

Year-ended December 31, 2011 (In \$'000s)	HLF	Viking	Icelandic USA	Consolidated
Sales	622,114	37,523	8,952	668,589
Adjusted EBITDA <sup>(1)</sup>	49,255	4,483	959	54,697

(1) See Adjusted EBITDA definition page 37

If the Icelandic USA Acquisition had been completed at the beginning of 2011, based on numbers prepared for the Business Acquisition Report that was filed with the TSX on March 16, 2012, High Liner's 2011 financial highlights would be as follows:

Year-ended December 31, 2011 (In \$'000s)	HLF	Viking	Icelandic USA <sup>(2)</sup>	Consolidated
Sales	622,114	37,523	281,370	941,007
Adjusted EBITDA <sup>(1)</sup>	49,255	4,483	26,447	80,185

(1) See Adjusted EBITDA definition page 37

(2) Unaudited – results to December 18, 2011 were prior to the Icelandic USA Acquisition

On December 13, 2010, High Liner acquired the operations of Viking Seafoods, Inc. Since the acquisition was concluded late in the fiscal year, 2010 includes only 20 days of operations from the Viking Acquisition. In the management commentary for the remainder of Section 5, we will include the results of the Viking Acquisition in the analysis and will not segregate the impact of the Viking Acquisition from the operations, unless otherwise noted. This narrative will assist the reader in understanding both the financial statements and the underlying performance of the business in 2011 excluding Viking.

## 5.2 OVERALL PERFORMANCE

Before discussing and analyzing the results of operations for 2011, it is important to review high-level trends, uncertainties and market factors that impacted 2011. As mentioned, unless otherwise noted, these comments will exclude the Icelandic USA Acquisition's impact on our 2011 results. As the Viking Acquisition's results were included in our operating results for fiscal 2011, we will include commentary on these as well.

Fiscal 2011 was a very successful year for the Company in an uncertain economic environment. It was the first full year after the acquisition of Viking and is one of the best years that the Company has had in its history. While synergies from the Viking Acquisition were realized in 2011, we expect<sup>1</sup> to realize additional synergies in 2012, primarily from annualizing synergies that were put in place in 2011 but were only included in our financial results for part of the year. In addition, the Icelandic USA Acquisition will transform our business in 2012, significantly increasing sales and EBITDA.

The economic environment of the past few years was challenging for many companies. At the same time as we are facing a cost-conscious consumer, we have to deal with food inflation. Increases in the cost of seafood, flour-based ingredients and cooking oils required us to implement price increases in fiscal 2009. For the first half of 2010, cost increases on seafood and ingredients eased, meaning

that 2010 was the first year in many years where we did not increase prices. In fact, we decreased selling prices on commodity items and increased promotional activity on value-added products to drive growth.

The current economic environment continues to create volatility in the cost of seafood and other commodities. Prior to the economic downturn, which began in 2008, many species of seafood and non-seafood commodities reached record-high costs. We saw decreases in late 2009 for many of our seafood and non-seafood commodity costs, with the lower costs continuing into the first half of 2010. However, in the last half of 2010, we again experienced upward pressure on costs. Due to our inventory positions and contracts in place, the impact of the higher seafood and non-seafood commodity costs was only marginally felt in 2010. However, we did experience higher seafood and non-seafood commodity costs in 2011 and we expect<sup>1</sup> higher average seafood and commodity costs in 2012 relative to 2011.

Foreign exchange also impacts the results of the Company. During fiscal 2010, the Canadian/U.S. dollar exchange rate was relatively stable, with exchange rates ranging from 0.9946 to 1.0778. Likewise, in fiscal 2011, the exchange rate was also stable, ranging from 0.9449 to 1.0604. See Section 8.4 below for a full analysis of the impact on foreign exchange on our results.