflecting your Company's increased scope of operations. The sum of \$750,000 was advanced to Discountland to fund the acquisition of new stores. A registration statement for a public offering of additional securities in Discountland was filed with the Securities & Exchange Commission on April 30, 1969, but was subsequently withdrawn for accounting and marketing reasons. The investment climate for the public offering of new securities is not as favorable as it was six months ago, and management is presently reviewing the most favorable alternatives for obtaining some additional equity or subordinated convertible debt financing.

Comment

Your management believes that the long-term economic outlook for companies engaged in the catching and processing of marine foods is quite favorable. The immediate prospect for the King crab industry is for a period of consolidation while fishermen and processing companies become more experienced in working jointly with resource and marketing limitations. The outlook for other Alaska marine products appears relatively promising at the present time.

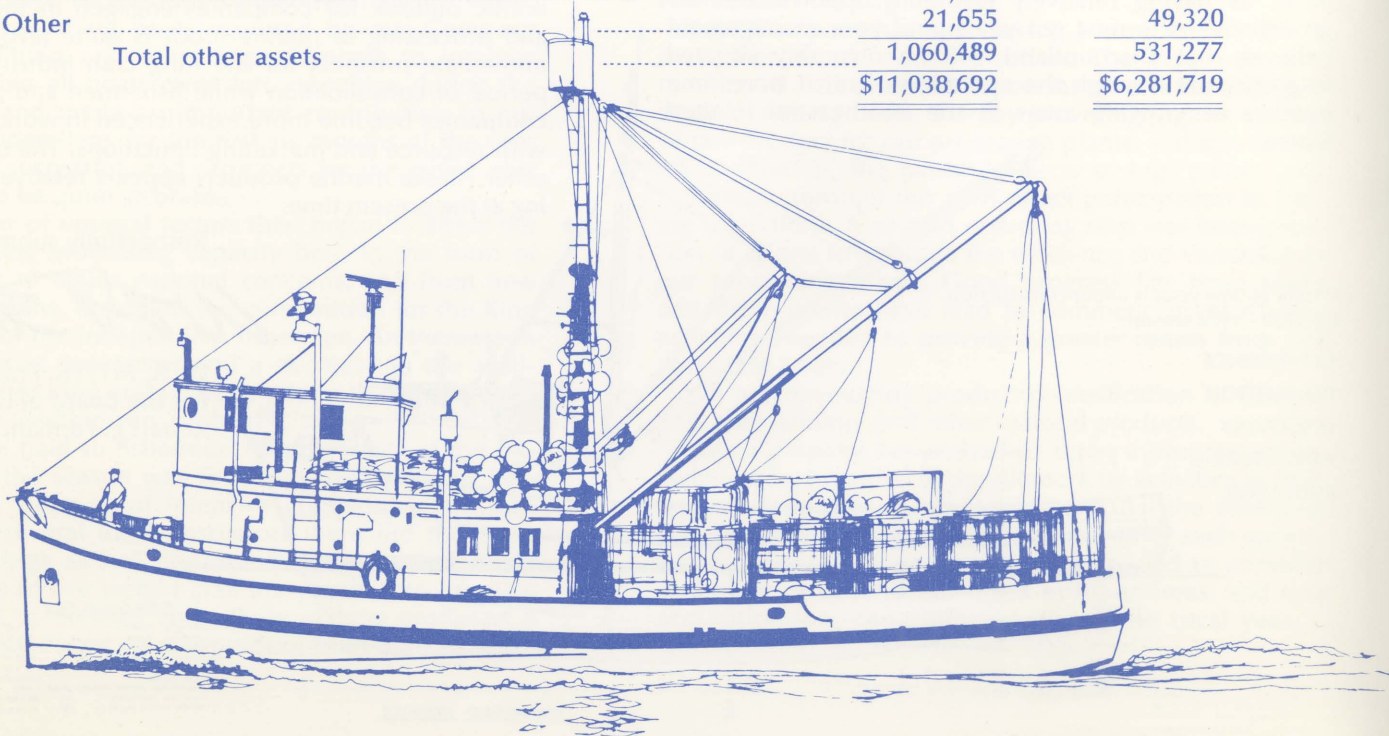
Respectfully submitted,

W. A. Ritter

W. A. RITTER, President
For the Board of Directors
Robert L. Ferman, Chairman

PAN-ALASKA FISHERIES, INC.
CONSOLIDATED BALANCE SHEET
 April 30, 1969 and 1968

	ASSETS	
	1969	1968
Current assets:		
Cash	\$ 561,870	\$ 565,872
U.S. Treasury bills, at cost		897,993
Receivables (pledged):		
Notes	268,942	132,925
Trade accounts	771,072	1,031,580
Other	221,987	
Claim for refund of income taxes	120,213	
Inventories, at the lower of cost (first-in, first-out) or market (Note 4):		
Finished and semi-finished products (pledged)	2,664,539	404,892
Merchandise (pledged)	1,632,655	
Operating supplies and fishing gear	326,649	218,604
Prepaid expenses	180,310	76,484
Total current assets	<u>6,748,237</u>	<u>3,328,350</u>
Property, plant and equipment, at cost:		
Land	71,313	65,266
Buildings and docks	1,533,598	1,441,849
Processing vessel	345,017	350,257
Fishing vessels and gear	841,805	517,049
Machinery, fixtures and equipment	1,044,021	664,660
Construction in progress	268,468	
Total property, plant and equipment	<u>4,104,222</u>	<u>3,039,081</u>
Less accumulated depreciation (Note 5)	<u>874,256</u>	<u>616,989</u>
Net property, plant and equipment	<u>3,229,966</u>	<u>2,422,092</u>
Other assets:		
Cost of investment in subsidiary in excess of net assets at date of acquisition (Note 1)	368,164	
Lease deposits	358,735	
Deferred interest, non-current portion	147,620	171,908
Unamortized debt discount and expense, amortization on the bonds outstanding method	91,097	270,049
