



DOREL INDUSTRIES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis of financial conditions and results of operations ("MD&A") should be read in conjunction with the Consolidated Financial Statements for Dorel Industries Inc. ("Dorel" or "the Company") as at and for the fiscal years ended December 30, 2015 and 2014 ("the Consolidated Financial Statements"), as well as with the notes to the Consolidated Financial Statements. All financial information contained in this MD&A and in the Company's Consolidated Financial Statements are in US dollars, unless indicated otherwise, and have been prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP"), using the US dollar as the reporting currency.

The audited annual Consolidated Financial Statements and this MD&A were reviewed by the Company's Audit Committee and were approved and authorized for issuance by our Board of Directors. This MD&A is current as at March 23, 2016.

Forward-looking statements are included in this MD&A. See the "Caution Regarding Forward Looking Information" included at the end of this MD&A for a discussion of risks, uncertainties and assumptions relating to these statements. For a description of the risks relating to the Company, see the "Market Risks and Uncertainties" section of this MD&A. Further information on Dorel's public disclosures, including the Company's Annual Information Form ("AIF"), are to be available within the prescribed filing deadlines on-line at www.sedar.com and Dorel's website at www.dorel.com.

Note: All tabular figures are in thousands of US dollars except per share amounts or otherwise specified.

1. CORPORATE OVERVIEW

The Company's head office is based in Westmount, Québec, Canada. Established in 1962, the Company operates in twenty-five countries with sales made throughout the world and employs approximately 10,450 people. Dorel's ultimate goal is to produce innovative, quality products and satisfy consumer needs while achieving maximum financial results for its shareholders. It operates in three distinct reporting segments; Dorel Juvenile, Dorel Sports and Dorel Home Furnishings. The Company's growth over the years has resulted from both increasing sales of existing businesses and by acquiring businesses that management believes add value to the Company.

a) Strategy

Dorel is a world class juvenile products and bicycle company. The Company's safety and lifestyle leadership is pronounced in both its Juvenile and Bicycle categories with an array of trend-setting, innovative products. Dorel Juvenile's powerfully branded products include global juvenile brands Safety 1st, Quinny, Maxi-Cosi and Tiny Love, complemented by regional brands such as Cosco, Bébé Confort, Infanti, Voyage, Angel and Mother's Choice. In Dorel Sports, brands include Cannondale, Schwinn, GT, Mongoose, Caloi, Roadmaster, Iron Horse and SUGOI. Dorel Home Furnishings markets a wide assortment of both domestically produced and imported furniture, principally within North America.

Within each of the three segments, there are several operating divisions or subsidiaries. Each segment has its own President & CEO and is operated independently by a separate group of managers. Senior management of the Company coordinates the businesses of all three segments and maximizes cross-selling, cross-marketing, procurement and other complementary business opportunities.

Dorel's channels of distribution vary by segment, but overall, its largest customers are major retail chains. These chains include mass merchant discount chains, department stores, club format outlets and hardware/home centres. Within Dorel Juvenile, sales are also made to independent boutiques and juvenile specialty stores. In Dorel Sports, the Independent Bike Dealer ("IBD") network is a significant channel, along with sporting goods chains. Another growing channel of distribution for all Dorel divisions is the Internet retailer. These customers consist of both mass merchant sites such as Walmart.com and pure Internet retailers such as Amazon, and require the same level of service as traditional customers. Dorel also owns and operates approximately 100 retail stores in Chile and Peru, as well as several outlet retail locations in Europe and Australia.

Dorel conducts its business through a variety of sales and distribution arrangements. These consist of salaried employees; individual agents who carry the Company's products on either an exclusive or non-exclusive basis; individual specialized agents who sell products, including Dorel's, exclusively to one customer such as a major discount chain; and sales agencies which employ their own sales forces. All of the three segments market, advertise and promote their products through the use of advertisements on-line, via social media and on Company-owned websites, in specific magazines, multi-product brochures, and other media outlets. The Company's major retail customers also advertise Dorel's products, principally through circulars and brochures.

In the case of Dorel Sports, event and team sponsorships are also an important marketing tool. One of the principal promotional vehicles is the sponsorship of the Cannondale Pro Cycling team with the team name appearing prominently on riders' jerseys. This allows for significant marketing integration between Cannondale and the team in order to showcase team riders and wins as well as capitalize on consumers' interests in pro-cycling. Additionally, other various sponsorships are provided to teams and individual athletes to promote the Caloi, GT and Mongoose brands.

Dorel believes that its commitment to providing a high quality, industry-leading level of service has allowed it to develop successful and mutually beneficial relationships with major retailers. A high level of customer satisfaction has been achieved by fostering particularly close contacts between Dorel's sales representatives and clients. Permanent full-service agency account teams have been established in close proximity to certain major accounts. These dedicated account teams provide such customers with the assurance that inventory and supply requirements will be met and that issues will be immediately addressed.

Dorel is a designer and manufacturer of a wide range of products, as well as an importer of finished goods, the majority of the latter from overseas suppliers. As such, the Company relies on its suppliers for both finished goods and raw materials and has always prided itself on establishing successful long-term relationships both domestically and overseas. The Company has established a workforce of over 250 people in mainland China and Taiwan whose role is to ensure the highest standard of quality of its products and to ensure that the flow of product is not interrupted. The on-going economic downturn has illustrated the quality of these supplier relationships in that Dorel has not been adversely affected by issues with its supplier base and their continuing ability to service Dorel.

In addition to its solid supply chain, quality products and dedicated customer service, strong recognized consumer brands are an important element of Dorel's strategy. As examples, in North America, Dorel's Schwinn and Cannondale product lines are among the most recognized brand names in the sporting goods industry. Safety 1st is a highly regarded Dorel brand in the North American juvenile products market. Throughout Europe, the Maxi-Cosi brand has become synonymous with quality car seats. In most of Dorel's Latin American markets, Infanti is a leading brand in Dorel Juvenile for lower to medium priced products, and the Caloi brand is one of the largest bicycle brands in the market.

These brands, and the fact that Dorel has a wide range of other brand names, allow for product and price differentiation within the same product categories. Product development is a significant element of Dorel's past and future growth. Dorel has invested heavily in this area, focusing on innovation, quality, safety and speed to market with several design and product development centres. Over the past five years, Dorel has spent on average over \$33 million per year on new product development.

b) Operating Segments

Dorel Juvenile

Dorel Juvenile manufactures and distributes products such as infant car seats, strollers, high chairs, toddler beds, playpens, swings, developmental toys, furniture items and infant health and safety aids. Globally, within its principal categories, Dorel's combined juvenile operations make it the largest juvenile products company in the world. Innovative products and a strong brand portfolio form an integral part of Dorel Juvenile's business strategy.

The Safety 1st, Quinny, Maxi-Cosi and Tiny Love brands are sold globally in practically all of Dorel Juvenile's markets. Other brands such as Cosco, Bébé Confort, Infanti, Voyage, Angel and Mother's Choice are strong regional brands and Dorel Juvenile is able to address all price points with its range of brands and products. In addition, sales are made under licensed brands such as Disney and Eddie Bauer, principally in North America. Sales are also made to customers under their own unique house brand names. Dorel Juvenile has divisions in North America, Europe, Latin America, China, Israel, Australia and New Zealand. In total, Dorel Juvenile sells product to over 100 countries around the world. In 2015, the Dorel Juvenile segment accounted for 39% of Dorel's revenues.

