Future accounting policies not yet adopted

The standards and interpretations that have been issued, but are not yet effective, up to the date of issuance of these financial statements are disclosed below. The Company intends to adopt these standards when they become effective.

IFRS 9 "Financial Instruments: Classification and Measurement"

In 2013, the IASB issued amendments to IFRS 9, "Financial Instruments" ("IFRS 9"), issued in 2010, which will ultimately replace IAS 39. The replacement of IAS 39 is a three-phase project with the objective of improving and simplifying the reporting for financial instruments. The issuance of IFRS 9 provides guidance on the classification and measurement of financial assets and financial liabilities, and a new hedge accounting model with corresponding disclosures about risk management activity. IFRS 9 allows for early adoption, but the Company does not intend to do so at this time. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

IFRS 15 "Revenue from Contracts with Customers"

In May 2014, the IASB issued IFRS 15 "Revenue from Contracts with Customers", which replaces IAS 18, "Revenue", IAS 11 "Construction Contracts" and various revenue related interpretations. IFRS 15 establishes a new control-based revenue recognition model where revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. IFRS 15 allows for early adoption, but the Company does not intend to do so at this time. The new revenue standard is effective for annual periods beginning on or after January 1, 2018.

The Company is currently evaluating the impact of these new standards, interpretations and amendments on its consolidated financial statements.

Note 4. Business combinations

Acquisition of Atlantic Trading Company

On October 7, 2014, the Company acquired the net assets and operations of a business operating as Atlantic Trading Company, LLC ("Atlantic Trading") based in Miami, Florida, and specializing in frozen and fresh Atlantic salmon sourced from Chile and Norway.

The primary reason for the business acquisition was to enhance the Company's product offerings to include Atlantic Trading's Atlantic salmon products.

The Company paid $17.9 million after working capital adjustments and cash acquired as part of the acquisition. This amount included an estimate for contingent consideration to be paid in each of the two years from closing of the acquisition based on reaching certain earnings before interest, taxes, depreciation and amortization ("EBITDA") thresholds.

The final fair value of the identifiable assets and liabilities recognized on the acquisition was:

(Amounts in $000s)	Provisional fair value recognized on acquisition	Adjustments to the provisional allocation	Final fair value recognized
Assets			
Accounts receivable	$ 3,807	$ —	$ 3,807
Prepaid expenses	38	—	38
Inventories	1,694	—	1,694
Intangibles	—	7,486	7,486
Goodwill	15,535	(7,240)	8,295
	21,074	**246**	**21,320**
Liabilities			
Accounts payable and accrued liabilities	(3,139)	—	(3,139)
Deferred income taxes	—	(246)	(246)
	(3,139)	**(246)**	**(3,385)**
Total identifiable net assets at fair value	**$ 17,935**	**$ —**	**$ 17,935**
Agreed upon purchase price based on average working capital	$ 14,300	$ —	$ 14,300
Estimated fair value of contingent consideration[1]	4,236	—	4,236
Net post-closing working capital adjustments	892	—	892
Cash acquired	(1,493)	—	(1,493)
Net purchase consideration recorded	**$ 17,935**	**$ —**	**$ 17,935**

1 Refer to the Company's January 3, 2015 Audited Consolidated Financial Statements for additional details on the contingent consideration negotiated as part of this business combination. As at January 2, 2016, $2.3 million has been paid in contingent consideration, representing the first of two annual installments.

The net assets recognized in the January 3, 2015 statement of financial position were based on a provisional assessment of fair value as the results of the valuation had not been finalized at the date the financial statements for Fiscal 2014 were approved for issue by management. This was subsequently completed in 2015 and the Company has retroactively restated the statement of financial position as at January 3, 2015 to record the adjustments to the provisional assessment of fair value.

Note 5. Goodwill and intangible assets

(Amounts in $000s)	Brands	Customer relationships	Indefinite lived brands	Total intangible assets	Goodwill	Total goodwill and intangible assets
Cost						
December 28, 2013	$ 6,216	$ 100,632	$ 14,611	$ 121,459	$ 111,999	$ 233,458
Additions from acquisitions *(Note 4)*	850	6,636	—	7,486	8,295	15,781
Translation adjustment of Canadian based assets	(51)	(127)	(48)	(226)	(1,024)	(1,250)
January 3, 2015	$ 7,015	$ 107,141	$ 14,563	$ 128,719	$ 119,270	$ 247,989
Additions from acquisitions	—	—	—	—	178	178
Translation adjustment of Canadian based assets	(77)	(185)	(75)	(337)	(1,624)	(1,961)
January 2, 2016	**$ 6,938**	**$ 106,956**	**$ 14,488**	**$ 128,382**	**$ 117,824**	**$ 246,206**
Accumulated amortization						
December 28, 2013	$ (2,296)	$ (13,469)	$ (441)	$ (16,206)	$ —	$ (16,206)
Amortization	(999)	(3,924)	—	(4,923)	—	(4,923)
Translation adjustment of Canadian based assets	48	67	—	115	—	115
January 3, 2015	$ (3,247)	$ (17,326)	$ (441)	$ (21,014)	$ —	$ (21,014)
Amortization	(1,119)	(4,106)	—	(5,225)	—	(5,225)
Translation adjustment of Canadian based assets	74	98	—	172	—	172
January 2, 2016	**$ (4,292)**	**$ (21,334)**	**$ (441)**	**$ (26,067)**	**$ —**	**$ (26,067)**
Net carrying value						
January 3, 2015	$ 3,768	$ 89,815	$ 14,122	$ 107,705	$ 119,270	$ 226,975
January 2, 2016	**$ 2,646**	**$ 85,622**	**$ 14,047**	**$ 102,315**	**$ 117,824**	**$ 220,139**

Goodwill acquired through business combinations and brands with indefinite lives have been allocated to the Canadian and U.S. CGUs for impairment testing. The following table shows the carrying amount of goodwill and brands with indefinite lives allocated to each of the CGUs:

	Canada		**U.S.**	
(Amounts in $000s)	**January 2, 2016**	January 3, 2015	**January 2, 2016**	January 3, 2015
Goodwill	**$ 9,013**	$ 10,636	**$ 108,811**	$ 108,634
Indefinite lived brands	**$ 441**	$ 516	**$ 13,606**	$ 13,606

Impairment of Goodwill and Identifiable Intangible Assets

As described in *Note 1*, the carrying values of goodwill and intangible assets with indefinite lives are tested for impairment annually (as at the first day of the Company's fourth quarter). The Company's impairment test for goodwill and intangible assets with indefinite useful lives was based on FVLCS at October 4, 2015. The key assumptions used to determine the recoverable amount for the different CGUs for the most recently completed impairment calculations for Fiscal 2015 and Fiscal 2014 are discussed below. The Company has not identified any indicators of impairment at any other date and as such has not completed an additional impairment calculation.

The recoverable amount of the CGUs has been determined based on the FVLCS. Fair Value Measurement is defined in IFRS 13 as a market-based measurement rather than an entity-specific measurement. Therefore, the fair value of the CGU must be measured using the assumptions that market participants would use rather than those related specifically to the Company. In determining the FVLCS of the CGUs, an income approach using the discounted cash flow methodology was utilized. In addition, the market approach was employed in assessing the reasonableness of the conclusions reached.