Non-current notes receivable	73,218	40,000
Other	21,655	49,320
Total other assets	<u>1,060,489</u>	<u>531,277</u>
	<u>\$11,038,692</u>	<u>\$6,281,719</u>



LIABILITIES AND STOCKHOLDERS' EQUITY

	1969	1968
Current liabilities:		
Notes payable to banks (receivables and inventory pledged as collateral)	\$ 3,475,000	\$1,400,000
Notes payable to others	178,395	
Accounts payable	720,516	199,873
Accrued expenses	202,894	47,167
Deposits	86,783	
Federal and state income taxes	51,460	95,423
Long-term debt due within one year (Note 3)	444,606	146,164
Total current liabilities	5,159,654	1,888,627
Long-term debt (Note 3)	1,870,029	2,596,187
Commitments and contingency (Note 9)		
Stockholders' equity (Notes 1, 2, 3, 6, 7 and 9):		
Convertible preferred stock, no par value:		
30,000 shares authorized for future series, none issued		
Series A, 30,000 shares authorized, 4,706 shares reserved,		
11,042 shares issued (\$1,159,410 liquidation preference)	979,234	
Common stock, \$.50 par value, 2,000,000 shares authorized,		
403,593 shares reserved, 582,341 shares issued (433,965 in 1968)	291,171	216,983
Capital in excess of par value	1,813,048	796,095
Retained earnings	925,556	783,827
Total stockholders' equity	4,009,009	1,796,905
	<u>\$11,038,692</u>	<u>\$6,281,719</u>

See accompanying notes.

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors and Stockholders
Pan-Alaska Fisheries, Inc.

We have examined the accompanying consolidated balance sheet of Pan-Alaska Fisheries, Inc. and subsidiaries at April 30, 1969 and the related consolidated statements of income, stockholders' equity and the consolidated statement of source and application of funds for the year then ended. Our examination of the financial statements of the Company and four of its subsidiaries was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We have received the report of other certified public accountants with respect to their examination of the financial statements of the remaining subsidiary, whose assets and sales represent 21% and 26% of the respective consolidated totals.

In our opinion, based upon our examination and the report of other certified public accountants referred to above, the statements mentioned above present fairly the consolidated financial position of Pan-Alaska Fisheries, Inc. and subsidiaries at April 30, 1969 and, subject to such adjustments as may result from the outcome of the litigation mentioned in Note 9, the consolidated results of their operations and the source and application of their consolidated working capital for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Arthur Young & Company

