Notes to the Consolidated Financial Statements

Note 1. Corporate information

High Liner Foods Incorporated (the "Company" or "High Liner Foods") is a company incorporated and domiciled in Canada. The address of the Company's registered office is 100 Battery Point, P.O. Box 910, Lunenburg, Nova Scotia, B0J 2C0. The consolidated financial statements of the Company as at and for the fifty-two weeks ended January 2, 2016, comprise High Liner Foods' Canadian company (the "Parent") and its subsidiaries (herein together referred to as the "Company" or "High Liner Foods"). The Company is primarily involved in the processing and marketing of prepared and packaged frozen seafood products. The Company's fiscal year ends on the Saturday closest to December 31. Most fiscal years have fifty-two weeks, but from time to time, fiscal years, including Fiscal 2014, have fifty-three weeks, and therefore, amounts presented are not entirely comparable.

These consolidated financial statements were authorized for issue in accordance with a resolution of the Company's Board of Directors on February 17, 2016.

Note 2. Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Company conducts its business in Canadian dollars ("CAD") and U.S. dollars ("USD"). Unless otherwise noted, all amounts in these consolidated financial statements are in USD and values are rounded to the nearest thousand ($000).

Basis of measurement

These consolidated financial statements have been prepared on the historical-cost basis except for the following material items in the statement of financial position, which are stated at their fair value: derivative financial instruments, financial instruments at fair value through profit or loss ("FVTPL") and liabilities for cash-settled share-based compensation payment arrangements. The defined benefit employee future benefit liability is recognized as the net total of the plan assets, plus unrecognized past-service costs and the present value of the defined benefit obligation ("DBO").

Basis of consolidation

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at January 2, 2016. Control is achieved when the Company is exposed, or has rights, to direct the activities that significantly affect the returns from its involvement with the investee. The Company re-assesses whether or not it controls an investee on an ongoing basis.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary are included in the statement of comprehensive income from the date the Company gains control of the subsidiary until the date the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the Parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Company's accounting policies. All intercompany balances, equity, income, expenses and cash flows are eliminated in full on consolidation.

Use of estimates and critical judgments

The preparation of the Company's financial statements requires management to make critical judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. On an ongoing basis, management evaluates its judgments, estimates and assumptions using historical experience and various other factors it believes to be reasonable under the given circumstances. Actual outcomes may differ from these estimates that could require a material adjustment to the reported carrying amounts in the future.