Dorel Juvenile USA's operations are headquartered in Foxboro, Massachusetts. With the exception of car seats, the majority of its products are conceived, designed and developed at the Foxboro location. Manufacturing and warehousing operations are based in Columbus, Indiana where car seat development is centralized at the Company's state-of-the-art Dorel Technical Center for Child Safety. Additional West Coast warehousing is based in Ontario, California. Dorel Juvenile Canada is headquartered in Toronto, Ontario and sells to customers throughout Canada. The principal brand names in North America are Cosco, Safety 1st, Maxi-Cosi and Quinny. Dorel Living sells juvenile furniture to various major retailers, predominantly in the United States.

In North America, the majority of juvenile sales are made to larger retailers such as mass merchants, internet retailers and department stores, where consumers' priorities are design oriented, with a focus on safety and quality at reasonable prices. Dorel Juvenile's premium brands and innovative product designs are a focus for sales of medium to higher price points available at smaller boutiques and specialty stores. This North American collection, under principally the Quinny and Maxi-Cosi brand names, competes with smaller premium product juvenile companies. Dorel is one of several large juvenile products companies servicing the North American market along with Graco (a part of the Newell Rubbermaid Group of companies), Evenflo Company Inc. (a subsidiary of Goodbaby International Holdings Limited) and Britax.

Dorel Juvenile Europe is headquartered in Paris, France with major product design facilities located in Cholet, France and Helmond, Holland. Sales operations along with manufacturing and assembly facilities are located in France, Holland and Portugal. In addition, sales and/or distribution subsidiaries are located in Italy, Spain, the United Kingdom, Germany, Belgium, Switzerland and Poland. In Europe, products are primarily marketed under the brand names Maxi-Cosi, Quinny, Safety 1st and Bébé Confort.

In Europe, Dorel sells juvenile products primarily across the mid-level to high-end price points. With Dorel's well-recognized brand names and superior designs and product quality, the majority of European sales are made to large European juvenile product retail chains, internet retailers and independent boutiques and specialty stores. Dorel is one of the largest juvenile products companies in Europe, competing with others such as Britax, Peg Perego, Chicco, Maclaren and Graco, as well as several smaller companies.

In Latin America, Dorel Juvenile has operating locations in the majority of markets. Dorel Juvenile Brazil manufactures car seats locally and imports other juvenile products, such as strollers. Brands sold in Brazil include local brands Infanti, Voyage and Stillo as well as Dorel's international brands such as Maxi-Cosi and Quinny. Dorel Juvenile Chile has operations in Chile and Peru and sells to customers based in Bolivia and Argentina. The principal brand sold by Dorel Juvenile Chile is Infanti, which is one of the most popular juvenile products brands in Latin America, and enjoys a leading position in the market as it caters to all price categories with a focus on opening to mid-price points. Dorel Juvenile Chile operates close to 100 retail locations in Chile and Peru of which the majority are under the Baby Infanti banner. Dorel Juvenile Colombia operates in Colombia and Panama and sells goods into several countries in Central America and the Caribbean. Dorel Juvenile Mexico was created in 2014 and serves that market by selling Dorel's global brands.

Dorel Juvenile Australia manufactures and/or distributes its products under both local brand Mother's Choice, as well as Dorel's North American and European brands in Australia and New Zealand. Sales are made to both large retailers and specialty stores. In addition, Dorel Juvenile Australia serves customers located in the greater Southeast Asia market. Tiny Love is headquartered in Tel Aviv, Israel and is recognized as an innovator in the developmental toy category, which comprises products such as activity gyms, mobiles, light gear and toys designed specifically for babies and toddlers. Tiny Love sells products in more than 50 countries worldwide, both through Dorel subsidiaries and via a worldwide distributor network.

In 2014, Dorel Juvenile undertook a major initiative to improve its long-term profitability, secure its supply chain and broaden its global footprint by acquiring a juvenile business in China. Principally acquired for its manufacturing capability, Dorel Juvenile China also provides additional research and development skills and a base from which to expand its business in China and other parts of Asia. Dorel brands sold in China include the local Angel brand for lower price points, augmented by other Dorel brands to address the premium juvenile products market within China.

Dorel Sports

Dorel Sports participates in a worldwide marketplace that totals approximately \$58 billion in retail sales annually. This includes bicycles, bicycling and running apparel, children's electric rides-on, jogging strollers and bicycle trailers, as well as related parts and accessories. The breakdown of bicycle industry sales around the world is approximately 54% in the Asia-Pacific region, 22% in Europe and 12% in North America, with the balance in the rest of the world. Bicycles are sold in the mass merchant channel, at IBDs as well as in sporting goods chains. In 2015, the Dorel Sports segment accounted for 37% of Dorel's revenues.

In the United States, mass merchants have captured a greater share of the market over the past 20 years and today account for over 75% of unit sales. Despite the growth of the mass merchant channel, the IBD channel remains an important retail outlet in North America, Europe and other parts of the world. IBD retailers specialize in higher-end bicycles and deliver a level of service to their customers that the mass merchants cannot provide. Retail prices in the IBDs are much higher, reaching to more than \$10,000 a unit. This compares to the mass merchant channel where the highest prices are between \$300 and \$500 a unit. The sporting goods and outdoor specialty retailer chains sell bicycles in the mid-price range; in the United States these channels account for approximately 9% of total industry retail sales.

Brand differentiation is an important part of the bicycle industry with different brands being found in the different distribution channels. High-end bicycles and brands are found in IBDs and some sporting goods chains, while the other brands can be purchased at mass market retailers. Consumer purchasing patterns are generally influenced by economic conditions, weather and seasonality. The Company's principal competitors include Huffy, Dynacraft, Trek, Giant, Specialized, Scott and Raleigh. In Europe, the market is significantly more fragmented as there is additional competition from much smaller companies that are popular in different regions.

Dorel Sports' worldwide headquarters is in Wilton, Connecticut. There are also significant operations in Madison, Wisconsin, Vancouver, British Columbia, as well as São Paulo, Brazil. In addition, distribution centres are located in California and Illinois. European operations are headquartered in Oldenzaal, Holland with operations in Switzerland and the United Kingdom. Globally, there are sales and distribution companies based in Japan, China and Chile. In Australia, sales are made through a third party distributor. There is a sourcing operation based in Taiwan established to oversee Dorel Sports' Far East supplier base and logistics chain, ensuring that the Company's products are produced to meet the exacting quality standards that are required.

The IBD retail channel is serviced by Cycling Sports Group ("CSG") which focuses exclusively on this category principally with the premium-oriented Cannondale and GT brands. The vast majority of sales to this channel consist of bicycles, with some sales of parts, accessories and apparel. The Caloi division sells to both IBD and mass merchant channels. The Pacific Cycle division has an exclusive focus on mass merchant and sporting goods chain customers, and along with bicycles and accessories, its product line also includes jogging strollers, bicycle trailers, children's electric ride-ons and some toys. The mass merchant product line of bicycles, parts and accessories are sold under several brands, the most significant being Schwinn and Mongoose. Other important brands used at varying price points include Roadmaster and Iron Horse, as well as licensed brands on children's bicycles and tricycles. Jogging strollers and bicycle trailers are sold under the InStep and Schwinn brands and children's electric ride-ons are sold mainly under Kid Trax as well as certain licenses.