Seattle, Washington
July 31, 1969

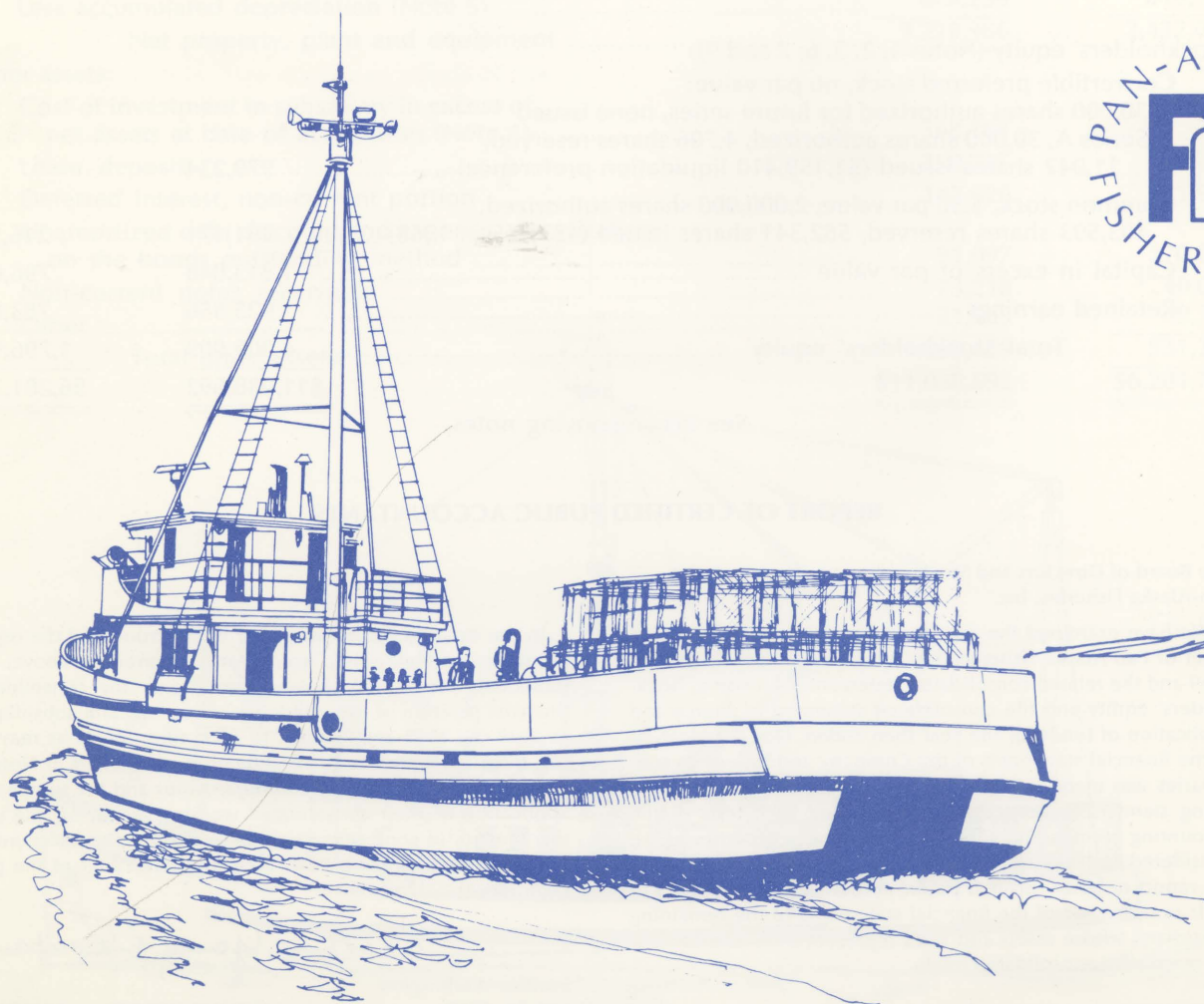
ARTHUR YOUNG & COMPANY

PAN-ALASKA FISHERIES, INC.**CONSOLIDATED STATEMENT OF INCOME**

Years ended April 30, 1969 and 1968

	<u>1969</u>	<u>1968</u>
Net sales	<u>\$8,202,626</u>	<u>\$7,105,156</u>
Operating costs and expenses:		
Cost of goods sold (Note 4)	5,827,575	5,891,965
Selling, general and administrative	1,981,974	825,977
Interest on long-term debt	125,695	96,596
Amortization of debt discount and expense	30,393	28,071
Other interest	108,260	62,283
Total operating costs and expenses	<u>8,073,897</u>	<u>6,904,892</u>
Income before income taxes	<u>128,729</u>	<u>200,264</u>
Federal and state income tax refund (expense) (including investment tax credit of \$79,000 in 1969 and \$7,400 in 1968).....	<u>13,000</u>	<u>(83,000)</u>
Net income	<u>\$ 141,729</u>	<u>\$ 117,264</u>
Net income per share of common stock (Note 8).....	<u>\$.21</u>	<u>\$.25</u>

See accompanying notes.

