

100.OPG001



OPGESTEL DEUR / PREPARED BY

MORKEL • OLIVIER • P DU TOIT

**PROKUREURS
AKTEBESORGERS**

Hoofweg 114
Posbus 1059
Strand
7139

Tel : 021-8531626/7/8
Int. Tel: +2721-8531626/7/8

Faks : 021-8548747
Int. Faks: +2721-8548747

**ATTORNEYS
CONVEYANCERS**

114 Main Road
P.O. Box 1059
Strand
7139

Tel: 021-8531626/7/8
Int. Tel: +2721-8531626/7/8

Fax: 021-8548747
Int. Fax: +2721-8548747



FOREWORD

Historically, access to marine resources in South Africa was unrestricted. However, fishermen saw their traditional fishing grounds eroded under the guise of resource protection. Laws were fashioned in a manner that forced them to go underground while the resources were gradually transferred into the hands of a few larger players in the fisheries sector. It is generally accepted that there is an over-concentration in the market despite very recent efforts of empowerment.

The informal fishermen have in the last three years organised themselves into a cohesive unit. Since the free elections there have been growing signs that at last they would be allowed to legitimise their operations and become part of the free and democratic market system.

It is to this end that a careful plan has been devised to ensure participation from grass roots level upwards. The system is aimed at benefitting the smaller players who have suffered much in the past.

Basically the plan provides for 18 regional co-operatives at fishermen

level as well as a controlling company, SA Commercial Fisher's Corporation (SACFC) and a holding company, SACF Holdings (SACFH), at upper management level.

We appreciate the fact that Government has been sympathetic to our cause and therefore respectfully submit more details of our plans. It is our express hope that these plans will be accepted in the same spirit of co-operation to find solutions for the plight of our people.

1. SHARES

- 1.1 The current 18 co-operatives, ranging around the coast from Lamberts Bay to Hawston, will hold 77,9% of the shares. Share ownership is based on membership of the co-operatives in relation to the total registered membership of informal fishermen.

A total of 10 000 shares have been authorised for SACFH and 5 400 have so far been issued as follows :-

1.1.1	Buffeljags Fishers Co-operative Ltd	100
1.1.2	Cape Town Harbour Fishermen Co-operative Ltd	600
1.1.3	Elandsbaai Fishers Co-operative Ltd	100
1.1.4	Gansbaai Fishers Co-operative Ltd	260
1.1.5	Hawston Fishers Co-operative Ltd	180
1.1.6	Helderberg Fishers Co-operative Ltd	300
1.1.7	Houtbaai Fishers Co-operative Ltd	360
1.1.8	Kleinmond Fishers Co-operative Ltd	60
1.1.9	Lambertsbaai Fishers Co-operative Ltd	300
1.1.10	Paternoster Fishers Co-operative Ltd	220
1.1.11	Saldanha Fishers Co-operative Ltd	180
1.1.12	Stilbaai Fishers Co-operative Ltd	220
1.1.13	Stompneusbaai Fishers Co-operative Ltd	560
1.1.14	Velddrif Fishers Co-operative Ltd	120
1.1.15	Vredenburg Fishers Co-operative Ltd	180
1.1.16	Waenhuyskrans Fishers Co-operative Ltd	340
1.1.17	Witsand-Kommetjie Fishers Co-operative Ltd	120
1.1.18	Food and Allied Workers Union (FAWU)	600
1.1.19	Fishermen Leaders Trust	200
1.1.20	Johnston Family Trust	200
1.1.21	The United Trust	200

Shares are issued in a manner which will ensure that fishermen will at all times hold the majority.

1.2. SHARES IN THE HOLDING COMPANY

It must be pointed out that 200 shares were issued to the Fishermen Leaders Trust of which leaders of the informal fishing community are the beneficiaries. The purpose is to compensate them for loss of income, commitment and financial contributions

over the last three years (the period in which they have been part of the struggle for legitimacy).

