HIGH LINER FOODS

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the thirteen weeks ended April 1, 2017
With comparative figures as at and for the thirteen weeks ended April 2, 2016

HIGH LINER FOODS INCORPORATED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(unaudited, in thousands of United States dollars)

	Notes	April 1, 2017	December 31, 2016
ASSETS			
Current			
Cash		$ **5,106**	$ 18,252
Accounts receivable		**102,993**	75,190
Income taxes receivable		**3,413**	4,809
Other financial assets	**11**	**1,020**	1,705
Inventories		**218,103**	252,059
Prepaid expenses		**2,181**	3,340
Total current assets		**332,816**	355,355
Non-current			
Property, plant and equipment		**114,748**	111,322
Deferred income taxes	**9**	**2,032**	2,290
Other receivables and miscellaneous assets	**11**	**717**	864
Intangible assets		**95,894**	97,176
Goodwill		**118,175**	118,101
Total non-current assets		**331,566**	329,753
Total assets	**4,5**	$ **664,382**	$ 685,108
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Bank loans	**4**	$ **8,060**	$ 621
Accounts payable and accrued liabilities		**101,509**	139,378
Provisions		**2,936**	386
Other current financial liabilities	**11**	**1,087**	1,626
Other current liabilities		**440**	416
Income taxes payable		**—**	851
Current portion of finance lease obligations		**629**	721
Total current liabilities		**114,661**	143,999
Non-current liabilities			
Long-term debt	**5**	**266,407**	266,327
Other long-term financial liabilities	**11**	**101**	196
Other long-term liabilities		**485**	888
Long-term finance lease obligations		**685**	702
Deferred income taxes	**9**	**45,214**	44,602
Future employee benefits		**8,678**	8,190
Total non-current liabilities		**321,570**	320,905
Total liabilities		**436,231**	464,904
Shareholders' equity			
Common shares	**7**	**86,102**	86,094
Contributed surplus		**14,869**	14,654
Retained earnings		**151,044**	143,782
Accumulated other comprehensive loss		**(23,864)**	(24,326)
Total shareholders' equity		**228,151**	220,204
Total liabilities and shareholders' equity		$ **664,382**	$ 685,108

See accompanying notes to the unaudited condensed interim consolidated financial statements

HIGH LINER FOODS INCORPORATED
CONSOLIDATED STATEMENT OF INCOME
(unaudited, in thousands of United States dollars, except per share amounts)

			Thirteen weeks ended		
	Notes		**April 1, 2017**		April 2, 2016
Revenues		**$**	**275,735**	$	291,439
Cost of sales			**220,227**		226,010
Gross profit			**55,508**		65,429
Distribution expenses			**12,025**		12,527
Selling, general and administrative expenses			**24,990**		27,891
Business acquisition, integration and other expenses			**276**		1,444
Results from operating activities			**18,217**		23,567
Finance costs			**3,548**		3,620
Income before income taxes			**14,669**		19,947
Income taxes					
Current	**9**		**2,908**		5,193
Deferred	**9**		**1,019**		574
Total income tax expense			**3,927**		5,767
Net income		**$**	**10,742**	$	14,180
Earnings per common share					
Basic		**$**	**0.35**	$	0.46
Diluted		**$**	**0.34**	$	0.45
Weighted average number of shares outstanding					
Basic			**30,934,611**		30,876,582
Diluted			**31,138,090**		31,207,531

See accompanying notes to the unaudited condensed interim consolidated financial statements

HIGH LINER FOODS INCORPORATED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(unaudited, in thousands of United States dollars)

	Thirteen weeks ended	
	April 1, 2017	April 2, 2016
Net income	**$ 10,742**	$ 14,180
Other comprehensive income (loss), net of income tax (*Note 9*)		
Other comprehensive income (loss) to be reclassified to net income:		
Gain on hedge of net investment in foreign operations	**1,802**	12,573
Loss on translation of net investment in foreign operations	**(2,665)**	(18,630)
Translation impact on Canadian dollar denominated non-AOCI items	**1,485**	12,127
Translation impact on Canadian dollar denominated AOCI items	**(100)**	(955)
Total exchange gains on translation of foreign operations and Canadian dollar denominated items	**522**	5,115
Effective portion of changes in fair value of cash flow hedges	**(185)**	(3,117)
Net change in fair value of cash flow hedges transferred to carrying amount of hedged item	**(117)**	(1,185)
Net change in fair value of cash flow hedges transferred to income	**175**	(91)
Translation impact on Canadian dollar denominated AOCI items	**67**	540
Total exchange losses on cash flow hedges	**(60)**	(3,853)
Net other comprehensive gain to be reclassified to net income	**462**	1,262
Other comprehensive loss not to be reclassified to net income:		
Defined benefit plan actuarial losses	**(268)**	(660)
Other comprehensive income, net of income tax	**194**	602
Total comprehensive income	**$ 10,936**	$ 14,782