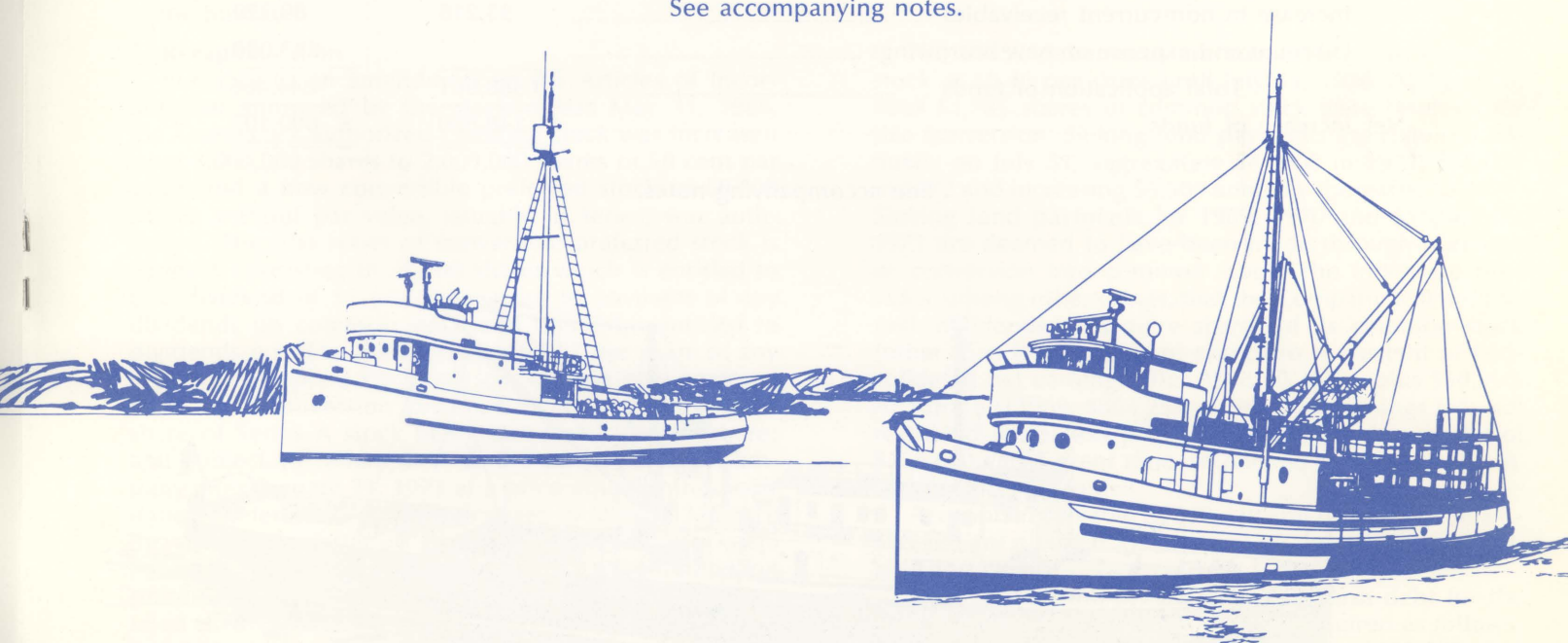


PAN-ALASKA FISHERIES, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

Two years ended April 30, 1969

	Shares of Stock		Preferred stock	Common stock	Capital in excess of par value	Retained earnings	Total
	Preferred	Common					
Balance, April 30, 1967		432,580	\$	\$ 216,290	\$ 713,325	\$ 666,563	\$ 1,596,178
Net income, year ended April 30, 1968						117,264	117,264
Stock purchase warrants exercised		1,385		693	2,770		3,463
Sale of 80,002 warrants to purchase preferred or common stock					80,000		80,000
Balance, April 30, 1968		433,965		216,983	796,095	783,827	1,796,905
Net income, year ended April 30, 1969						141,729	141,729
Common stock issued:							
For cash less \$38,847 expenses		59,200		29,600	316,352		345,952
For cash [including 10,000 common stock purchase warrants sold (Note 6)] less \$22,500 expenses.....		50,000		25,000	402,600		427,600
In conversion of \$104,500 6¾ % convertible subordinated debentures less \$18,411 unamortized debt discount and expense		12,351		6,175	79,914		86,089
In connection with purchase of subsidiary (Note 1)		26,825		13,413	252,587		266,000
Preferred stock — Series A issued:							
In conversion of \$1,000,000 convertible subordinated note less \$130,150 unamortized debt discount and expense ...	10,000		869,850				869,850
For cash less \$5,757 expenses	1,042		109,384				109,384
Purchase of 6,000 common stock purchase warrants					(34,500)		(34,500)
Balance, April 30, 1969 (Note 3)	11,042	582,341	\$ 979,234	\$ 291,171	\$ 1,813,048	\$ 925,556	\$ 4,009,009

See accompanying notes.

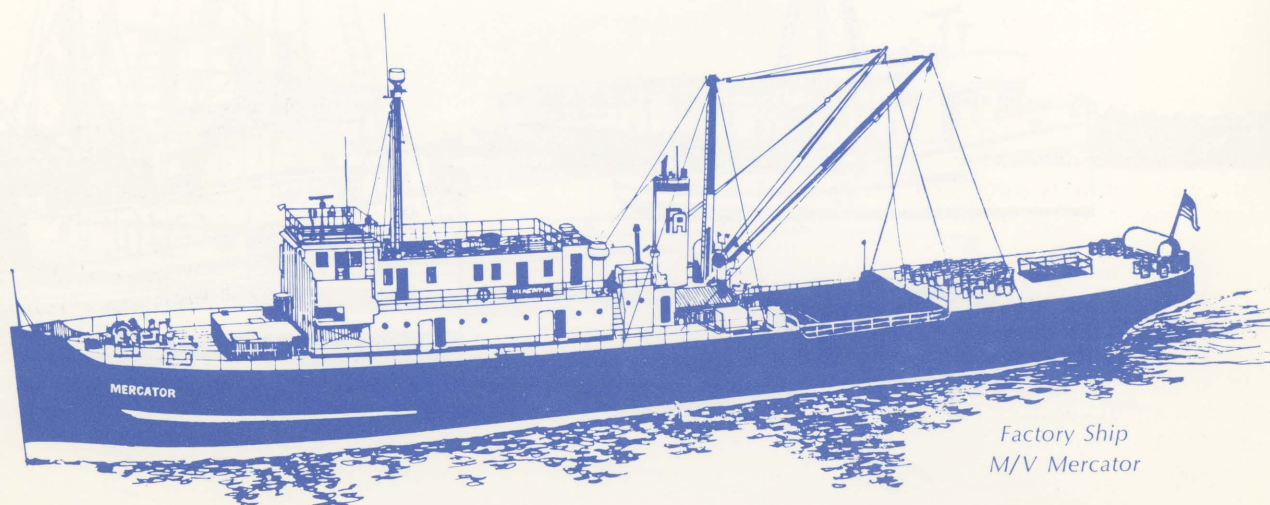


PAN-ALASKA FISHERIES, INC.**CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS**