Another 200 shares were issued to the family trust of Mr Andy Johnston, as decided by the Executive Committee of the Informal Fishing Communities (IFC) as compensation for his financial sacrifices and time spent on the struggle for legitimacy.

The Executive Committee also decided to settle the accounts of professional advisors of the IFC by means of shares issued. The account of R419 000 is thus settled by issuing 200 shares to a trust held by Mr Thys Mocke on behalf of the advisory group. It was agreed that the trust will have no claims whatsoever against the IFC or any of its companies, should the said companies not become operative.

[SEE ANNEXURE "A" FOR STATUTES OF REGISTRATION OF SACFC AND SACFH]

[SEE ANNEXURE "B" FOR SHAREHOLDERS AGREEMENT]

2. REPRESENTATION OF CO-OPERATIVES IN SACFH AND SACFC

Each co-operative will appoint 5 directors in accordance with the statutes of the co-operatives. The directors will elect the managing director who will hold office for two years.

The managing directors of the co-operatives will serve on an advisory committee. The advisory committee will elect six non-executive area directors to serve on the Board of Directors of the SACFCH. The six directors will be elected on the following basis:

- Two to represent the Cape Town area
- Two to represent the Cape West Coast
- Two to represent the Cape South Coast.

Should fishermen of the Eastern Cape and KwaZulu/Natal choose to join the company, provision will be made for them to elect two area directors each to represent them.

The area directors will elect two from their ranks to serve as non-executive directors on the Board of Directors of SACFC.

Peoples Comp.
Silver plate

AGENDA

R 30,000. Benefit
Mutual
Santam.
Pur. service

1. Opening
2. Attendance
3. Agreement on agenda
4. Andy Johnston - Political situation
5. T Mocke - Company structures
6. Peter Mokaba's involvement
7. Possible joint ventures

Research. to Wesgro.
Kew Salo - Murekwe

SI - 49
NSA
Nego. ~~Photo of these Companies~~
Ministry (control systems)
New researches.
Document to Laam.

