(Amounts in $000s)		January 2, 2016		January 3, 2015
Total bank loans *(Note 11)*	$	**17,628**	$	65,851
Total term loan debt *(Note 12)*		**294,750**		297,750
Total finance lease obligation *(Note 12)*		**1,730**		2,206
Interest-bearing debt		**314,108**		365,807
Less: cash		**(1,043)**		(1,044)
Net interest-bearing debt		**313,065**		364,763
Shareholders' equity		**200,519**		196,974
Unrealized gains on derivative financial instruments included in accumulated other comprehensive loss		**(2,977)**		(2,175)
Total capitalization	$	**510,607**	$	559,562
Net interest-bearing debt as % of total capitalization		**61%**		65%

No changes were made in the objectives, policies or processes for managing capital for the fiscal years ended January 2, 2016 and January 3, 2015.

Note 23. Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise bank loans and overdrafts, term loans, letters of credit, notes payable, finance leases, and trade payables. The only purpose of these financial liabilities is to finance the Company's operations. The Company has various financial assets such as trade receivables, other accounts receivable, and cash, which arise directly from its operations.

The Company is exposed to interest rate risk, liquidity risk, foreign currency risk and credit risk. The Company enters into interest rate swaps, foreign currency contracts, and insurance contracts to manage these types of risks from the Company's operations and its sources of financing. The Company's policy is that no speculative trading in derivatives shall be undertaken. The Audit Committee of the Board of Directors reviews and approves policies for managing each of these risks, which are summarized below.

Interest rate risk

The Company's exposure to the risk of changes in market interest rates arises out of the Company's debt obligations with floating interest rates. For both of Fiscal 2015 and 2014, the Company's policy is to manage interest cost using a mix of fixed and variable rate debts. The Company's objective is to keep between 35% and 55% of its borrowings at fixed rates of interest. To manage this, the Company enters into fixed rate debt facilities or interest rate swaps, in which the Company agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed upon notional amount. These swaps are designated to hedge underlying debt obligations. Interest rate options that effectively fix the maximum rate of interest that the Company will pay may also be used to manage this exposure. At January 2, 2016, 49% of the outstanding long-term debt was hedged (January 3, 2015: 40%) and 47% of the Company's borrowings, including the working-capital facility, are either hedged or at a fixed rate of interest (January 3, 2015: 42%).

Interest rate sensitivity

The Company's profit before tax is sensitive to a change in interest rates on that portion of debt obligations with floating interest rates, with all other variables held constant. As at the fifty-two weeks ended January 2, 2016 the Company's current bank loans were $17.6 million (January 3, 2015: $65.9 million) and long-term debt was $282.9 million (January 3, 2015: $294.8 million). An increase of 25 basis points on the bank loans would have reduced earnings before tax by $0.1 million (January 3, 2015: $0.1 million). An increase of 25 basis points above the LIBOR floor on the long-term debt would have reduced earnings before tax by $0.4 million (January 3, 2015: $0.4 million). A corresponding decrease in respective interest rates would have an approximately equal and opposite effect. There is no impact on the Company's equity except through changes in income.

Foreign currency risk

The Parent (High Liner Foods' Canadian company) has a CAD functional currency, meaning that all transactions are recorded in CAD. However, as the Company's consolidated financial statements are reported in USD, the results of the Parent are converted into USD for external reporting purposes. Therefore, the Canadian to U.S. exchange rates (USD/CAD) impact the results reported in the Company's consolidated financial statements.

In looking at the effect on net income, the majority of sales in CAD, being those of the Parent, have USD-denominated input costs. For products sold in Canada, raw material is purchased in USD and flour-based ingredients, cooking oils and transportation costs all have significant commodity components that are traded in USD. However, labour, packaging and ingredient conversion costs, overheads and selling, general and administrative costs are incurred in CAD. A strengthening Canadian dollar has an overall effect of increasing net income in USD terms and conversely, a weakening Canadian dollar has the overall effect of decreasing net income in USD terms.

The Parent hedges forecasted cash flows for purchases of USD-denominated products for its Canadian operations where the purchase price is substantially known in advance (purchases identified for hedging). At January 2, 2016, the Parent hedged 55% (January 3, 2015: 81%) of these purchases identified for hedging, extending to March 2017. The Company's "Price Risk Management Policy" (the "Policy") dictates that cash flows out 15 months are hedged between a minimum and maximum percent that declines by quarter the further in the future the cash flows are. The Company does not hedge cash flows on certain USD-denominated seafood purchases in which the ultimate selling prices charged to the Company's Canadian customers move with changes in the USD/CAD exchange rates. It is the Company's policy to set the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness. The Company also has foreign exchange risk related to the USD-denominated input costs of commodities used in its Canadian operations related to freight surcharges on transportation costs, paper products in packaging, grain and corn products in its breading and batters, and soya and canola bean based cooking oils. The Company hedges these USD-denominated input costs on a small scale, but relies where possible on 3 to 12 month, fixed-price contracts in CAD with suppliers.

For the fifty-two weeks ended January 2, 2016, approximately 49% of the Parent's costs were denominated in USD, while almost 91% of the Parent's sales were denominated in its CAD functional currency.