In Europe and elsewhere around the world, certain bicycle brands are sold across these distribution channels. As an example, in Russia, GT is a successful brand in the sporting goods channel, whereas in the Czech Republic this same brand is sold in the IBD channel. Sales of sports apparel and related products are made by CSG through the IBDs, various sporting goods chains and specialty running stores. CSG's principal apparel brand is SUGOI and its major competitors are Castelli, Pearl Izumi, Bontrager, Rapha and Assos, among others, as well as certain of the bicycle brands.

Dorel Home Furnishings

Dorel's Home Furnishings participates in the \$100 billion North American furniture industry. Dorel ranks in the top ten of North American furniture manufacturers and marketers and has a strong foothold in both North American manufacturing and importation of furniture, with a significant portion of its supply coming from its own manufacturing facilities and the balance through sourcing efforts in Asia. Dorel is also the number two manufacturer of Ready-to-Assemble ("RTA") furniture in North America. Products are distributed from Dorel's North American manufacturing locations as well as from several distribution facilities. In 2015, the Dorel Home Furnishings segment accounted for 24% of Dorel's revenues.

Dorel's Home Furnishings segment consists of four operating divisions. They are Ameriwood Industries ("Ameriwood"), Cosco Home & Office ("Cosco"), Dorel Home Products ("DHP") and Dorel Asia ("Dorel Living"). Ameriwood specializes in domestically manufactured RTA furniture and is headquartered in Wright City, Missouri. Ameriwood's manufacturing and distribution facilities are located in Tiffin, Ohio, Dowagiac, Michigan, and Cornwall, Ontario. Ameriwood also has an import division, Altra Furniture ("Altra"). Altra is also located in Wright City, Missouri and designs and imports furniture mainly within the home entertainment and home office categories. Cosco is located in Columbus, Indiana and the majority of its sales consist of furniture, step stools, hand trucks, specialty ladders and outdoor furniture. DHP, located in Montréal, Québec, manufactures futons and baby mattresses and imports futons, bunk beds, mattresses and other accent furniture. Dorel Living specializes in sourcing upholstery and a full range of wooden goods from Asia for distribution throughout North America. Major distribution facilities are also located in Québec, California and Georgia.

With its major expansion into on-line sales in 2015, Dorel Home Furnishings grew revenue by over 16%, recording its highest year in sales to date. Dorel Home Furnishings has significant market share within its product categories and has a strong presence with its customer base. Sales are concentrated with mass merchants, warehouse clubs, home centres, Internet retailers and office and electronic superstores. On-line sales represent a significant portion of Dorel Home Furnishings' sales revenue and Dorel Home Furnishings has made many investments in this channel. Dorel markets its products under generic retail house brands as well as under a range of branded products including; Ameriwood, Altra, System Build, Ridgewood, DHP, Dorel Fine Furniture, Dorel Living, Signature Sleep and Cosco. Dorel Home Furnishings has many competitors including Sauder Manufacturing and Whalen Furniture in the RTA category, Mecor in the folding furniture category, Tricam in step stools and Werner in ladders.

2. SIGNIFICANT EVENTS IN 2015

On May 13, 2015, the Company announced that it would implement a new normal course issuer bid ("2015 NCIB"). Under the 2015 NCIB, the Company is entitled to repurchase for cancellation up to 200,000 Class B Subordinate Voting Shares over a twelve-month period commencing May 19, 2015 and ending May 18, 2016, representing approximately 0.71% of the Company's issued and outstanding Class B Subordinate Voting Shares. The purchases by the Company will be realized through the facilities of the Toronto Stock Exchange ("TSX") and will be made at the market price of the Class B Subordinate Voting Shares at the time of the purchase. As at May 5, 2015, there were 28,126,876 Class B Subordinate Voting Shares issued and outstanding. The Board of Directors considers that the underlying value of the Company may not be reflected in the market price of its Class B Subordinate Voting Shares at certain times during the term of the normal course issuer bid. The Board has therefore concluded that the repurchase of shares at certain market prices may constitute an appropriate use of financial resources and be beneficial to the Company and its shareholders.

During the six month period prior to the implementation of the 2015 NCIB, the average daily trading volume for the Class B Subordinate Voting Shares of the Company on the TSX was 40,595 shares. Consequently, under the policies of the TSX, the Company has the right to repurchase during any one trading day a maximum of 10,148 Class B Subordinate Voting Shares, representing 25% of the average daily trading volume. In addition, the Company may make, once per calendar week, a block purchase (as such term is defined in the TSX Company

Manual) of Class B Subordinate Voting Shares not directly or indirectly owned by insiders of the Company, in accordance with the policies of the TSX.

Any purchases made pursuant to the 2015 NCIB will be made in accordance with the requirements of the TSX. The Company will make no purchases of Class B Subordinate Voting Shares other than open market purchases during the period of the 2015 NCIB. To the knowledge of the Company, no director or officer of the Company intends to sell shares of the Company while the 2015 NCIB is in effect.

In addition, the Company has entered into an automatic share purchase agreement with CIBC World Markets Inc. ("CIBC") in connection with the 2015 NCIB. Under the agreement, CIBC may acquire, at its discretion, Class B Subordinate Voting Shares on the Company's behalf during certain "black-out" periods, subject to certain parameters as to price and number of shares. The agreement with CIBC is cancellable at any time by the Company.

In accordance with the 2015 NCIB, the Company did not repurchase any Class B Subordinate Voting Shares during the year ended December 30, 2015.

During the third quarter ended September 30, 2015, both the Dorel Juvenile and Dorel Sports segments initiated restructuring activities. Dorel Juvenile's strategic review is part of its on-going transformation into a more fully-integrated operation in its various markets. Dorel Juvenile expects to realize annualized cost savings of at least \$9.0 million once the restructuring is completed in late 2016. For Dorel Sports, the initiatives include a new Go-to-Market strategy and a new structure for its North American IBD operation which were essentially completed at the end of 2015. Those particular initiatives are expected to deliver annual cost savings of approximately \$4.0 million. Further information on these activities can be found in the operating results commentary of this MD&A and in Note 6 of the consolidated financial statements for the years ended December 30, 2015 and 2014.

In the third quarter ended September 30, 2015, the economic and political instability in Brazil gave rise to revised assumptions on projected earnings and cash flow growth which resulted in impairment losses on goodwill and intangible assets at Dorel Sports – Caloi as set out in the operating results commentary of this MD&A.

3. OPERATING RESULTS

a) Non-GAAP financial measures

As a result of impairment losses, restructuring and other costs and remeasurement of forward purchase agreement liabilities incurred in 2015 and 2014, the Company is including in this MD&A the following non-GAAP financial measures: "adjusted total revenue", "adjusted cost of sales", "adjusted gross profit", "adjusted operating profit", "adjusted finance expenses", "adjusted income before income taxes", "adjusted income taxes", "adjusted net income" and "adjusted earnings per basic and diluted share". The Company believes that this results in a more meaningful comparison of its core business performance between the periods presented. These non-GAAP financial measures do not have a standardized meaning prescribed by GAAP and therefore are unlikely to be comparable to similar measures presented by other issuers. Contained within this MD&A are reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated in accordance with GAAP.