8. Longline Tuna - Japan visit

Howq Kowq.
U.N. ICSF.
JAPAN
TV Programs

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100
101
102
103
104
105
106
107
108
109
110
111
112
113
114
115
116
117
118
119
120
121
122
123
124
125
126
127
128
129
130
131
132
133
134
135
136
137
138
139
140
141
142
143
144
145
146
147
148
149
150
151
152
153
154
155
156
157
158
159
160
161
162
163
164
165
166
167
168
169
170
171
172
173
174
175
176
177
178
179
180
181
182
183
184
185
186
187
188
189
190
191
192
193
194
195
196
197
198
199
200
201
202
203
204
205
206
207
208
209
210
211
212
213
214
215
216
217
218
219
220
221
222
223
224
225
226
227
228
229
230
231
232
233
234
235
236
237
238
239
240
241
242
243
244
245
246
247
248
249
250
251
252
253
254
255
256
257
258
259
260
261
262
263
264
265
266
267
268
269
270
271
272
273
274
275
276
277
278
279
280
281
282
283
284
285
286
287
288
289
290
291
292
293
294
295
296
297
298
299
300
301
302
303
304
305
306
307
308
309
310
311
312
313
314
315
316
317
318
319
320
321
322
323
324
325
326
327
328
329
330
331
332
333
334
335
336
337
338
339
340
341
342
343
344
345
346
347
348
349
350
351
352
353
354
355
356
357
358
359
360
361
362
363
364
365
366
367
368
369
370
371
372
373
374
375
376
377
378
379
380
381
382
383
384
385
386
387
388
389
390
391
392
393
394
395
396
397
398
399
400
401
402
403
404
405
406
407
408
409
410
411
412
413
414
415
416
417
418
419
420
421
422
423
424
425
426
427
428
429
430
431
432
433
434
435
436
437
438
439
440
441
442
443
444
445
446
447
448
449
450
451
452
453
454
455
456
457
458
459
460
461
462
463
464
465
466
467
468
469
470
471
472
473
474
475
476
477
478
479
480
481
482
483
484
485
486
487
488
489
490
491
492
493
494
495
496
497
498
499
500
501
502
503
504
505
506
507
508
509
510
511
512
513
514
515
516
517
518
519
520
521
522
523
524
525
526
527
528
529
530
531
532
533
534
535
536
537
538
539
540
541
542
543
544
545
546
547
548
549
550
551
552
553
554
555
556
557
558
559
560
561
562
563
564
565
566
567
568
569
570
571
572
573
574
575
576
577
578
579
580
581
582
583
584
585
586
587
588
589
590
591
592
593
594
595
596
597
598
599
600
601
602
603
604
605
606
607
608
609
610
611
612
613
614
615
616
617
618
619
620
621
622
623
624
625
626
627
628
629
630
631
632
633
634
635
636
637
638
639
640
641
642
643
644
645
646
647
648
649
650
651
652
653
654
655
656
657
658
659
660
661
662
663
664
665
666
667
668
669
670
671
672
673
674
675
676
677
678
679
680
681
682
683
684
685
686
687
688
689
690
691
692
693
694
695
696
697
698
699
700
701
702
703
704
705
706
707
708
709
710
711
712
713
714
715
716
717
718
719
720
721
722
723
724
725
726
727
728
729
730
731
732
733
734
735
736
737
738
739
740
741
742
743
744
745
746
747
748
749
750
751
752
753
754
755
756
757
758
759
760
761
762
763
764
765
766
767
768
769
770
771
772
773
774
775
776
777
778
779
780
781
782
783
784
785
786
787
788
789
790
791
792
793
794
795
796
797
798
799
800
801
802
803
804
805
806
807
808
809
810
811
812
813
814
815
816
817
818
819
820
821
822
823
824
825
826
827
828
829
830
831
832
833
834
835
836
837
838
839
840
841
842
843
844
845
846
847
848
849
850
851
852
853
854
855
856
857
858
859
860
861
862
863
864
865
866
867
868
869
870
871
872
873
874
875
876
877
878
879
880
881
882
883
884
885
886
887
888
889
890
891
892
893
894
895
896
897
898
899
900
901
902
903
904
905
906
907
908
909
910
911
912
913
914
915
916
917
918
919
920
921
922
923
924
925
926
927
928
929
930
931
932
933
934
935
936
937
938
939
940
941
942
943
944
945
946
947
948
949
950
951
952
953
954
955
956
957
958
959
960
961
962
963
964
965
966
967
968
969
970
971
972
973
974
975
976
977
978
979
980
981
982
983
984
985
986
987
988
989
990
991
992
993
994
995
996
997
998
999
1000

9. FDU involvement

10. Financial

11. Involvement of each director

12. Election of chairman, and CEO

13. Remuneration of directors

late
- (?? Political)

14. Quota Board representation

15. Next Meeting

~~2 weeks~~
3 weeks. lack of uncertainty -
2nd. ~~2nd~~ April.
5.00.

R 135 per
1kg.
Crawfish

The whole structure has been devised to ensure and protect representation from grass roots level. SACFC will belong to the informal fishermen of South Africa.

3. DIRECTORS

3.1 SACFH

The holding company will be owned by the co-operatives, FAWU and a few minor shareholders. The co-operatives will appoint six members of the Advisory Committee as non-executive members.

The share holders will appoint two executive directors to act as Chairman and Chief Executive Officer (CEO).

3.2 SACFC

The company will be under the sole ownership of the SACFH. A total of 10 000 shares has been authorised of which 5 100 will be issued to SACFH.

The Board of Directors will consist of a maximum of 10 non-executive directors and an unlimited membership of executive directors. A maximum of 2 alternative directors will be allowed. Each director will be appointed for a maximum term of 3 years. These directors will, however, be eligible for re-election after the 3 year term. According to the statutes of incorporation of the company, directors will not necessarily have to own shares in the company.