Years ended April 30, 1969 and 1968

	<u>1969</u>	<u>1968</u>
Source of funds:		
Operations:		
Net income	\$ 141,729	\$ 117,264
Non-fund charges deducted in determining net income:		
Depreciation computed on the straight-line method (Note 5)	294,805	295,133
Amortization of debt discount and expense	53,507	54,589
Net funds from operations	490,041	466,986
Sale of fishing vessels, less \$303,000 leaseback deposit	1,212,000	
Increase in long-term borrowings	658,007	1,094,064
Proceeds from sale of common stock	773,552	
Common stock issued in connection with purchase of subsidiary (Note 1)	266,000	
Proceeds from sale of preferred stock	109,384	
Sale of warrants to purchase common stock		80,000
Exercise of warrants to purchase common stock		3,463
Other	28,837	
Total source of funds	<u>3,537,821</u>	<u>1,644,513</u>
Application of funds:		
Additions to property, plant and equipment	2,617,679	618,086
Cost of investment in subsidiary in excess of net assets at date of acquisition (Note 1)	368,164	
Reductions of long-term debt, less \$1,000,000 and \$104,500 converted to preferred and common stocks, respectively	279,665	
Lease deposits	55,735	
Purchase of common stock warrants	34,500	
Increase in non-current receivables	33,218	89,320
Discount and expense on new borrowings		137,000
Total application of funds	<u>3,388,961</u>	<u>844,406</u>
Net increase of funds.....	<u>\$ 148,860</u>	<u>\$ 800,107</u>

See accompanying notes.

Factory Ship
M/V Mercator

PAN-ALASKA FISHERIES, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
April 30, 1969**1. Basis of presentation**

The consolidated financial statements include the accounts of the parent company, Pan-Alaska Fisheries, Inc. and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated.

On October 31, 1968 the Company acquired all the outstanding common stock of Discountland, Inc., a company operating ten retail furniture stores. The purchase agreement was amended July 31, 1969 and retroactive effect has been given to the transaction which was accounted for as a purchase. In January and April 1969 this subsidiary purchased the inventories and fixtures of six additional stores. Consideration for these acquisitions was 26,825 shares of the Company's common stock, \$422,169 cash and \$334,500 notes payable. An aggregate 25,000 shares of common stock is contingently issuable if annual net income of the subsidiary exceeds \$44,239 during each of the three years ended April 30, 1972 based on an agreed formula. A net loss of \$43,710 on sales of \$2,110,296 has been included in the accompanying financial statements since date of purchase.

At April 30, 1969, the Company's investment in consolidated subsidiaries exceeded its related equity in these subsidiaries by \$371,046 and is included in the balance sheet as follows: \$368,164 charged to cost of investment in subsidiary in excess of net assets at date of acquisition and \$2,882 charged to retained earnings.

The excess of cost over net assets of the subsidiary acquired is not being amortized, since, in the opinion of management, there has been no diminution in the value of the business.

2. Recapitalization

Pursuant to an amendment to the Articles of Incorporation approved by the stockholders May 31, 1968, the Company's authorized common stock was increased from 1,000,000 shares to 2,000,000 shares of 50 cent par value and a new convertible preferred stock of 60,000 shares without par value, issuable in series, was authorized. The first series of convertible preferred stock is Series A consisting of 30,000 shares which is entitled to one dividend of \$5 per share prior to payment of any dividends on common stock and thereafter entitled to dividends equal to the multiple of 18.7 per share of any dividend per share declared; convertible into common stock at a conversion price of \$5.88 per share, each share of Series A stock being taken at \$100 per share; and subject to redemption at the option of the Company after January 31, 1973 at a price equal to the liquidation preference of \$105 per share to January 31, 1970 increasing thereafter at the rate of \$5 per year until February 1, 1982, on and after which date the liquidation preference will be \$175 plus any unpaid and accumulated dividends. At April 30, 1969, the 11,042 shares of Series A stock outstanding are convertible into 187,714 shares of common stock.

3. Long-term debt

At April 30, 1969 long-term debt consisted of the following:

	Total	Current	Non-current
6¾ % convertible subordinated debentures, due July 31, 1976.	\$ 438,100	\$	\$ 438,100
Floating equipment contracts due \$60,078 and \$55,653 annually including interest to 1971 and 1976 respectively.	426,982	60,078	366,904
3½ %-4 % Small Business Administration mortgage loans, due \$37,260 and \$24,504 annually including interest to 1976 and 1986 respectively.	386,254	22,540	363,714
7½ % note payable, due \$138,000 annually plus interest to 1971	296,500	138,000	158,500
6 %-8½ % boat mortgages, due \$68,667 and \$32,000 annually plus interest to 1971 and 1972 respectively.	218,000	68,667	149,333
6 % notes payable, due \$40,600 annually plus interest to 1973	203,000	40,600	162,400
7½ % note payable, due \$120,000 annually including interest to 1970	149,000	91,311	57,689
6 % mortgage, due \$10,960 annually plus interest to 1978	98,640	10,960	87,680
6 % mortgage, due \$18,000 annually including interest to 1977	98,159	12,450	85,709
Total	\$2,314,635	\$444,606	\$1,870,029

The 6¾ % debentures are convertible into common stock at \$8.46 per share until July 31, 1976. At April 30, 1969 51,785 shares of common stock were reserved for this conversion. Sinking fund payments are required annually on July 31, aggregating \$41,600 in 1971, \$65,000 in 1972 and increasing \$6,500 annually thereafter to 1976. Sinking fund payments for 1969, 1970 and \$16,900 for 1971 are deemed to have been made through purchase or conversion into common stock. The indenture provides, among other things, that the Company will not pay cash dividends or acquire shares of its common stock (other than by conversion) except to the extent of consolidated net earnings after April 30, 1964, plus \$50,000. At April 30, 1969, \$864,254 of retained earnings was not restricted under this provision. Also, working capital of \$250,000 and current ratio, as defined by the agreement, of 1.2 to 1 is required.