Free cash flow is also a non-GAAP financial measure and is defined as cash provided from operating activities less dividends paid, shares repurchased, net additions to property plant and equipment and intangible assets. We consider free cash flow to be an important indicator of the financial strength and performance of our business, because it shows how much cash is available after capital expenditures to repay debt and to reinvest in our business, to pursue business acquisitions, and/or to redistribute to our shareholders. We believe this measure is commonly used by investors and analysts when valuing a business and its underlying assets.

b) Impairment losses, restructuring and other costs and remeasurement of forward purchase agreement liabilities

Reconciliation of non-GAAP financial measures:

Results for the year ended December 30, 2015			
	Reported	Impairment losses, restructuring and other costs	Adjusted
	\$	\$	\$
TOTAL REVENUE	2,683,357	-	2,683,357
Cost of sales	2,101,859	(3,742)	2,098,117
GROSS PROFIT	581,498	3,742	585,240
Selling expenses	235,030	-	235,030
General and administrative expenses	209,330	-	209,330
Research and development expenses	37,595	-	37,595
Restructuring and other costs	14,790	(14,790)	-
Impairment losses on goodwill and intangible assets	26,510	(26,510)	-
OPERATING PROFIT	58,243	45,042	103,285
Finance expenses	35,277	7,810	43,087
INCOME BEFORE INCOME TAXES	22,966	37,232	60,198
Income taxes (recovery) expense	(2,738)	4,931	2,193
<i>Tax rate</i>	<i>(11.9%)</i>	-	<i>3.6%</i>
NET INCOME	25,704	32,301	58,005
EARNINGS PER SHARE			
Basic	0.80	0.99	1.79
Diluted	0.79	0.99	1.78
SHARES OUTSTANDING			
Basic - weighted average	32,324,569		32,324,569
Diluted - weighted average	32,527,632		32,527,632

Results for the year ended December 30, 2014			
	Reported	Impairment losses, restructuring and other costs	Adjusted
	\$	\$	\$
TOTAL REVENUE	2,677,554	600	2,678,154
Cost of sales	2,072,230	(7,393)	2,064,837
GROSS PROFIT	605,324	7,993	613,317
Selling expenses	235,776	-	235,776
General and administrative expenses	210,691	-	210,691
Research and development expenses	36,111	-	36,111
Restructuring and other costs	18,781	(18,781)	-
Impairment losses on goodwill and intangible assets	125,821	(125,821)	-
OPERATING PROFIT (LOSS)	(21,856)	152,595	130,739
Finance expenses	8,073	25,702	33,775
INCOME (LOSS) BEFORE INCOME TAXES	(29,929)	126,893	96,964
Income taxes (recovery) expense	(8,660)	21,645	12,985
<i>Tax rate</i>	<i>28.9%</i>	-	<i>13.4%</i>
NET INCOME (LOSS)	(21,269)	105,248	83,979
EARNINGS (LOSS) PER SHARE			
Basic	(0.66)	3.27	2.61
Diluted	(0.66)	3.25	2.59
SHARES OUTSTANDING			
Basic - weighted average	32,213,733		32,213,733
Diluted - weighted average	32,213,733		32,440,354

Reconciliation of non-GAAP financial measures:

Results for the fourth quarter ended December 30, 2015			
	Reported	Restructuring and other costs	Adjusted
	\$	\$	\$
TOTAL REVENUE	668,938	-	668,938
Cost of sales	519,807	(363)	519,444
GROSS PROFIT	149,131	363	149,494
Selling expenses	60,578	-	60,578
General and administrative expenses	54,650	-	54,650
Research and development expenses	10,554	-	10,554
Restructuring and other costs	7,544	(7,544)	-
OPERATING PROFIT	15,805	7,907	23,712
Finance expenses	14,814	(2,069)	12,745
INCOME BEFORE INCOME TAXES	991	9,976	10,967
Income taxes (recovery) expense	(5,623)	2,474	(3,149)
Tax rate	(567.4%)	-	(28.7%)
NET INCOME	6,614	7,502	14,116
EARNINGS PER SHARE			
Basic	0.20	0.24	0.44
Diluted	0.20	0.23	0.43
SHARES OUTSTANDING			
Basic - weighted average	32,332,643		32,332,643
Diluted - weighted average	32,545,163		32,545,163

Results for the fourth quarter ended December 30, 2014			
	Reported	Impairment losses, restructuring and other costs	Adjusted
	\$	\$	\$
TOTAL REVENUE	701,002	600	701,602
Cost of sales	558,057	(6,218)	551,839
GROSS PROFIT	142,945	6,818	149,763
Selling expenses	61,444	-	61,444
General and administrative expenses	57,736	-	57,736
Research and development expenses	11,858	-	11,858
Restructuring and other costs	9,503	(9,503)	-
Impairment losses on goodwill and intangible assets	125,821	(125,821)	-
OPERATING PROFIT (LOSS)	(123,417)	142,142	18,725
Finance expenses	(20,466)	30,789	10,323
INCOME (LOSS) BEFORE INCOME TAXES	(102,951)	111,353	8,402
Income taxes (recovery) expense	(22,202)	19,611	(2,591)
Tax rate	21.6%	-	(30.8%)
NET INCOME (LOSS)	(80,749)	91,742	10,993
EARNINGS (LOSS) PER SHARE			
Basic	(2.50)	2.84	0.34
Diluted	(2.50)	2.84	0.34
SHARES OUTSTANDING			
Basic - weighted average	32,313,250		32,313,250
Diluted - weighted average	32,313,250		32,502,846

The details of the impairment losses, restructuring and other costs and remeasurement of forward purchase agreement liabilities recorded are presented below:

	Twelve months ended December 30		Fourth quarters ended December 30	
	2015	2014	2015	2014
	\$	\$	\$	\$
Customer programs and incentive offerings [in revenue]	-	600	-	600
Restructuring costs [in cost of sales] ⁽²⁾	3,742	7,393	363	6,218
Recorded within gross profit	3,742	7,993	363	6,818
Employee severance and termination benefits	6,815	2,770	3,839	2,020
Accelerated depreciation	-	916	-	-
Write-down of assets	3,196	2,062	2,196	2,062
Curtailments gain on net pension defined benefit liabilities	(326)	-	(326)	-
Other associated costs	1,451	1,958	1,016	1,737
Recorded within a separate line in the consolidated income statements	11,136	7,706	6,725	5,819
Total restructuring costs	14,878	15,699	7,088	12,637
Acquisition-related costs	3,654	4,533	819	3,081
Brixia investment write-down and other costs related to team sponsorship	-	6,542	-	603
Total other costs recorded within a separate line in the consolidated income statements	3,654	11,075	819	3,684
Total restructuring and other costs	18,532	26,774	7,907	16,321
Impairment losses on goodwill and intangible assets	26,510	125,821	-	125,821
Finance expenses				
Loss (gain) on remeasurement of forward purchase agreement liabilities	(7,810)	(25,702)	2,069	(30,789)
Total impairment losses, restructuring and other costs and remeasurement of the forward purchase agreement liabilities before income taxes ⁽¹⁾	37,232	126,893	9,976	111,353
Total impairment losses, restructuring and other costs and remeasurement of the forward purchase agreement liabilities after income taxes	32,301	105,248	7,502	91,742
Total impact on diluted earnings (loss) per share	(0.99)	(3.25)	(0.23)	(2.84)
⁽¹⁾ Includes non-cash amounts of:	25,312	110,421	4,302	99,847

⁽²⁾ Includes write-downs of moulds, accelerated depreciation and inventory markdowns and relocation of inventory costs.