A Chairman and Chief Executive Officer will be appointed by the Board of Directors. Members of the first Board of Directors will be :-

3.2.1	IFC Chairman	- A Johnston	
3.2.2	Economic Advisor	- Z Mofa	(Non-Executive)
3.2.3	FAWU representative	- M Gxanyani	(Non-Executive)
3.2.4	Environment	- K Salo	(Non-Executive)
3.2.5	Fishing Industry Advisor	- M Drucker	(Non-Executive)
3.2.6	Community Development	- M Barnabas	(Non-Executive)
3.2.7	Attorney	- M P Mocke	(Non-Executive)

- 3.2.8 Financial - C P Claassen (Non-Executive)
3.2.9 Fishermen
Representatives - 2 Directors to be
appointed by
Advisory Committee(Non-Executive)

4. PROFESSIONAL ADVISORS

The management team of SACFC will initially be relatively inexperienced and will have to rely on a consultancy group.

However, the company vision will be that it must belong to the community of fishermen of the South African coast and it will be expected of the management to implement this vision to the benefit of the members of co-operatives.

- 4.1 Auditors - Price Waterhouse
4.2 Commercial Advisors - Huysamer Stals
4.3 Attorneys - Morkel Olivier P du Toit
4.4 Public Affairs
Consultant - J H Marais & Associates
4.5 Marketing - J J Williams
4.6 Marine Environment - Peninsula Technicon.

5. INTERNAL CONTROL SYSTEMS

The establishment of sound internal control systems will be the responsibility of the South African Commercial Fishermen Corporation (PTY) LTD.

The planning and implementation of these controls will be done in close consultation with the external auditors of the company.

The following critical areas will be addressed by the internal control system :

- delivery of fish products to joint venture processing companies.
- reconciliation of pool accounts in co-operatives.
- price agreements with joint venture processing companies.
- receipts from joint venture processing companies.
- central control over payments to members of co-operatives.

-allocation of quotas to co-operatives.

6. VALUE ADDING TO PRODUCTS

The Informal Fishermen have thus far had no share in the value added to the price of their products.

The SACFC will change this situation and ensure that the small fishermen along the coast get their fair share of the real value of the various products.

The company will not set up its own factories to accomplish this for at least the first three years. The reasons are as follows :-

The company does not deem it responsible to borrow large amounts of capital from financial institutions to invest in infrastructure due to high interest rates and the large financial burden that will result. The company plans to enter into joint venture agreements with various established enterprises to process its catch at an agreed profit split. This approach will enable SACFC to build up capital in the first 3 years to buy or build its own factories.

SACFC views it as a priority that there must not be any loss of employment for factory workers. SACFC has started negotiating joint ventures for a three year period (of co-operation) with existing enterprises.

SACFC's management is still relatively inexperienced and the first three years will mainly be a learning period for them.

The three year period will enable the management of SACFC to put all the necessary controls and financial systems in position to ensure a smooth and functional operation for the future.

7. SACFC's DISTRIBUTION OF THE AVAILABLE TAC OF THE DIFFERENT SPECIES TO EACH CO-OPERATIVE

The whole proposal is based on the assumption that SACFC will receive allocations from Central Government. The minimum allocations needed by SACFC to solve the poaching problem, are as follows :-

- 7.1 lobster - 250 ton
- 7.2 abalone - 150 ton
- 7.3 longline hake - 5000 ton
- 7.4 pelagic - 10 000 ton

The Informal Fishermen have certain new species they would like to exploit commercially. The Department of Sea Fisheries can investigate these possibilities.

As far as lobster and abalone are concerned, SACFC will allocate a specific tonnage to a co-operative to take out on his/her behalf. The following criteria will be used to determine the size of such an allocation:-

- (a) The specifications of the Department of Sea Fisheries
- (b) The number of members of a co-operative
- (c) The strength of a specific species in an area.
- (d) The availability of processing facilities in the co-operative area.
- (e) The type of allocation required to stop the fishermen poaching.