CONSOLIDATED STATEMENT OF ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) ("AOCI")
(unaudited, in thousands of United States dollars)

	Foreign currency translation differences	**Net exchange differences on cash flow hedges**	**Total AOCI**
Balance at December 31, 2016	**$ (24,887)**	**$ 561**	**$ (24,326)**
Total exchange gains on translation of foreign operations and Canadian dollar denominated items	**522**	**—**	**522**
Total exchange losses on cash flow hedges	**—**	**(60)**	**(60)**
Balance at April 1, 2017	**$ (24,365)**	**$ 501**	**$ (23,864)**
Balance at January 2, 2016	$ (27,582)	$ 2,977	$ (24,605)
Total exchange losses on translation of foreign operations and Canadian dollar denominated items	5,115	—	5,115
Total exchange losses on cash flow hedges	—	(3,853)	(3,853)
Balance at April 2, 2016	$ (22,467)	$ (876)	$ (23,343)

See accompanying notes to the unaudited condensed interim consolidated financial statements

HIGH LINER FOODS INCORPORATED
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(unaudited, in thousands of United States dollars)

	Common shares	Contributed surplus	Retained earnings	AOCI	Total
Balance at December 31, 2016	**$ 86,094**	**$ 14,654**	**$ 143,782**	**$ (24,326)**	**$ 220,204**
Other comprehensive income	**—**	**—**	**(268)**	**462**	**194**
Net income	**—**	**—**	**10,742**	**—**	**10,742**
Common share dividends	**—**	**—**	**(3,212)**	**—**	**(3,212)**
Share-based compensation	**8**	**215**	**—**	**—**	**223**
Balance at April 1, 2017	**$ 86,102**	**$ 14,869**	**$ 151,044**	**$ (23,864)**	**$ 228,151**
Balance at January 2, 2016	$ 85,282	$ 13,999	$ 123,949	$ (24,605)	$ 198,625
Other comprehensive income	—	—	(660)	1,262	602
Net income	—	—	14,180	—	14,180
Common share dividends	—	—	(2,774)	—	(2,774)
Share-based compensation	147	317	—	—	464
Balance at April 2, 2016	$ 85,429	$ 14,316	$ 134,695	$ (23,343)	$ 211,097

See accompanying notes to the unaudited condensed interim consolidated financial statements

HIGH LINER FOODS INCORPORATED
CONSOLIDATED STATEMENT OF CASH FLOWS
(unaudited, in thousands of United States dollars)

		Thirteen weeks ended	
	Notes	**April 1, 2017**	April 2, 2016
Cash flows provided by (used in):			
Operating activities			
Net income		**$ 10,742**	$ 14,180
Adjustments to net income not involving cash from operations:			
Depreciation and amortization	**10**	**3,615**	4,692
Share-based compensation expense	**8**	**212**	625
Loss on asset disposals and impairment		**47**	13
Future employee benefits contribution, net of expense		**96**	(104)
Finance costs		**3,548**	3,620
Income tax expense	**9**	**3,927**	5,767
Unrealized foreign exchange gain		**(272)**	(1,012)
Cash flows provided by operations before changes in non-cash working capital, interest and income taxes paid		**21,915**	27,781
Changes in non-cash working capital balances:			
Accounts receivable		**(27,716)**	(8,037)
Inventories		**34,639**	53,850
Prepaid expenses		**1,178**	(107)
Accounts payable and accrued liabilities		**(39,039)**	(40,034)
Provisions		**2,555**	3,767
Net change in non-cash working capital balances		**(28,383)**	9,439
Interest paid		**(3,393)**	(3,719)
Income taxes paid		**(2,424)**	(3,734)
Net cash flows (used in) provided by operating activities		**(12,285)**	29,767
Financing activities			
Increase (decrease) in bank loans		**7,495**	(7,858)
Repayment of finance lease obligations		**(243)**	(217)
Repayment of long-term debt	**5**	**—**	(11,824)
Common share dividends paid		**(3,212)**	(2,774)
Options exercised for shares		**—**	43
Net cash flows provided by (used in) financing activities		**4,040**	(22,630)
Investing activities			
Purchase of property, plant and equipment, net of investment tax credits		**(5,485)**	(1,038)
Net proceeds on disposal of assets	**3**	**90**	105
Net cash flows used in investing activities		**(5,395)**	(933)
Foreign exchange increase (decrease) on cash		**494**	(863)
Net change in cash during the period		**(13,146)**	5,341
Cash, beginning of period		**18,252**	1,043
Cash, end of period		**$ 5,106**	$ 6,384