Accounts receivable of \$30,419 and inventories of \$1,528,924 are pledged as collateral on the 7½ % note payable due 1971.

Payments on the principal of long-term debt for the four years ending April 30, 1974 are required as follows: 1971—\$454,000; 1972—\$280,000; 1973—\$252,000, and 1974—\$228,000.

4. Inventories

Inventories used in the computation of cost of goods sold were as follows: April 30, 1967 — \$1,179,590; April 30, 1968 — \$623,496, and April 30, 1969 — \$4,623,843.

5. Policy with respect to depreciation

It is the policy of the Company to provide for depreciation of plant and equipment by charges to income based on the estimated useful lives of the assets, as follows:

Buildings and docks	10 to 20 years
Floating equipment	5 to 10 years
Machinery, fixtures and equipment	4 to 10 years

Expenditures for maintenance and repairs are charged to income as incurred. Major expenditures for renewals or betterments are capitalized.

When items of equipment are sold, retired, or otherwise disposed of, the cost of such assets and the related accumulated depreciation are removed from the accounts. Gains or losses on such sales or retirements are included in income.

6. Stock purchase warrants

At April 30, 1969, the following stock purchase warrants were outstanding for the purchase of one share each of common stock:

Warrants	Exercise price per share of common stock	Expiration date
22,615	\$ 2.50	July 31, 1971
10,000	12.00	Jan. 6, 1974
84,479*	9.47	Feb. 5, 1975
<u>117,094</u>		

*or exercisable into 4,706 shares of convertible preferred stock — Series A at \$170 per share.

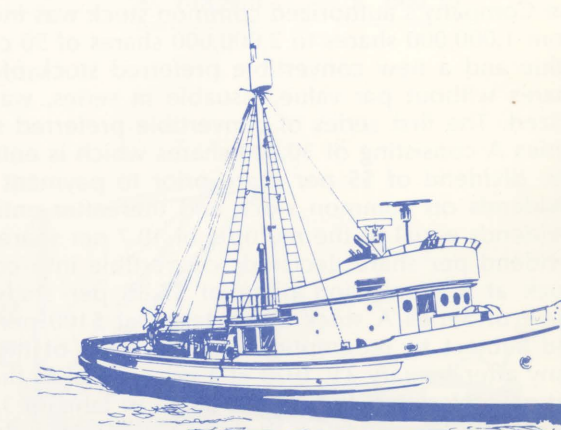
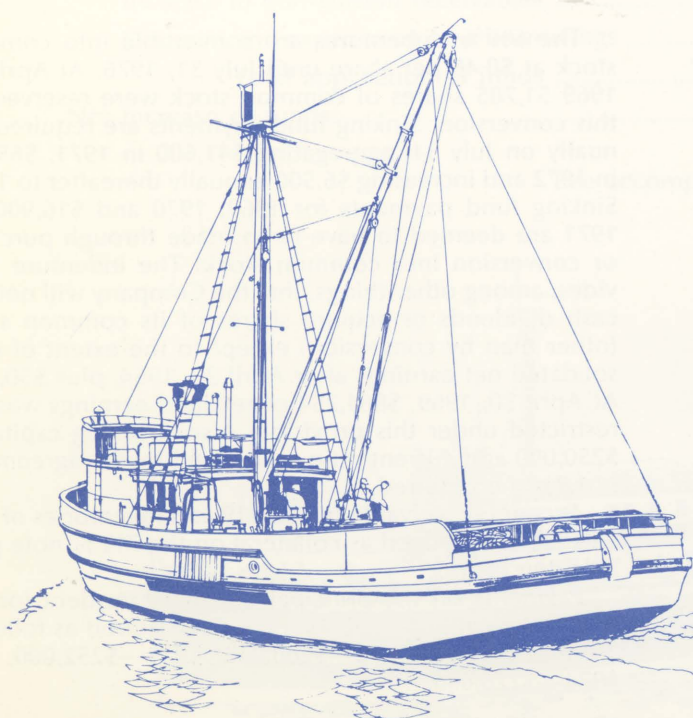
7. Stock options

The qualified and executive stock options granted in 1965 to purchase 30,000 and 12,000 shares of common stock, respectively, expire in 1970. In September 1968, the Board of Directors authorized, subject to approval by stockholders, a 1968 qualified stock option plan to purchase 20,000 shares of common stock and in November 1968 granted an option to purchase 3,700 shares of common stock. The option price is determined by the Board, but shall not be less than the fair market value of the common stock on the date of grant. Options run for a term of five years and may not be exercised prior to the expiration of the first six months of their terms. In November 1968, the Board granted a non-qualified stock option to purchase 1,300 shares of common stock which expires in 1973 and may not be exercised prior to May 1969.