SACFC will pay fishermen an agreed price on delivery of their catch and the added value to the product by means of processing or proper marketing in South Africa as well as Internationally.

As far as pelagic fish and longline hake is concerned SACFC's goal is to buy its own vessels to catch the allocation and employ its members from eg. the Cape Town Harbour Co-operative. For the first three year period SACFC will, however, enter into joint ventures with existing companies to catch the allocation on its behalf on a profit share basis. Certain Co-operatives already have the ability to catch longline hake but will have to be assisted to ensure that the quality of the catch complies with the standards of the European Markets.

8. DIVIDEND POLICY

SACFC aims to give the fishermen of South Africa's coast access to the sea and to assist them financially during the off season.

SACFC will be managed with a definite profit goal. A substantial percentage of each year's profit will have to be declared as a dividend to ensure that the members see the Co-operative and SACFC to be working in their cause. It is of the utmost

importance that the people must experience the benefits of membership of the Co-operative and SACFC, as the success of the project depends on support and loyalty at grassroots level.

Dividends will be declared annually by SACFC. Equal monthly payments will be made to the Co-operatives in proportion to their shares held in the Company. Provision will also be made for payment of insurance policies for the members of the Co-operatives.

SACFC plans to establish itself with a sound financial base within the first three years of its existence. A five year plan has been devised to enable SACFC to establish its own processing plants, acquire its own fishing vessels and establish a successful distribution network in South Africa.

Success will ensure larger profits for all concerned.

Other plans include assistance to the poorer communities to acquire vessels and equipment via their co-operatives. To succeed with the five year plan, some 65% of all profit made in the first three years will be retained in the company.

9. RELATIONSHIP WITH OTHER ESTABLISHED COMPANIES IN THE FISHING INDUSTRY

SACFC views itself as a new but equal player compared to companies such as I & J, Oceana and Sea Harvest. SACFC would, however, like to build a good working relationship with its competitors in the industry and to settle any differences which may have resulted from the struggle to achieve legitimacy.

SACFC's executive management has had numerous meetings with most of the company's competitors to establish a pattern for better relationships in the future. Possible joint ventures for the first three years are being negotiated.

The Informal Fishing Communities have historically had a solid relationship with Small Business in the Industry and plan to build on this solid foundation.

10. APPROACH TO WORKERS AND TRADE UNIONS

SACFC sees itself as a People's Empowerment Company. The Company belongs to the people working for it, namely the fishermen and their co-workers. A total of 600 shares, which constitutes 11% of the issued shares in the Company were issued to FAWU for this reason.

Mr Mandla Gxanyani of FAWU is one of SACFC's directors and will represent the company as its Labour Relations Advisor. Management will strive to act in accordance with the Labour Relations Act of 1996 at all times.

The Informal Fishing Communities view the Labour Unions as their comrades in the struggle to obtain access to the natural resources of our coast and SACFC will attempt to strengthen this relationship.

11. INFRASTRUCTURE

SACFC's success is subject to the members of Co-operatives feeling that they are handled fairly at all times. SACFC is the property of the Co-operatives' members and therefore management must strive to pay out as big a dividend as possible annually.

It is therefore part of SACFC's policy not to buy expensive offices and spend money on unnecessary assets.

A functional infrastructure will, however, have to be established as soon as possible for which money will most probably have to be borrowed from a financial institution.

12. FUNCTIONING OF CO-OPERATIVES

The Co-operatives are managed by the five directors of the Co-operative in accordance with the statute of each Co-operative. [SEE EXAMPLE AS ANNEXURE F]

The financial management will be handled by the financial department of SACFC. This measure has been implemented for the purpose of strict control in order to limit any chances of fraud.

The five directors will decide according to a set of criteria [SEE ANNEXURE E] if new applicants for membership of the Co-operative are "bona fide fishermen making a living from the sea", as the qualification for membership stipulates in accordance with the statute of the Co-operative.