See accompanying notes to the unaudited condensed interim consolidated financial statements

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 Unaudited Condensed Interim Consolidated Financial Statements ("Consolidated Financial Statements") of the Company as at and for the thirteen weeks ended April 1, 2017, 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.

These Consolidated Financial Statements were authorized for issue in accordance with a resolution of the Company's Board of Directors on May 10, 2017.

2. Basis of preparation

(a) Statement of compliance
These Consolidated Financial Statements are in compliance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. Accordingly, certain information and footnote disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. These Consolidated Financial Statements should be read in conjunction with the Company's audited consolidated financial statements for the fiscal year ended December 31, 2016, as set out in the 2016 Annual Report, available at www.highlinerfoods.com.

(b) Functional and presentation currency
The Company determines its functional currency based on the currency of the primary economic environment in which it operates. The Parent's functional currency is the Canadian dollar ("CAD"), while the functional currencies of its subsidiaries is the CAD and the United States dollar ("U.S. dollar" or "USD"). The Company has chosen a USD presentation currency for its financial statements because the USD better reflects the Company's overall business activities and improves investors' ability to compare the Company's consolidated financial results with other publicly traded businesses in the packaged foods industry (most of which are based in the United States ("U.S.") and report in USD) and should result in less volatility in reported sales and income on the conversion to the presentation currency.

(c) Seasonality of operations
The Company's operating results are affected by the timing of holidays. Inventory levels fluctuate throughout the year, and are at their highest in the first quarter to support strong sales during the Lenten period. In addition, the timing of ordering raw materials is earlier than typically required in order to have adequate quantities available during the seasonal closure of plants in Asia during the Lunar New Year period. These events typically result in significantly higher inventories in December, January, February and March than during the rest of the year.

(d) New standards, interpretations and amendments thereof, adopted by the Company
The accounting policies used in the preparation of the Consolidated Financial Statements are consistent with those followed in the preparation of the Company's audited consolidated financial statements for the year ended December 31, 2016, and there have been no new standards or interpretations adopted which have had an impact on the accounting policies, financial position or performance of the Company.

(e) Accounting pronouncements issued but not yet effective
The standards, amendments and interpretations that have been issued but that are not yet effective, up to the date of issuance of these Consolidated Financial Statements, are consistent with those disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2016.

IFRS 15, *Revenue from Contracts with Customers*
In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"), 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. The standard will be applicable to all contracts the Company has with customers. The standard will also specify a comprehensive set of disclosure requirements regarding the nature, extent and timing as well as any uncertainty of revenue and corresponding cash flows with customers. The new revenue standard is effective for annual periods beginning on or after January 1, 2018.

In United States dollars, unless otherwise noted

The Company has begun assessing the impact of IFRS 15 through the evaluation of contracts, determining performance obligations and making a determination as to how to best allocate consideration to each obligation. The Company currently does not anticipate that the new standard will significantly affect its consolidated financial statements. The Company expects to report more detailed information in the consolidated financial statements for the second quarter of 2017.

3. Revision of previously reported consolidated financial statements

The Company identified an error related to the accounting for donated product received from the United States Department of Agriculture for the purpose of processing the product for distribution to eligible recipient agencies. The Company has concluded that this error is immaterial to each of the prior periods. Therefore, comparative financial information has been adjusted, but previously filed reports have not been amended. For the year ended December 31, 2016, the adjustments decreased the Company's net income by $0.7 million. Retained earnings at January 2, 2016 was decreased by $1.9 million.