At April 30, 1969, the following stock options to purchase 47,000 shares of common stock at an aggregate price of \$254,550 were outstanding; 42,000 stock options were exercisable:

	1965 Executive stock option plan	Qualified stock option plans 1965	1968	1968 Non-qualified stock option
Options granted:				
Outstanding	12,000	30,000	3,700	1,300
Price per share	\$5.00	\$5.00	\$8.91	\$8.91
Total option price	\$60,000	\$150,000	\$32,967	\$11,583
Fair market value, grant date:				
Per share	\$3.81	\$3.81	\$8.91	\$8.91
Total	\$45,720	\$114,300	\$32,967	\$11,583
Fair market value, date exercisable in 1966:				
Per share	\$4.38	\$4.38		
Total	\$52,560	\$131,400		
Options available for grant			16,300	

No charge has been made to income in accounting for options. When options are exercised the par value is credited to common stock and the excess is credited to capital in excess of par value.



8. Net income per share

Opinion No. 15 issued by the Accounting Principles Board in May 1969 has been applied retroactively in computing net income per share which computation is based on the average number of shares of common stock outstanding during each year and includes all stock options, convertible preferred stock—Series A and common stock purchase warrants expiring July 31, 1971 as common stock equivalents. Net income per share for the year ended April 30, 1968 previously reported has been reduced from \$.27 to \$.25 per share.

9. Commitments and contingency

The Company was notified in 1964 of a change in the interpretation of Alaska fish tax regulations and possible assessment of additional taxes for the years ending April 30, 1961 and subsequent. On December 8, 1965 the Company commenced litigation with the State of Alaska seeking a declaratory judgment regarding the rate of Alaska fish tax, and in January 1969 the case was heard in Superior Court, which court decision is presently being awaited. At April 30, 1969 such potential tax and interest less federal income tax aggregated approximately \$117,000 of which \$33,000 and \$12,000 is applicable to the years ended April 30, 1969 and 1968 respectively. Management and counsel believe the changed interpretation is improper and accordingly no provision has been made for assessments.

9. Commitments and contingency, continued

Minimum rent commitments on fishing vessels and retail stores, exclusive of insurance, property taxes and amounts based on a percentage of gross sales under non-cancellable leases are payable approximately as follows: 1970 — \$530,000; 1971 — \$465,000; 1972 — \$435,000; 1973 — \$420,000; 1974 — \$397,000 and reduced amounts to 1988.

The Company has an agreement whereby it may sell and leaseback five fishing vessels that are presently under construction (aggregate contract price of approximately \$1,700,000). Minimum annual rentals, exclusive of insurance and maintenance, will aggregate approximately \$240,000 over a period of ten years.

Operating Facility
Unalaska, Alaska



FINANCIAL HIGHLIGHTS — YEAR ENDED APRIL 30,

Operating Results:

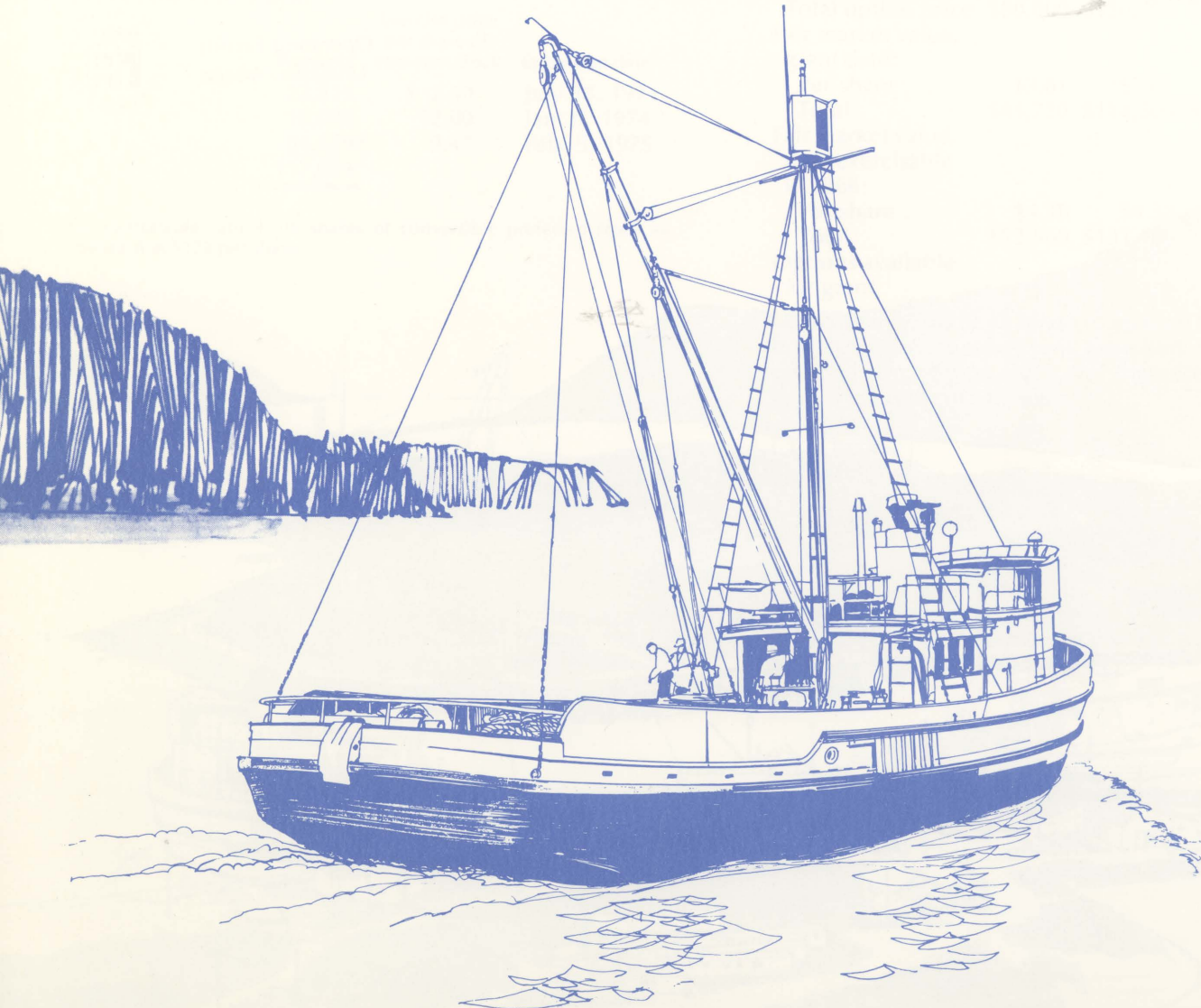
	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
Net Sales	\$159,286	\$431,838	\$ 890,681	\$1,186,872	\$2,357,207	\$3,010,869	\$5,766,485	\$6,712,025	\$8,413,974	\$7,105,156	\$8,202,626
Income (Loss) Before Income Tax	11,274	41,888	90,942	(197,835)	69,265	200,570	515,646	90,852	252,278	200,264	128,729
Income (Loss) Before Extraordinary Item	7,892	25,601	49,052	(136,276)	64,465	110,570	255,646	53,852	180,148	117,264	141,729
Extraordinary Item									65,613		
Net Income (Loss)	7,892	25,601	49,052	(136,276)	64,465	110,570	255,646	53,852	245,761	117,264	141,729