The Co-operatives are the shareholders of SACFCH and a channel through which dividends can be distributed to the people. The value adding process will be handled by SACFC.

[SEE ANNEXURES "C; D; E; F"]

GREEN REPORT

To see the ocean as a means of an endless supply of money and instant wealth is short sighted and a destructive concept.

We need to reverse this attitude. Reckless exploitation is a serious sign of political mismanagement at the moment. The general public, scientists, policy makers and government must be made aware that more than ever the solutions to protecting our resource lay not in putting "bandages on the wound but what is causing the symptoms".

One of the basics of our ocean and resource management is in people's policing. I predict that the policy whereby it is accepted that the ocean and resource is the heritage of all the people of South Africa and not of the privileged few, will be a solution to conservation.

Any attempt to protect the resources to the benefit of the profitmakers, politicians and monopolies is a short term mentality and will fail as it is doing at the moment.

All of us who love the sea and animals that live in it should for the benefit of future in general fight, and continue to struggle for the protection of our oceans.

Strategy in marine conservation should be addressed through integration of all who use it, through democratic processes and not on the old styled ivory tower concept, we all can learn from one another. The needs and aspirations of our disadvantaged peoples should be

brought into the equation. Conflicts should be resolved, Robin Hood concepts eradicated and education and awareness should be spread to all in our country.

Lets all feel part of this land and sea and then, and only then, will we be able to responsibly manage it.

God bless our land and sea.

CONCLUSION

Power vests as much in business as it does in governments and is easily corruptable. Business cannot carry on as usual with superficial black faces being regarded as change. It must act in a socially responsible way and to rediscipline itself to operate in an open and democratic system. It must take its place to bring about a New South Africa.

In conclusion, this company is such a company.

[SEE ANNEXURE "G" FOR PRESS REPORTS TO DATE.]

INFORMELE VISSERS VAN SUID AFRIKA
INFORMAL FISHERFOLK OF SOUTH AFRICA

REELS TOT REGISTRASIE VAN VISSERS
RULES TO REGISTRATION OF FISHERFOLK

'n Persoon mag registreer as:
a Person may register if:

1. Die persoon se enigste inkomste vir hom of sy gesin se voortbestaan die inkomste is wat hy verkry deur die bronne van die see te ontgin.
His only income must be that of harvesting the resources of the sea to support him and his family.
 2. Dit sal nie in aanmerking geneem word sou die persoon in tye van slegte weer ander inkomste verkry nie, maar nie vir langer as drie dae per geleentheid nie.
If a person do odd jobs in time of bad weather it can not be held against him but no job may be more than three days at a time.
 3. Die persoon wat oor 'n vaartuig beskik maar slegs van die inkomste van die vaartuig voortbestaan, maar die vaartuig se bemanning moet volwaardige vissers wees.
a Person whose only income is that of his vessel but the crew of the vessel must qualify as mentioned above.
 4. Enige persoon moet die afgelope jaar permanent sy enigste inkomste verkry het uit die see.
Any person for his only income should have harvested the seas for a period permanent of a year.
 5. 'n Persoon wat enige toelae ontvang (slegs pensioen of ongeskiktheids toelae van die staat) en die bedrag is minder as agt honderd rand R800 per maand mits hy meer as drie jaar permanent visvang.
Any person who recieve pension or any other benifit less than the amount of eight hundred rand and who have been fishing permanent for the past three years.
 6. Enige ander persoon wat pensioen ontvang maar meer as vyf jaar permanent visvang en so goedgekeur is deur die plaaslike vissers.
Any person with pension permanent fishing for the past five years with aproval of the local fisherfolk.
 7. Sou die persoon se pensioen of toelae per maand meer wees as R 3000-00 mag hy nie deelneem aan ontginning van kwota spesies of finansiële fondse ontvang deur fondse wat verkry is deur die kwota spesies nie. (GEKEUR VOLGENS G)
If a person recieve monthly a amount exeeding R 3000-00 he may not share in profits or the exploitation of any quota species. (ACCEPTED BY G)
-

