The annual ongoing pre-tax reduction in operating costs (which represents an increase in earnings before interest, taxes, depreciation and amortization, or EBITDA) resulting from this consolidation is estimated to be approximately $7.0 million, with a nominal amount of this to be realized in the last quarter of 2016. The Company expects to incur approximately $5.0 million in pre-tax one-time costs relating to the transfer of assets, cessation of employment at the New Bedford plant, write-down of inventories and other costs, but is unable to estimate the full impact this transaction will have on its Consolidated Financial Statements given the uncertainty regarding the long-term plan for the scallop business. As at January 2, 2016, the net book value of equipment associated with the value-added fish operations at the New Bedford facility was approximately $6.1 million.

4. Important Items to Understanding Our Results

4.1 Business Acquisition, Integration and Other Non-Routine Costs

In 2015 and 2014, business acquisition, integration and other costs were incurred related to acquisitions. Also included in this category in 2015 are other non-routine costs related to:

- fees paid for the engagement of external consultants to assist with supply chain optimization activities;
- plant closures, including cessation of operations at the leased Malden facility in April 2015 (as explained in Section 3 "Performance Highlights" of this MD&A under the heading "Developments in 2015");
- insurance deductible costs and other related expenses, net of insurance proceeds, relating to a partial roof collapse at our New Bedford facility due to extreme winter weather; and
- employee benefits costs related to the termination of employees as part of restructuring activities.

As previously mentioned, production ceased at our leased facility in Malden, MA in the second quarter of 2015 and, as a result, the equipment at this facility was written down in 2014 to its net realizable value with the majority of the impairment loss being recorded in the fourth quarter of 2014. This impairment charge is recorded in the income statement in "Impairment of property, plant and equipment."

The impact of these items on net income is shown in the following table:

(Amounts in $000s)	**Fifty-two weeks ended January 2, 2016**	Fifty-three weeks ended January 3, 2015
Pre-tax basis:		
Business acquisition, integration and other expenses	**$ 7,473**	$ 6,582
Impairment of property, plant and equipment	**—**	852
	$ 7,473	$ 7,434
After-tax basis:		
Business acquisition, integration and other expenses	**$ 4,985**	$ 4,290
Impairment of property, plant and equipment	**—**	520
	$ 4,985	$ 4,810

4.2 Amortization of Intangible Assets

This category consists of amortization of intangible assets, brands and customer relationships over their estimated useful lives. Amortization expense was $5.2 million for 2015 compared to $4.9 million in 2014. The increase in amortization in 2015 compared to the prior year reflects amortization of intangible assets acquired as part of the Atlantic Trading Acquisition on October 7, 2014 (this acquisition is described in detail in Section 5.1 "Atlantic Trading Acquisition" of this MD&A).

Amortization of intangible assets is reported in the income statement in "Selling, general and administrative expenses."

As required by accounting pronouncements we performed goodwill and indefinite life intangible asset impairment tests in both 2015 and 2014, which supported that goodwill and indefinite life intangible assets are not impaired.

4.3 Finance Costs

Finance costs were $1.3 million lower in 2015 compared to 2014 due to costs recognized in the first quarter of 2014 including accelerated amortization of financing costs and other items resulting from debt refinancing and amendment activities, along with a mark-to-market loss on an embedded derivative (both of these items are discussed below). The impact of these items was partially offset by the impact of an extra week of operations in 2014 and a higher mark-to-market gain on interest rate swaps in 2015 compared to the same period last year. The overall average debt level for 2015 was relatively flat compared to 2014.