The effects of the adjustments on our consolidated statement of financial position, consolidated statement of income, and consolidated statement of comprehensive income are presented below. The adjustments had no effect on the previously reported amounts of net cash flows from operating activities, financing activities or investing activities. Only corrected line items have been disclosed.

As at December 31, 2016	**Previously reported**	**Adjustments**	**As adjusted**
Consolidated Statement of Financial Position			
Income taxes receivable	3,783	1,026	4,809
Inventories	252,118	(59)	252,059
Accounts payable and accrued liabilities	135,272	4,106	139,378
Deferred income taxes	45,183	(581)	44,602
Retained earnings	146,340	(2,558)	143,782

Thirteen weeks ended April 2, 2016	**Previously reported**	**Adjustments**	**As adjusted**
Consolidated Statement of Income			
Revenues	290,548	891	291,439
Income taxes			
Current	5,202	(9)	5,193
Deferred	137	437	574
Total income tax expense	5,339	428	5,767
Net income	13,717	463	14,180
Earnings per common share			
Basic	0.44	0.02	0.46
Diluted	0.44	0.01	0.45
Consolidated Statement of Comprehensive Income			
Total comprehensive income	14,319	463	14,782

4. Bank loans

(Amounts in $000s)		**April 1, 2017**		December 31, 2016
Bank loans, denominated in CAD (average variable rate of 2.70%; December 31, 2016: 2.70%)	**$**	**365**	$	959
Bank loans, denominated in USD (average variable rate of 2.09%; December 31, 2016: 4.00%)		**8,000**		—
		8,365		959
Less: deferred finance costs		**(305)**		(338)
	$	**8,060**	$	621

The Company has a five year $180.0 million working capital facility (the "Facility"), with Royal Bank of Canada as Administrative and Collateral Agent, which expires in April 2019. The Facility is asset-based and collateralized by the Company's inventories, accounts receivable and other personal property in Canada and the U.S., subject to a first charge on brands, trade names and related intangibles under the Company's term loan facility (see Note 5). A second charge over the Company's plant and equipment is also in place. As at April 1, 2017 and December 31, 2016, the Facility allowed the Company to borrow: Canadian Prime Rate revolving loans, Canadian Base Rate revolving loans and U.S. Prime Rate revolving loans at their respective rates plus 0.00% to 0.25%; BA Equivalent revolving loans and LIBOR revolving loans at their respective rates plus 1.25% to 1.75%; and letters of credit with fees of 1.25% to 1.75%. Standby fees are 0.25% to 0.375% and are required to be paid on the unutilized facility. As at April 1, 2017, the Company had $150.4 million of undrawn borrowing facility (December 31, 2016: $151.6 million).

5. Long-term debt

(Amounts in $000s)		**April 1, 2017**		December 31, 2016
Term loan	**$**	**267,926**	$	267,926
Less: current portion		**—**		—
		267,926		267,926
Less: deferred finance costs		**(1,519)**		(1,599)
	$	**266,407**	$	266,327

As at April 1, 2017, the Company had a $300.0 million term loan facility with an interest rate of 3.25% plus LIBOR (LIBOR floor of 1.00%), maturing on April 24, 2021. The regularly scheduled principal repayment terms are $0.75 million, paid on a quarterly basis. However, during the fifty-two weeks ended December 31, 2016, a payment of $11.8 million was made due to excess cash flows in 2015, and a voluntary repayment of $15.0 million was made to reduce excess cash balances. As such, no additional regularly scheduled principal repayments are required for 2017.

Substantially all tangible and intangible assets (excluding working capital) of the Company are pledged as collateral for the term loan facility.

6. Future employee benefits

Employee benefits relating to the termination of employees ("termination benefits") are expensed during the period and are recorded as of the date a committed plan is in place and communication to employees has occurred. Termination benefits relate to severance which is not based on a future service requirement. Severance and retention benefits that are dependent upon the continuing provision of services through to certain predefined dates, are recognized as short-term employee benefits. Employee benefits are included on the following line items in the consolidated statement of income:

	Thirteen weeks ended	
(Amounts in $000s)	**April 1, 2017**	April 2, 2016
Termination benefits		
Cost of sales	**$ 26**	$ —
Selling, general and administrative expenses	**450**	337
	$ 476	$ 337
Short-term benefits		
Selling, general and administrative expenses	**27**	549
	$ 27	$ 549

7. Share capital

Purchase of shares for cancellation
In January 2017, the Company announced that the Toronto Stock Exchange approved the renewal of the Company's Normal Course Issuer Bid ("NCIB") to repurchase for cancellation up to 150,000 common shares. The price the Company will pay for any common shares acquired will be the market price at the time of acquisition. Purchases could commence on February 2, 2017 and will terminate no later than February 1, 2018. During the thirteen weeks ended April 1, 2017, there were no purchases under this plan.