Impairment losses on goodwill and intangible assets

During the fourth quarter of 2014, Dorel Juvenile undertook a major initiative to improve its long-term profitability, secure its supply chain and broaden its global footprint by acquiring Dorel Juvenile China. This acquisition is allowing Dorel to better service its existing customers and provide a base from which the Company will expand its business in China and other parts of Asia. This important strategic orientation to a more vertically integrated business model includes a re-assessment of Dorel Juvenile operations around the world. As a result, assumptions on projected earnings and cash flow growth had been revised in the last quarter of 2014 with future earnings

expected to come directly from its new Asian based facilities as opposed to mature markets in North America and Australia. This had resulted in total goodwill impairment losses of \$82.7 million recorded in the fourth quarter of 2014.

The Company also recorded in 2014 impairment losses of \$43.1 million before tax that were allocated to the trademarks based on expected reduced future profitability and cash flow on specific brands in the South of Europe. The Company made a strategic decision to focus on the Maxi-Cosi and Quinny brands in this area of the European market and as a result, profits are being driven by these brands and away from the Béb  Confort, Monb b , Babid al and Baby Relax brands acquired as part of the 2003 Ampa France business acquisition.

Due to challenging economy and local market conditions, rising inflation and devaluation of the Real in Brazil, the Company revised its assumptions on projected earnings and cash-flow growth for Dorel Sports – Caloi resulting in a goodwill impairment loss of \$19.9 million and a \$6.6 million impairment charge on the customer relationships recorded in the third quarter of 2015. This situation also resulted in a remeasurement of the Caloi acquisition forward purchase agreement liability amounting to an unrealized gain of \$9.7 million recorded in finance expenses in the same quarter.

Restructuring and other costs

Dorel Juvenile

In 2014, the Company incurred \$10.8 million of costs relating to the transfer of the manufacturing of certain products of Dorel Juvenile entities from third party suppliers to Dorel Juvenile China. More specifically, the transfer required new product designs and moulds resulting in the non-cash write-down of \$4.6 million of deferred development costs and of moulds for products that were abandoned as a result of the change in sourcing strategy. The remaining \$6.2 million recorded in 2014 in relation with this transfer represented employee severance and termination benefits for \$1.1 million, customer programs and incentive offerings for \$0.6 million, markdowns and relocation of inventory for \$3.7 million and other associated costs for \$0.8 million.

During the fourth quarter of 2015, Dorel Juvenile carried on with its restructuring activities as part of its on-going transformation into a more fully integrated operation in its various markets. The segment identified cost savings opportunities principally through the consolidation of certain facilities in China where two smaller facilities were closed in the fourth quarter. In addition, indirect labour levels have been reduced at the Company's remaining main facilities in China. Further consolidation opportunities have been identified with major activities to be redeployed into one facility. As a result, during the fourth quarter of 2015, certain underutilized facilities were made available for sale. As part of the on-going restructuring program, in 2016 additional properties will also be made available for sale further reducing the Company's footprint and generating cash from the assets acquired as part of the 2014 Dorel Juvenile China acquisition. Within North America, it was decided during the third quarter that the operations based in the United States ("US") would assume the back office support for the Canadian operations and allow the Canadian business to focus on sales and marketing activities. In addition, a former US based Dorel Juvenile China office was closed. In Europe, the way product is brought to market, the on-going process harmonization and the re-alignment of the sales organization are actions being put in place to enhance efficiencies. Finally, the business based in Panama that services Central America and the Caribbean was downsized with a greater focus on direct import model, realignment of management and a streamlined product offering.

This restructuring plan is expected to be completed by the end of 2016 as the strategic direction identified is put into action. In 2015, the Company recorded a restructuring expense of \$10.3 million under the plan, including \$3.2 million of non-cash charges related to the write-down of long-lived assets and inventory markdowns, \$5.7 million of employee severance and termination benefits, a curtailment gain on net pension defined benefit liabilities of \$0.3 million and \$1.7 million of other associated costs. The remaining charges related to this restructuring plan will be mostly non-cash write-downs of assets to fair value less costs to sell of underutilized land, buildings and land use rights in China that will be made available for sale in 2016 as well as severance costs.

Dorel Sports

During the third quarter of 2015, Dorel Sports announced a new Go-to-Market strategy and structure for its North American IBD operation ("2015 Plan"). The plan included realigning the organization to allow for more focus and support on the Parts and Accessories and Apparel products. In accordance with these initiatives, the Company had

identified significant cost reductions across the segment which included a headcount reduction in North America and the consolidation of Cannondale and SUGOI apparel product lines into a single global apparel portfolio.

For the year ended December 30, 2015, the Company has recorded an expense of \$5.4 million under the 2015 Plan, including \$3.7 million of non-cash charges related to the write-down of long-lived assets and inventory markdowns, \$1.6 million of employee severance and termination benefits and \$0.1 million of other associated costs. The restructuring initiatives related to the 2015 Plan were completed in the fourth quarter of 2015.

The restructuring initiatives announced by Dorel Sports towards the end of 2013 ("2013 Plan") are completed and resulted in cumulative restructuring charges of \$19.5 million, including \$10.9 million of non-cash charges related to the write-down on long-lived assets, accelerated depreciation due to the revision of the estimated useful lives of long-lived assets and inventory markdowns, \$7.8 million of employee severance and termination benefits and \$0.8 million of other associated costs. Of the \$19.5 million cumulative charges, \$(0.8) million were recorded in the current fiscal year, \$4.9 million in 2014 and \$15.4 million in 2013.

Other costs

In 2015, Dorel Juvenile incurred \$3.7 million of acquisition costs related to Dorel Juvenile China. Dorel Juvenile had incurred \$4.0 million of acquisition costs related to Dorel Juvenile China in 2014, \$0.2 million related to Tiny Love and \$0.1 million related to Infanti Brazil.

In 2014, Dorel Sports included \$6.5 million in selling expenses related to changes in the Cannondale Pro-Cycling team. The signature of a new agreement with Slipstream Sports LLC led to a non-cash charge write-off of the equity investment in the Brixia associated team of \$3.4 million during 2014, as well as an additional \$3.1 million expense in connection with the funding of a shortfall in sponsorship income during the transition period. Dorel Sports incurred \$0.2 million of acquisition-related costs in 2014.

Remeasurement of written put option and forward purchase agreement liabilities

Effective December 31, 2014, the terms of certain shareholders agreements related to past acquisitions with interests held by non-controlling shareholders were amended changing the mechanism creating the financial liabilities from forward purchase agreements to written put option agreements. In prior periods, the remeasurement was accounted for through the consolidated income statement in finance expenses, as described below. With the amendment of the shareholders agreements, the remeasurement of the fair value of the financial liabilities related to the written put option agreements is now recorded within other equity from the beginning of the year 2015.