The Parent has some assets and liabilities that are denominated in CAD, and therefore, the assets and liabilities reported in the consolidated financial statements change as USD/CAD exchange rates fluctuate. A stronger CAD has the effect of increasing the carrying value of assets and liabilities such as accounts receivable, inventory, fixed assets and accounts payable of the Parent when translated to USD. The net offset of those changes flow through OCI. Based on the equity of the Parent as of January 2, 2016 a one cent increase/decrease in the USD/CAD exchange rate will decrease/increase equity by approximately $0.1 million (January 3, 2015: $0.1 million).

Credit risk

The Company trades only with recognized, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, the Company holds credit insurance on its trade accounts receivable and all receivable balances are managed and monitored at the corporate level on an ongoing basis with the result that the Company's exposure to bad debts is not significant. The Company's top ten customers account for 65% of the trade receivables at January 2, 2016 (January 3, 2015: 64%) with the largest customer accounting for 17% (January 3, 2015: 15%).

With respect to credit risk arising from the other financial assets of the Company, which comprise cash and certain derivative instruments, the Company's exposure to credit risk arises from default of the counterparty. The Company manages this by dealing with financially creditworthy counterparties, such as Chartered Canadian banks and U.S. banks with investment grade ratings.

The maximum exposure to credit risk is equal to the carrying value of accounts receivable and derivative instruments.

Liquidity risk

The Company monitors its risk to a shortage of funds using a detailed budgeting process that identifies financing needs for the next 12 months as well as the models that look out five years. Working capital and cash balances are monitored daily and a procurement system provides information on commitments. This process projects cash flows from operations. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, letters of credit, bank loans, notes payable, and finance leases. The Company's objective is that not more than 50% of borrowings should mature in the next 12-month period. At January 2, 2016, 4% of the Company's debt (January 3, 2015: less than 2%) will mature in less than one year based on the carrying value of borrowings reflected in the consolidated financial statements. At January 2, 2016, the Company was in compliance with all covenants and terms of its debt facilities.

The table below shows the maturities of the Company's non-derivative financial liabilities.

(Amounts in $000s)	Due within 1 year	Due in 1–5 years	Due after 5 years	Total
As at January 2, 2016				
Bank loans	**$ —**	**$ 17,628**	**$ —**	**$ 17,628**
Accounts payable	**120,336**	**—**	**—**	**120,336**
Other long-term liabilities	**—**	**483**	**—**	**483**
Long-term debt	**11,816**	**3,152**	**279,782**	**294,750**
Finance lease obligations	**1,015**	**715**	**—**	**1,730**
	$ 133,167	**$ 21,978**	**$ 279,782**	**$ 434,927**
As at January 3, 2015				
Bank loans	$ —	$ 65,851	$ —	$ 65,851
Accounts payable	85,854	—	—	85,854
Other long-term liabilities	—	2,800	—	2,800
Long-term debt	3,000	11,250	283,500	297,750
Finance lease obligations	994	1,212	—	2,206
	$ 89,848	$ 81,113	$ 283,500	$ 454,461

Seafood price risk

The Company is dependent upon the procurement of frozen raw seafood materials and finished goods on world markets. The Company buys as much as $600.0 million of this product annually. A 1% change in the price of frozen raw seafood materials would increase/decrease the Company's procurement costs by $6.0 million. Prices can fluctuate and there is no formal commercial mechanism for hedging either sales or purchases. Purchases of seafood on global markets are principally in USD. The Company hedges exposures to a portion of its currency exposures and enters into longer term supply contracts when possible. All foreign currency hedging activities are carried out in accordance with its formal Price Risk Management Policy, under the oversight of the Audit Committee.

The Company has multiple strategies to manage seafood costs. The Company focuses on the development of close relationships with key suppliers. The Company currently purchases significant quantities of frozen raw material and finished goods originating from all over the world. The Company's supplier base is diverse to ensure no over-reliance on any one source or species. The Company maintains a strict policy of Supplier Approval and Audit Standards.

Over time, the Company strives to adjust selling prices to its customers as the world price of seafood changes or currency fluctuations occur.

Commodity risk

The Company is exposed to price changes in commodities such as crude oil, wheat, corn, paper products, and frying oils. The Company's Price Risk Management Policy dictates the use of fixed pricing with suppliers whenever possible, but allows the use of hedging with derivative instruments if deemed prudent. Throughout 2015 and 2014, the Company has managed this risk through contracts with our suppliers. The Company enters into fixed price contracts with suppliers on an annual basis, and therefore a significant portion of the Company's 2016 commodity purchase requirements are covered. Should an increase in the price of commodities materialize, there could be a negative impact on earnings performance and alternatively, a decrease in the price of commodities could result in a benefit to earnings performance.

Crude oil prices, which influence fuel surcharges from freight suppliers, decreased significantly in the last half of 2015. World commodity prices for flour, soy and canola oils, important ingredients in many of the Company's products, decreased in 2015 after the decreases seen in 2014. The price of corrugated and folding carton, which is used in packaging, was constant through 2015 and 2014.