A summary of the Company's common share transactions is as follows:

	Thirteen weeks ended **April 1, 2017**		Thirteen weeks ended April 2, 2016	
	Shares	**($000s)**	Shares	($000s)
Balance, beginning of period	**30,889,078**	**$ 86,094**	30,874,164	$ 85,282
Options exercised for shares	**—**	**—**	11,000	43
Options exercised for shares via cashless exercise method	**459**	**—**	—	—
Fair value of share-based compensation on options exercised	**—**	**8**	—	104
Balance, end of period	**30,889,537**	**$ 86,102**	30,885,164	$ 85,429

During the thirteen weeks ended April 1, 2017, the Company distributed dividends per share of CAD$0.140 (thirteen weeks ended April 2, 2016: CAD$0.120).

On May 10, 2017, the Company's Board of Directors declared a quarterly dividend of CAD$0.140 per share, payable on June 15, 2017 to shareholders of record as of June 1, 2017.

8. Share-based compensation

The Company has a Share Option Plan for designated directors, officers and certain managers of the Company, a Performance Share Unit ("PSU") Plan for eligible employees which includes the potential issuances of restricted share units ("RSU"), and a Deferred Share Unit ("DSU") Plan for directors of the Company.

Issuances of options, RSUs and PSUs may not result in the following limitations being exceeded: (a) the aggregate number of shares issuable to insiders pursuant to the PSU Plan, the Share Option Plan (the "Option Plan") or any other share-based compensation arrangement of the Company exceeding 10% of the aggregate of the issued and outstanding shares at any time; and (b) the issuance from treasury to insiders, within a 12-month period, of an aggregate number of shares under the PSU Plan, the Option Plan and any other share-based compensation arrangement of the Company exceeding 10% of the aggregate of the issued and outstanding shares.

The carrying amount of cash-settled share-based compensation arrangements recognized in accounts payable and accrued liabilities, other current liabilities and other long-term liabilities on the consolidated statement of financial position, was $nil, $0.6 million and $0.3 million, respectively, as at April 1, 2017 (December 31, 2016: $0.6 million, $0.4 million and $0.9 million, respectively).

Share-based compensation expense is recognized in the consolidated statement of income as follows:

	Thirteen weeks ended	
(Amounts in $000s)	**April 1, 2017**	April 2, 2016
Cost of sales resulting from:		
Cash-settled awards	**$ —**	$ 7
Equity-settled awards	**16**	37
Selling, general and administrative expenses resulting from:		
Cash-settled awards	**(7)**	200
Equity-settled awards	**203**	381
Share-based compensation expense[(1)]	**$ 212**	$ 625

[(1)] Cash-settled awards may include options with stock appreciation rights ("SAR"), restricted share units ("RSU"), PSUs, and DSUs. Equity-settled awards include options.

The following table illustrates the number ("No.") and weighted average exercise prices ("WAEP") of, and movements in, options during the period:

	Thirteen weeks ended			
	April 1, 2017		April 2, 2016	
	No.	**WAEP (CAD)**	No.	WAEP (CAD)
Outstanding, beginning of period	**1,607,350**	**$ 18.21**	1,323,292	$ 18.98
Granted	**123,614**	**20.61**	654,196	15.29
Exercised for shares via cashless method [(1),(2)]	**(3,000)**	**15.30**	—	—
Exercised for shares [(2)]	**—**	**—**	(11,000)	5.17
Exercised for shares [(2)]	**(3,000)**	**15.30**	(11,000)	5.17
Exercised for cash [(2)]	**(3,000)**	**9.39**	(10,944)	8.23
Cancelled or forfeited	**(3,200)**	**15.30**	(62,261)	21.45
Expired	**(3,000)**	**23.21**	—	—
Outstanding, end of period	**1,718,764**	**$ 18.40**	1,893,283	$ 17.77
Exercisable, end of period	**1,090,500**	**$ 18.79**	997,174	$ 18.07

[(1)] For the thirteen weeks ended April 1, 2017, 459 shares were exercised via the cashless exercise method (thirteen weeks ended April 2, 2016: nil shares).
[(2)] The weighted average share price at the date of exercise for these options was CAD$18.06 for the thirteen weeks ended April 1, 2017 (thirteen weeks ended April 2, 2016: CAD$15.61).