The financial liability related to Caloi being a forward purchase agreement liability, the remeasurement of the liability is accounted for as finance expenses.

c) Selected annual financial information

Selected financial information from the consolidated income statement for the years ended:

	2015		2014		2013*	
	\$	% of revenue	\$	% of revenue	\$	% of revenue
Total revenue	2,683,357	100.0	2,677,554	100.0	2,435,449	100.0
Net income (loss)	25,704	1.0	(21,269)	(0.8)	57,669	2.4
Total adjusted revenue	2,683,357	100.0	2,678,154	100.0	2,435,449	100.0
Adjusted net income	58,005	2.2	83,979	3.1	70,583	2.9
Cash dividends declared per share	1.20		1.20		1.20	
Earnings (loss) per share:						
Basic	0.80		(0.66)		1.81	
Diluted	0.79		(0.66)		1.79	
Adjusted earnings per share:						
Basic	1.79		2.61		2.22	
Diluted	1.78		2.59		2.19	
Impact of after tax impairment losses, restructuring and other costs and remeasurement of the forward purchase agreement liabilities on the diluted earnings per share for the year	(0.99)		(3.25)		(0.40)	

* Restated to reflect the changes in accounting policies as described in Note 3 of the Consolidated Financial Statements as at December 30, 2014 and 2013

Variations in the total adjusted revenue across the Company's segments for the years ended:

	2015	2014	Change	
	\$	\$	\$	%
Dorel Juvenile	1,039,947	1,071,113	(31,166)	(2.9)
Dorel Sports	1,000,209	1,053,183	(52,974)	(5.0)
Dorel Home Furnishings	643,201	553,858	89,343	16.1
TOTAL ADJUSTED REVENUE	2,683,357	2,678,154	5,203	0.2

Principal changes in the net income for the year ended December 30, 2015 compared to the year ended December 30, 2014:

	Reported	Impairment losses, restructuring and other costs	Adjusted
	\$	\$	\$
Dorel Juvenile increase (decrease)	108,785	(127,047)	(18,262)
Dorel Sports decrease	(44,994)	19,494	(25,500)
Dorel Home Furnishings increase	13,837	-	13,837
Total increase (decrease) in operating profit	77,628	(107,553)	(29,925)
(Increase) in finance expenses other than the remeasurement of the forward purchase agreement liabilities	(9,312)	-	(9,312)
(Increase) in the remeasurement of the forward purchase agreement liabilities	(17,892)	17,892	-
(Increase) decrease in income taxes	(5,922)	16,714	10,792
Decrease in corporate expenses	2,471	-	2,471
Total increase (decrease) in net income	46,973	(72,947)	(25,974)

d) Consolidated annual operating review

As described in the Corporate Overview section, over the years, the Company has been able to effectively manage challenging economic conditions based on the diversity of its segments, the nature of its products and its strong commitment to new product development and brand support. As in recent years, 2015 was a year in which consumers remained prudent in their level of discretionary spending in North America and particularly in many regions of Europe, which are facing economic adversity. In Brazil, the rising inflation, the devaluation of the Real and the challenging economy create also difficult local market conditions.

The economic environment of the past several years has been a challenge for all consumer products companies. Each of the Company's segments has put into place both short-term and long-term plans to remain profitable given this environment. In Dorel Juvenile, the segment has expanded into new markets like Latin America in the past few years and, to capture more market share, the segment has broadened its product lines in both North America and Europe, as well as taking direct control of part of the supply chain and expand its footprint in Asia with the acquisition of Dorel Juvenile China. In Dorel Sports, the segment expanded into the Latin American market with the acquisition of Caloi in Brazil in 2013 and Intercycles in Chile at the end of 2014. Moreover the investment in new product development and brand support over the past several years has allowed its products to remain desirable to consumers and has helped prevent competing merely on price. In Dorel Home Furnishings, a marketplace that has caused many competitors to down-size or incur losses, Dorel has continued to leverage its model of both domestically produced products and imported furniture items and this has allowed for sustained profitability and growth. Finally, in all three segments, the Company has identified the trends in E-Commerce and changes in consumers' shopping habits and has been able to capitalize on the potential of the Internet channel of distribution.

The appreciation of the US dollar in 2015 versus the majority of the Company's other operating currencies had a net negative impact on operating profit on both the Juvenile and Sports segments of approximately \$49 million in 2015 compared to 2014. As a global consumer products company, the increase in the value of the US dollar impacts both cost of sales for Dorel's non-U.S. based divisions that purchase in US dollars and sell in local currencies, as well as Dorel's earnings translated into US dollars. For 2015, the net negative impact on the net income of the appreciation of the US dollar versus the prior year was approximately \$35 million.

Overall, Dorel's revenue increased by \$5.8 million, or 0.2% to \$2,683.4 million compared to \$2,677.6 million in 2014. Excluding restructuring and other costs, Dorel's adjusted revenue increased by \$5.2 million in 2015 compared with the prior year. Further detail related to the impact of the decline in foreign currencies relative to the US dollar is presented below in the operating review commentary.

After removing the impact of foreign exchange variations, the Dorel Juvenile China acquisition in November 2014 and restructuring and other costs, organic revenue increased in all operating segments which represented a consolidated growth of approximately 4% compared to last year. Dorel Juvenile contributed to this revenue increase with its Latin American divisions posting double digits sales growth in local currency and the segment's renewed success in selling wooden juvenile furniture products. For Dorel Sports, revenue from the IBD channel grew in local currency due to increased demand in the new 2016 model year bicycles. Home Furnishings presented another record year of sales to on-line retailers along with increased brick and mortar sales from last year.

Gross profit declined by 90 basis points to 21.7% compared to 22.6% recorded in the prior year. Excluding restructuring and other costs, adjusted gross profit decreased by 110 basis points to 21.8% compared with 22.9% in 2014 largely explained by foreign currency pressures and lower margins generated by Dorel Juvenile China. Higher logistic costs in Dorel Sports also accounted for the margin decrease. Selective price increase strategies in both the Juvenile and Sports segments were successfully implemented in response to the impact of the decline in foreign currencies relative to the US dollar. Dorel Juvenile also introduced new products at better margins and Home Furnishings helped improve gross profit by its increased sales to on-line retailers.

Operating profit rose by \$80.1 million to \$58.2 million from a loss of \$21.9 million posted a year ago. Excluding impairment losses, restructuring and other costs, adjusted operating profit declined by 21.0% or \$27.4 million, to \$103.3 million from \$130.7 million last year. Major divisions saw their currencies weaken significantly against the US dollar which had a consolidated net negative impact of approximately \$43 million compared to 2014 representing for both the Juvenile and Sports segments a net negative impact of approximately \$49 million. This was partly offset by a positive effect at Home Furnishings and at the corporate level of \$6 million mainly from the favourable impact of the weaker Canadian dollar on their expenses. This consolidated net negative impact was partly offset by a substantial increase in on-line sales and increased brick and mortar sales from prior year in the Home Furnishings segment. Dorel Juvenile China recorded operating losses in 2015 as its restructuring activities related to its on-going transformation are being pursued in 2016.