The following table shows the breakdown of the various components of the Company's finance costs:

(Amounts in $000s)	Fifty-two weeks ended January 2, 2016	Fifty-three weeks ended January 3, 2015
Interest paid in cash during period	**$ 16,102**	$ 15,112
Change in cash interest accrued during the period	**58**	883
Total interest to be paid in cash	**16,160**	15,995
Accelerated amortization of financing costs and other items resulting from debt refinancing and amendment activities	**—**	851
Mark-to-market loss on embedded derivative and related accretion	**—**	259
Mark-to-market gain on interest rate swaps	**(475)**	(113)
Deferred financing cost amortization	**562**	577
Total finance costs	**$ 16,247**	$ 17,569

The Company's long-term debt, or "Term Loan", was refinanced in April 2014 ("April 2014 Term Loan"). A portion of the proceeds of the April 2014 Term Loan were used to repay the Term Loan as previously amended in February 2013 ("February 2013 Term Loan") and in accordance with IFRS, the February 2013 Term Loan was derecognized in the first quarter of 2014. This "derecognition" resulted in $0.9 million of accelerated amortization of net deferred financing costs and other items related to the February 2013 Term Loan being recognized in the Company's "Finance costs" in the first quarter of 2014. This $0.9 million was comprised of $5.3 million in deferred finance costs and accelerated accretion of a bifurcated embedded derivative (discussed below), partially offset by a $4.4 million mark-to-market gain related to the change in fair market value of the embedded derivative recognized in other long-term financial liabilities (also discussed below).

Finance costs in the first quarter of 2014 included the net impact of mark-to-market adjustments and accretion expense related to an embedded derivative that was included in the February 2013 Term Loan. The embedded derivative related to the 1.25% LIBOR floor that, under IFRS Financial Instruments, had to be separated, or bifurcated, from long-term debt at inception and included in "other long-term financial liabilities" on the balance sheet, and then marked-to-market at each subsequent reporting date. At the time the debt was obtained, the 1.25% LIBOR floor was greater than the prevailing interest rates, resulting in the existence of an embedded derivative that required bifurcation. The LIBOR floor of 1.00% included in the April 2014 Term Loan is an embedded derivative but did not require bifurcation as it is closely related to the host instrument.

Also included in finance costs are charges for marking-to-market an interest rate swap that is not designated for hedge accounting.

The diluted earnings per share implications of the following items for 2015 and 2014 are disclosed in the table under the heading "Net Income" in Section 5.2 Consolidated Results of this MD&A: accelerated amortization of financing costs and other items resulting from debt refinancing and amendment activities; non-cash expense (income) related to the embedded derivative; and marking-to-market interest rate swaps.

4.4 Income Taxes

High Liner Foods' effective income tax rate was 18.5% in 2015 compared to 19.3% in 2014. The lower effective tax rate for the year ended January 2, 2016 compared to the prior year is primarily attributable to higher financing deductions.

The applicable statutory rates in Canada and the U.S. were 29.1% and 39.6%, respectively. The effective tax rate was lower compared to the applicable statutory rates due primarily to the benefit of acquisition financing deductions.

See *Note 19* to the Consolidated Financial Statements for full information with respect to income taxes.

4.5 Contingencies

We have no material contingencies that are outstanding.

5. Performance

5.1 Atlantic Trading Acquisition

On October 7, 2014, High Liner Foods acquired the business of Atlantic Trading. Atlantic Trading is a large importer of frozen Atlantic salmon into the U.S. and sells its products into the U.S. retail and club store market. Its premium quality Atlantic salmon fillets and portions are sustainably sourced from Chile and Norway and sold in frozen raw (unprocessed) and value-added formats.

Acquiring profitable and complementary businesses like Atlantic Trading is a key component of our growth strategy towards our vision to be the leading frozen seafood supplier in North America. The primary reason for the business combination was to enhance the Company's product offerings to its customers to include Atlantic Trading's high-quality Atlantic salmon products.

High Liner Foods recorded a net purchase consideration of $17.9 million ($18.5 million estimated on the acquisition date, plus $0.9 million in post-closing working capital adjustments, less $1.5 million of cash acquired). This amount included working capital and contingent consideration to be paid in each of the two years from closing of the acquisition based on achieving certain EBITDA thresholds. The first of these two annual installments was paid in the amount of $2.3 million in the fourth quarter of 2015. The acquisition was financed within existing credit facilities.

Additional information on the fair value of the identifiable assets and liabilities acquired and the contingent consideration to be paid is provided in *Note 4* to the Consolidated Financial Statements. The net assets recognized in the January 3, 2015 statement of financial position were based on a provisional assessment of fair