In United States dollars, unless otherwise noted

Set forth below is a summary of the outstanding options to purchase common shares as at April 1, 2017:

	Options outstanding			Options exercisable	
Option price	Number outstanding	Weighted average exercise price	Average life (years)	Number exercisable	Weighted average exercise price
$8.25-$10.00	153,986	$ 9.07	0.46	153,986	$ 9.07
$10.01-$15.00	3,000	$ 14.03	4.00	3,000	$ 14.03
$15.01-$20.00	745,728	$ 15.62	3.43	350,831	$ 15.97
$20.01-$25.00	816,050	$ 22.72	2.42	582,683	$ 23.09
Total	1,718,764			1,090,500	

The fair value of options granted during the thirteen weeks ended April 1, 2017 and April 2, 2016 was estimated on the date of grant using the Black-Scholes pricing model with the following weighted-average inputs and assumptions:

	April 1, 2017	April 2, 2016
Dividend yield (%)	**2.72**	3.14
Expected volatility (%)	**33.87**	33.33
Risk-free interest rate (%)	**1.55**	0.63
Expected life (years)	**5.00**	5.22
Weighted average share price (CAD)	**$ 20.61**	$ 15.29
Weighted average fair value (CAD)	**$ 4.99**	$ 3.27

The following table illustrates the movements in the number of PSUs during the period:

	Thirteen weeks ended	
	April 1, 2017	April 2, 2016
Outstanding, beginning of period	**216,070**	139,184
Granted	**86,194**	82,017
Reinvested dividends	**1,987**	1,666
Released and paid in cash	**(25,873)**	—
Forfeited	**(30,165)**	(10,895)
Outstanding, end of period	**248,213**	211,972

The expected performance multiplier used in determining the fair value of the liability and related share-based compensation expense for the PSUs granted during the thirteen weeks ended April 1, 2017 was 61% (April 2, 2016: 66%) and the share price at the reporting date was CAD$18.05 (April 2, 2016: CAD$15.08). The PSUs will vest at the end of a three-year period, if agreed-upon performance measures are met (if applicable).

The following table illustrates the movements in the number of RSUs during the period:

	Thirteen weeks ended
	April 1, 2017
Outstanding, beginning of period	**—**
Granted	**56,264**
Reinvested dividends	**454**
Outstanding, end of period	**56,718**

The share price at the reporting date for the RSUs was CAD$18.05. The RSUs will vest at the end of a three-year period.

9. Income tax expense

The Company's statutory tax rate for the thirteen weeks ended April 1, 2017 was 29.2% (thirteen weeks ended April 2, 2016: 29.2%). The Company's effective income tax rate for the thirteen weeks ended April 1, 2017 was 26.8% (thirteen weeks ended April 2, 2016: 28.9%).

The major components of income tax expense in the consolidated statement of comprehensive income for the thirteen weeks ended April 1, 2017 and April 2, 2016 were as follows:

	Thirteen weeks ended	
(Amounts in $000s)	**April 1, 2017**	April 2, 2016
Income tax expense (recovery) related to items recognized in other comprehensive income (loss):		
Gain on hedge of net investment in foreign operations	**$ 256**	$ 1,740
Loss on translation of net investment in foreign operations	**(222)**	(1,684)
Effective portion of changes in fair value of cash flow hedges	**(76)**	(1,289)
Net change in fair value of cash flow hedges transferred to carrying amount of hedged item	**(48)**	(483)
Net change in fair value of cash flow hedges transferred to income	**72**	(37)
Defined benefit plan actuarial (loss) gain	**(96)**	22
Income tax recovery recognized in other comprehensive income	**$ (114)**	$ (1,731)

10. Operating segment information

The operating results and identifiable assets and liabilities by reportable segment are as follows:

	Thirteen weeks ended April 1, 2017				Thirteen weeks ended April 2, 2016			
(Amounts in $000s)	**Canada**	**U.S.**	**Corporate**	**Total**	Canada	U.S.	Corporate	Total
Revenue (excluding intercompany sales)	**$ 62,882**	**$ 212,853**	**$ —**	**$275,735**	$ 59,384	$ 232,055	$ —	$291,439
Cost of sales (excluding intercompany sales)	**50,350**	**170,203**	**(326)**	**220,227**	44,706	182,746	(1,442)	226,010
Gross profit	**$ 12,532**	**$ 42,650**	**$ 326**	**$ 55,508**	$ 14,678	$ 49,309	$ 1,442	$ 65,429
Income (loss) before income taxes	**$ 3,062**	**$ 16,514**	**$ (4,907)**	**$ 14,669**	$ 5,767	$ 20,311	$ (6,131)	$ 19,947
Add back:								
Depreciation and amortization included in:								
Cost of sales	**319**	**1,250**	**14**	**1,583**	306	1,761	7	2,074
Distribution	**37**	**327**	**—**	**364**	35	418	—	453
Selling, general and administrative expenses	**89**	**1,313**	**266**	**1,668**	115	1,316	734	2,165
Total depreciation and amortization	**445**	**2,890**	**280**	**3,615**	456	3,495	741	4,692
Finance costs	**—**	**—**	**3,548**	**3,548**	—	—	3,620	3,620
Income (loss) before depreciation, amortization, finance costs and income taxes	**$ 3,507**	**$ 19,404**	**$ (1,079)**	**$ 21,832**	$ 6,223	$ 23,806	$ (1,770)	$ 28,259

	As at April 1, 2017				As at December 31, 2016			
(Amounts in $000s)	**Canada**	**U.S.**	**Corporate**	**Total**	Canada	U.S.	Corporate	Total
Total assets	**$132,161**	**$521,665**	**$ 10,556**	**$664,382**	$ 137,331	$ 522,426	$ 25,351	$ 685,108
Total liabilities	**$ 77,720**	**$ 25,155**	**$ 333,356**	**$436,231**	$ 109,910	$ 73,573	$ 281,421	$ 464,904

11. Fair value measurement

Fair value of financial instruments

The Company uses a fair value hierarchy, based on the relative objectivity of the inputs used to measure the fair value of financial instruments, with Level 1 representing inputs with the highest level of objectivity and Level 3 representing inputs with the lowest level of objectivity. The following table sets out the Company's financial assets and liabilities by level within the fair value hierarchy:

	April 1, 2017		December 31, 2016	
(Amounts in $000s)	**Level 2**	**Level 3**	Level 2	Level 3
Fair value of financial assets				
Foreign exchange contracts	**$ 1,087**	**$ —**	$ 1,883	$ —
Interest rate swaps	**650**	**—**	686	—
Fair value of financial liabilities				
Interest rate swaps	**517**	**—**	769	—
Foreign exchange contracts	**671**	**—**	1,053	—
Long-term debt	—	**266,368**	—	266,727
Finance lease obligations	—	**1,315**	—	1,434

The Company's Level 2 derivatives are valued using valuation techniques such as forward pricing and swap models. These models incorporate various market-observable inputs including foreign exchange spot and forward rates, and interest rate curves.

The fair values of long-term debt instruments, classified as Level 3 in the fair value hierarchy, are estimated based on unobservable inputs, including discounted cash flows using current rates for similar financial instruments subject to similar risks and maturities, adjusted to reflect the Company's credit risk.

The Company uses the date of the event or change in circumstances to recognize transfers between Level 1, Level 2 and Level 3 fair value measurements. During the thirteen weeks ended April 1, 2017 no such transfers occurred.

The financial liabilities that are not measured at fair value on the consolidated statement of financial position consist of long-term debt (including current portion) and finance lease obligations. The carrying amount for these instruments are $266.4 million and $1.3 million, respectively, as at April 1, 2017 (December 31, 2016: $266.3 million and $1.4 million, respectively).