Selling expenses decreased by 0.3% or \$0.8 million to \$235.0 million in 2015 from \$235.8 million in 2014 and remained flat at 8.8% as a percentage of revenue. This is mainly explained by the favourable effect of the fluctuation of foreign currencies partly offset by higher selling expenses reflected in Dorel Juvenile China as a full year of selling expenses were recorded in 2015 compared to two months in the prior year. Sales support and marketing expenses increased in the Juvenile and Sports segments in order to promote the launch of new product lines while commission expenses costs rose in the Home Furnishings segment as a function of higher sales.

General and administrative expenses declined by 0.6% or \$1.4 million, to \$209.3 million from \$210.7 million posted a year ago mainly due to the favourable foreign exchange impact, lower overall product liability costs, reduced professional fees and to tight control on operating costs partly offset by Dorel Juvenile China full year of expenses.

Research and development expenses in the year increased by \$1.5 million or 4.1%, to \$37.6 million from \$36.1 million in 2014 and grew by 0.1% as a percentage of revenues explained by a full year of Dorel Juvenile China expenses where an extensive R&D centre is located.

Net income increased by \$47.0 million to \$25.7 million from a loss of \$21.3 million in 2014. Adjusted net income for the full year decreased by 30.9% to \$58.0 million from \$84.0 million recorded a year ago. The diluted earnings per share ("EPS") equate to \$0.79 in 2015 compared to a loss per diluted share of \$0.66 in 2014. On an adjusted diluted EPS basis, this equates to \$1.78 in 2015 compared to \$2.59 in 2014.

Details of finance expenses are presented below:

	2015	2014
	\$	\$
Interest on long-term debt - including effect of cash flow hedge related to the interest rate swaps and the accreted interest related to long-term debt bearing interest at fixed rates	33,681	25,063
Remeasurement of forward purchase agreement liabilities	(7,810)	(25,702)
Amortization of deferred financing costs	911	607
Other interest	8,495	8,105
Total reported	35,277	8,073
Adjustment due to remeasurement of forward purchase agreement liabilities	7,810	25,702
Total adjusted	43,087	33,775

Finance expenses increased by \$27.2 million to \$35.3 million compared to \$8.1 million in the prior year. Both years' finance expenses include the non-cash and non-taxable amounts related to the remeasurement of forward purchase agreement liabilities with respect to certain past business acquisitions which represented for the year an income of \$7.8 million compared to \$25.7 million in 2014. Adjusted finance expense which exclude the remeasurement of forward purchase agreement liabilities increased by \$9.3 million or 27.6% at \$43.1 million from \$33.8 million in 2014 principally explained by a \$8.6 million increase in the interest on long-term debt from \$25.1 million in 2014 to \$33.7 million in 2015. The increase is due to increased borrowings in relation with the issuance of convertible debentures in October 2014 as part of the acquisition of Dorel Juvenile China.

The full year average interest rate on the Company's long-term borrowings was approximately 5.1%, compared with 4.9% in 2014.

Income before income taxes was \$23.0 million compared to a loss of \$29.9 million in 2014. Adjusted income before income taxes, excluding impairment losses, restructuring and other costs and remeasurement of forward purchase agreement liabilities decreased by \$36.8 million, or 37.9% to \$60.2 million compared to \$97.0 million in 2014.

As a multi-national company, Dorel is resident in numerous countries and therefore subject to different tax rates in those various tax jurisdictions and by the interpretation and application of these tax laws, as well as the application of income tax treaties between various countries. As such, significant variations from year to year in the Company's combined tax rate can occur. In 2015, the Company's effective tax rate was (11.9)% compared to 28.9% in 2014. Excluding the income taxes on impairment losses, restructuring and other costs in both 2015 and 2014, the Company's adjusted tax rate was 3.6% and 13.4% respectively. The main causes of the variations are changes in the jurisdictions in which the Company generated its income and the recognition of tax benefits as a result of a foreign reorganization.

The components and variation in the Company's tax rate for the years ended as of December 30, are summarized below:

	2015		2014	
	\$	%	\$	%
INCOME (LOSS) BEFORE INCOME TAXES	22,966		(29,929)	
PROVISION FOR INCOME TAXES ⁽¹⁾	6,040	26.3	(7,871)	26.3
ADD (DEDUCT) EFFECT OF:				
Difference in statutory tax rates of foreign subsidiaries	716	3.1	(19,963)	66.7
Non-recognition of tax benefits related to tax losses and temporary differences	5,219	22.7	6,801	(22.7)
Tax incentives	(2,226)	(9.7)	(2,808)	9.4
Non-deductible (non-taxable) forward purchase agreement liabilities	(2,655)	(11.6)	(6,408)	21.4
Non-deductible impairment of goodwill	3,284	14.3	30,847	(103.1)
Permanent differences	(6,550)	(28.5)	(7,452)	24.9
Benefit as a result of a reorganization	(6,744)	(29.3)	-	-
Effect of foreign exchange, change in tax rates and other - net	178	0.8	(1,806)	6.0
TOTAL INCOME TAXES	(2,738)	(11.9)	(8,660)	28.9

⁽¹⁾ The applicable statutory tax rates are 26.3% for the years ended December 30, 2015 and 2014. The Company's applicable tax rate is the Canadian combined rate applicable in the jurisdictions in which the Company operates.

The components and variation in the adjusted Company's tax rate for the years ended as of December 30, are summarized below:

	2015		2014	
	\$	%	\$	%
ADJUSTED INCOME BEFORE INCOME TAXES	60,198		96,964	
PROVISION FOR INCOME TAXES ⁽¹⁾	15,832	26.3	25,502	26.3
ADD (DEDUCT) EFFECT OF:				
Difference in statutory tax rates of foreign subsidiaries	(2,170)	(3.6)	(5,294)	(5.5)
Non-recognition of tax benefits related to tax losses and temporary differences	3,873	6.4	6,497	6.7
Tax incentives	(2,226)	(3.7)	(2,808)	(2.9)
Permanent differences	(6,550)	(10.9)	(9,151)	(9.4)
Benefit as a result of a reorganization	(6,744)	(11.2)	-	-
Effect of foreign exchange, change in tax rates and other - net	178	0.3	(1,761)	(1.8)
TOTAL ADJUSTED INCOME TAXES	2,193	3.6	12,985	13.4

⁽¹⁾ The applicable statutory tax rates are 26.3% for the years ended December 30, 2015 and 2014. The Company's applicable tax rate is the Canadian combined rate applicable in the jurisdictions in which the Company operates.

e) Segmented annual operating review

Dorel Juvenile

Dorel Juvenile - Reconciliation of non-GAAP financial measures:

	Year Ended December 30					
	2015			2014		
	Reported	Restructuring and other costs	Adjusted	Reported	Impairment losses, restructuring and other costs	Adjusted
	\$	\$	\$	\$	\$	\$
TOTAL REVENUE	1,039,947	-	1,039,947	1,070,513	600	1,071,113
Cost of sales	756,981	(1,230)	755,751	779,135	(6,218)	772,917
GROSS PROFIT	282,966	1,230	284,196	291,378	6,818	298,196
Selling expenses	115,953	-	115,953	117,959	-	117,959
General and administrative expenses	97,128	-	97,128	93,069	-	93,069
Research and development expenses	27,438	-	27,438	25,229	-	25,229
Restructuring and other costs	12,700	(12,700)	-	8,338	(8,338)	-
Impairment losses on goodwill and intangible assets	-	-	-	125,821	(125,821)	-
OPERATING PROFIT (LOSS)	29,747	13,930	43,677	(79,038)	140,977	61,939