NIE TOELAATBAAR \ NOT ACCEPTED

- 'n Persoon met enige salaris.
a Person with any salary.
 - Fabriekwerkers
Factory employees\employers.
 - 'n Persoon wat die plaaslike vissers nie goedkeur nie.
a Person the local fisherfolk do not accept.
 - Lid van FDU
Membership of FDU.
 - Persoon wat naweke en met verlof visvang.
Person fishing weekends and with leave.
 - 'n Persoon wat die deel van die Informele vissers probeer
beïnvloed het.
a Person who have discredited the cause of the Informal
sector.
 - 'n Persoon wat geen bewyse kan toon tot die aard van sy
inkomste.
a Person who can show no proof as to his income.
 - 'n Persoon wat nie op 8\2\97 aan die vereistes voldoen nie.
a Person that do not qualify on the date of 8\2\97.
-

MARICOL TRADING

Reg. No. CK 93/12033/23

93 Carlisle Street
Paarden Eiland
P.O. Box 569
Paarden Eiland
7420
Tel: (021) 511-4678
Fax: (021) 510-8163

TO: THE SOUTH AFRICAN COMMERCIAL FISHERMANS CORPORATION
FROM: MR M. MOORE
SUBJECT: MR M. PAIONI
DATE: 26 FEBRUARY 1997
PAGE: 1

RE: OUR TELECONVERSATION - FRI WEEKLY - 7 FEBRUARY 1997

DEAR MR MOORE

IT HAS BEEN SOME TIME SINCE WE LAST SPOKE AND THE REASON FOR THIS IS THAT WE ARE BUSY SETTING UP A PROCESSING FACTORY WHICH IS SAAS APPROVED IN ORDER TO VALUE ADD FISH FOR THE WHOLESALE AND RETAIL MARKET.

WE ARE ALSO DEVELOPING A RANGE OF LINE FISH PRODUCTS FOR THE EXPORT GROUP.

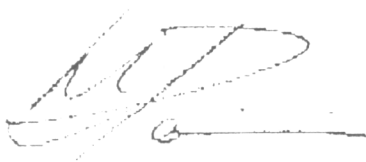
AS CAN BE SEEN, WE ARE COMMITTED TO THE LOCAL MARKET AND REQUIRE A CONSTANT SUPPLY OF LINE FISH. IN ADDITION TO YOUR LINE FISH, WE WOULD ALSO BE IN A POSITION TO TAKE UP YOUR 20% OF LOBSTER FOR LOCAL MARKET.

IN LIGHT OF THE ABOVE, I AM POSITIVE THAT WE CAN COME TO SOME SORT OF JOINT VENTURE WHEREBY WE ALL CAN BENEFIT IN TERMS OF BETTER PRICES, THEREBY ADDRESSING THE FISHERMENS NEEDS AND UPLIFTING THEIR STANDARDS OF LIVING.

I AM SHARING THESE SENTIMENTS NOT SO I CAN RECEIVE FAVOUR IN ORDER TO ACHIEVE A SELFISH OBJECTIVE, BUT I HAVE A SINCERE BELIEF THAT THE FISHERMEN HAVE ALWAYS BEEN GIVEN A RAW DEAL AND I HOPE THAT BY ENTERING INTO A JOINT VENTURE, THE PROBLEM CAN BE RECTIFIED TO BENEFIT ALL INVOLVED.

I TRUST YOU WILL OFFER ME THE OPPORTUNITY TO MEET WITH YOU AND MR JOHNSON AS SOON AS POSSIBLE IN ORDER TO DISCUSS OUR VISION IN MORE DETAIL.

REGARDING YOUR COMMENTS SOONEST.



MARCO PAIONI

Member: M. Paioni (Managing)