Hedging activities

Interest rate swaps

During the thirteen weeks ended April 1, 2017, the Company had the following interest rate swaps outstanding to hedge interest rate risk resulting from the term loan facility (see Note 5):

Effective date	**Maturity date**	**Receive floating rate**	**Pay fixed rate**	**Notional amount (millions)**
Designated in a formal hedging relationship:				
December 31, 2014	December 31, 2019	3-month LIBOR (floor 1.0%)	2.1700%	$ 20.0
March 4, 2015	March 4, 2020	3-month LIBOR (floor 1.0%)	1.9150%	$ 25.0
April 4, 2016	April 4, 2018	3-month LIBOR (floor 1.0%)	1.2325%	$ 35.0
April 4, 2016	April 24, 2021	3-month LIBOR (floor 1.0%)	1.6700%	$ 40.0

The cash flow hedge of interest expense variability was assessed to be highly effective for the thirteen weeks ended April 1, 2017 and April 2, 2016, and therefore, the change in fair value for those interest rate swaps designated in a hedging relationship was included in OCI as after-tax net losses of $nominal and $0.6 million, respectively.

During the thirteen weeks ended April 2, 2016, the change in fair value for an interest rate swap that was not designated in a formal hedging relationship was a net gain of $0.1 million.

Foreign currency contracts

Foreign currency forward contracts are used to hedge foreign currency risk resulting from expected future purchases in USD, which the Company has qualified as highly probable forecasted transactions, and to hedge foreign currency risk resulting from USD monetary assets and liabilities, which are not covered by natural hedges.

As at April 1, 2017, the Company had outstanding notional amounts of $44.4 million in foreign currency average-rate forward contracts and $2.0 million in foreign currency single-rate forward contracts that were formally designated as a hedge. With the exception of $2.1 million average-rate forward contracts with maturities ranging from April 2018 to September 2018, all foreign currency forward contracts have maturities that are less than one year.

The cash flow hedges of the expected future purchases were assessed to be highly effective for the thirteen weeks ended April 1, 2017 and April 2, 2016, and therefore, the change in fair value was recorded in OCI as after-tax net loss of $0.2 million and after-tax net loss of $2.5 million, respectively. The amount recognized in the consolidated statement of income resulting from hedge ineffectiveness during the thirteen weeks ended April 1, 2017 was a net loss of $0.1 million (April 2, 2016: net gain of $0.2 million).

As at April 1, 2017, the Company had outstanding notional amounts of $14.0 million foreign currency single-rate forward contracts outstanding to hedge foreign currency exchange risk on USD monetary assets and liabilities that were not formally designated as a hedge. The change in fair value for the thirteen weeks ended April 1, 2017 and April 2, 2016, was a net loss of $0.1 million and a net gain of $0.2 million, respectively, which was recorded in the consolidated statement of income.

Hedge of net investment in foreign operations

As at April 1, 2017, a total borrowing of $252.3 million ($15.0 million included in accounts payable and $237.3 million included in long-term debt) (December 31, 2016: $15.0 million included in accounts payable and $237.3 million included in long-term debt) has been designated as a hedge of the net investment in the U.S. subsidiary and is being used to hedge the Company's exposure to foreign exchange risk on this net investment. Gains or losses on the re-translation of this borrowing are transferred to OCI to offset any gains or losses on translation of the net investment in the U.S. subsidiary. There was no hedge ineffectiveness recognized during the thirteen weeks ended April 1, 2017 or April 2, 2016.

12. Events after the reporting period

Product recall

On April 14, 2017 and April 21, 2017, the Company issued a voluntary product recall of certain brands of breaded fish and seafood products sold in Canada that may contain a Milk allergen that was not declared on the ingredient label and allergen statement. Although the Company did not learn of the undeclared allergen until subsequent to period end, in accordance with IFRS, this cost is required to be recorded in the Consolidated Financial Statements as it related to a condition that existed at the balance sheet date of April 1, 2017. The total cost of the recall program is recorded in cost of sales and is estimated to be $0.7 million, with $0.3 million related to costs associated with the return and destruction or re-work of product, and $0.4 million related to consumer refunds and customer fines.

Acquisition of Rubicon Resources, LLC

On May 10, 2017, the Company signed a definitive agreement to acquire 100% of the outstanding equity of Rubicon Resources, LLC ("Rubicon"), a privately held United States based corporation engaged principally in the import and sale of shrimp products under the private labels of major U.S. grocery retailers. Management believes Rubicon will provide the Company with a strong platform for growth in this key species. The anticipated purchase price is $107.0 million prior to transaction fees, and will be settled 70% in cash and 30% in High Liner Foods common shares. The Company expects the transaction to close in the second quarter of 2017 and will finance the acquisition with existing credit facilities.