Per Share of Common Stock:

Income (Loss) Before Extraordinary Item .....	.11	.29	.37	(.68)	.24	.36	.63	.12	.42	.25	.21
Extraordinary Item .....									.15		
Net Income (Loss) .....	.11	.29	.37	(.68)	.24	.36	.63	.12	.57	.25	.21

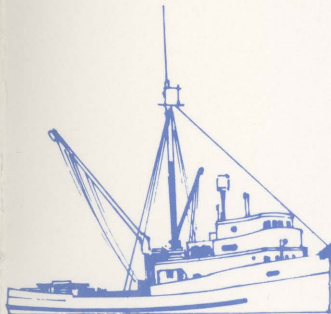
Financial Position at Year End:

Total Assets	212,779	318,594	1,174,449	1,542,424	1,984,768	3,038,230	3,489,074	4,662,744	5,981,884	6,281,719	11,038,692
Working Capital	26,315	223,563	32,359	279,109	300,855	310,220	1,099,164	853,808	639,616	1,439,723	1,588,583
Net Property, Plant and Equipment	12,319	51,739	352,321	538,927	497,111	670,661	653,890	1,335,802	2,099,139	2,422,092	3,229,966
Stockholders' Equity	39,891	284,544	333,296	719,609	784,074	935,671	1,294,965	1,350,417	1,596,178	1,796,905	4,009,009
Net Book Amount Per Share Common .....	.55	2.16	2.52	2.66	2.90	2.46	3.00	3.12	3.69	4.14	4.89
Shares of Common Stock issued	72,000	132,000	132,000	270,750	270,750	380,814	431,180	432,580	432,580	433,965	582,341



PAN-ALASKA FISHERIES, INC.

Corporate Headquarters: 1818 Westlake Ave. North, Seattle, Wash. 98109



FISHING OPERATIONS

Operating Facilities:

M/V MERCATOR
BARGE MAGELLAN
M/V MARCONI
UNALASKA, ALASKA 99685
KODIAK, ALASKA 99615 (P.O. BOX 847)
MONROE, WASHINGTON 98272
ANACORTES, WASHINGTON 98221

Fishing Vessels:

ALEUT
ASTRON
BIG SEA
CHARGER
ENTERPRISE
JARL
NOVA
PACIFIC PRIDE
ROYAL ALASKAN
ROYAL ALEUTIAN
ROYAL FISHER
VIC HANSEN

RETAIL FURNITURE OPERATIONS

Headquarters:

5757 N.W. 27th Ave.
Miami, Florida 33142

Store locations in Florida:

5757 N.W. 27th Ave., Miami
6201 - 27th Ave. N.W., Miami
13101 S. Dixie Highway, South Miami
4000 N. Federal Highway, Ft. Lauderdale
6483 Taft Street, Hollywood
550 Perrine Ave., Perrine
5519 W. Hillsborough Ave., Tampa
8441 - 45 Florida Ave., Tampa
3625 S. Dale Mabry, Tampa
2100 Gulf to Bay Blvd., Clearwater
924 N. Massachusetts Ave., Lakeland
Gateway Shopping Center, Norwood Ave. Jacksonville

Warehouse locations in Florida:

5757 N.W. 27th Ave., Miami
5705 - 13 N.W. 27th Ave.
5201 N.W. 37th Ave., Miami
3620 N.W. 59th Street, Miami
6816 S. Manhattan Ave., Tampa



CRABALLOPERIMP: A species indigenous to all Alaskan waters...
may be found and caught the year-round...at a profit.
Extremely Delicious.