Dorel Juvenile adjusted operating profit in percentage of adjusted revenue for the years ended December 30:

	2015		2014		Change		
		% of		% of			% of
	\$	revenue	\$	revenue	\$	%	revenue
TOTAL ADJUSTED REVENUE	1,039,947	100.0	1,071,113	100.0	(31,166)	(2.9)	-
ADJUSTED GROSS PROFIT	284,196	27.3	298,196	27.9	(14,000)	(4.7)	(0.6)
Selling expenses	115,953	11.2	117,959	11.0	(2,006)	(1.7)	0.2
General and administrative expenses	97,128	9.3	93,069	8.7	4,059	4.4	0.6
Research and development expenses	27,438	2.6	25,229	2.4	2,209	8.8	0.2
ADJUSTED OPERATING PROFIT	43,677	4.2	61,939	5.8	(18,262)	(29.5)	(1.6)

Dorel Juvenile's revenue declined by 2.9%, or \$30.6 million to \$1,039.9 million from \$1,070.5 million in 2014. After removing the effect of the Dorel Juvenile China acquisition in November 2014 and the impact of varying exchange rates year-over-year, organic revenue increased by approximately 1% led by Latin American divisions posting double digit sales growth in local currency and renewed success in selling wooden juvenile furniture products, particularly in higher margin items. The European division's car seat sales grew strongly in most of Northern markets. This revenue growth was mostly offset by declines in North America with reduced sales in Canada and in the U.S. to specific major retailers.

Gross profit of 27.2% remained flat compared to 2014. Adjusted gross profit, excluding restructuring and other costs decreased by 60 basis points to 27.3% from 27.9% in 2014. The decrease is largely explained by foreign currency pressures as non-US based divisions saw their currencies weaken significantly against the US dollar and partly to lower gross margins generated by Dorel Juvenile China compared to other Dorel Juvenile's operating entities. This was partly offset by decreased sales in the segment's low margin markets such as the U.S. and Canada while sales grew in the higher margins jurisdictions, such as Chile and Europe. Successful implementation of selective price increases and the introduction of new products at better margins partly offset the net negative impact of varying foreign exchange rates.

Operating profit increased by \$108.7 million to \$29.7 million compared to a loss of \$79.0 million a year ago. Excluding impairment losses and restructuring and other costs, adjusted operating profit declined by 29.5%, or \$18.2 million to \$43.7 million from \$61.9 million in 2014 principally due to the foreign exchange rate pressures which had a net negative impact on operating profit of approximately \$20 million and partly from Dorel Juvenile China operating losses. This was partly offset by stronger margins related to the implementation of strategic price increases and to the introduction of new products.

Selling expenses declined by 1.7%, or \$2.0 million to \$116.0 million from \$118.0 million in the prior year mainly from the fluctuation of foreign currencies partly offset by Dorel Juvenile China recording a full year of expenses compared to two months in the prior year. As a percentage of revenue, these costs represented 11.2% compared to 11.0% in 2014 mainly explained by higher margins jurisdictions where more support, marketing and promotion is required such as Chile, with the retail market and Europe. These expenses mainly represented higher selling expenses to promote the launch of new products.

General and administrative expenses rose by 4.4% or \$4.0 million to \$97.1 million from \$93.1 million in 2014. As a percentage of revenue, these expenses increased by 0.6% from 8.7% in the prior year to 9.3% in 2015. The rise in general and administrative expense was explained by Dorel Juvenile China's full year of expenses partly offset by the positive impact of foreign exchange and by lower product liability costs.

Research and development expenses increased by 8.8%, or \$2.2 million from \$25.2 million in 2014 compared to \$27.4 million in 2015. As a percentage of revenue, these expenses increased by 0.2% from 2.4% in the prior year to 2.6% in 2015 mainly explained by a full year of expenses from Dorel Juvenile China.

Dorel Sports

Dorel Sports – Reconciliation of non-GAAP financial measures :

	Year Ended December 30					
	2015			2014		
	Reported	Impairment losses, restructuring and other costs	Adjusted	Reported	Restructuring and other costs	Adjusted
	\$	\$	\$	\$	\$	\$
TOTAL REVENUE	1,000,209	-	1,000,209	1,053,183	-	1,053,183
Cost of sales	787,870	(2,512)	785,358	806,451	(1,175)	805,276
GROSS PROFIT	212,339	2,512	214,851	246,732	1,175	247,907
Selling expenses	98,819	-	98,819	98,631	-	98,631
General and administrative expenses	67,611	-	67,611	74,720	-	74,720
Research and development expenses	6,414	-	6,414	7,049	-	7,049
Restructuring and other costs	2,090	(2,090)	-	10,443	(10,443)	-
Impairment losses on goodwill and intangible assets	26,510	(26,510)	-	-	-	-
OPERATING PROFIT	10,895	31,112	42,007	55,889	11,618	67,507

Dorel Sports adjusted operating profit in percentage of revenue for the years ended December 30:

	2015		2014		Change		
	\$	% of revenue	\$	% of revenue	\$	%	% of revenue
TOTAL REVENUE	1,000,209	100.0	1,053,183	100.0	(52,974)	(5.0)	-
ADJUSTED GROSS PROFIT	214,851	21.5	247,907	23.5	(33,056)	(13.3)	(2.0)
Selling expenses	98,819	9.9	98,631	9.4	188	0.2	0.5
General and administrative expenses	67,611	6.8	74,720	7.0	(7,109)	(9.5)	(0.2)
Research and development expenses	6,414	0.6	7,049	0.7	(635)	(9.0)	(0.1)
ADJUSTED OPERATING PROFIT	42,007	4.2	67,507	6.4	(25,500)	(37.8)	(2.2)

Dorel Sports revenue decreased by \$53.0 million, or 5.0% to \$1,000.2 million in 2015 compared to \$1,053.2 million a year ago. Organic revenue increased by approximately 3%, after removing the impact of varying foreign exchange rates year-over-year. The main drivers of the revenue growth were in the IBD channel due to increased demand of new model year 2016 bicycles featuring more new platforms than any model year before. Sales of battery powered ride-on's in the U.S. mass market channel also showed strong growth.

Gross profit declined by 220 basis points to 21.2% in 2015 compared to 23.4% in the prior year. Removing the impact of restructuring and other costs, adjusted gross profit decreased by 200 basis points to 21.5% from 23.5% in the prior year. The decline is mainly due to unfavorable exchange rate variations and higher than anticipated logistic costs in North America which was partly offset by price increases in response to the varying foreign exchange rates.

Operating profit decreased by \$45.0 million from \$55.9 million in 2014 to \$10.9 million in 2015. Excluding impairment losses and restructuring and other costs, adjusted operating profit decreased by \$25.5 million or 37.8% from last year. All major divisions saw their currencies weaken significantly against the US dollar which had a net negative impact on the segment's operating profit of approximately \$29 million year-to-date.

Selling expenses remained flat compared to prior year. As a percentage of revenue, these costs increased by 0.5% compared to 2014 mainly explained by higher advertising and sales support expenses in order to promote the new 2016 product lines.

General and administrative expenses decreased by 9.5% or \$7.1 million, to \$67.6 million in 2015 from \$74.7 million in the prior year. As a percentage of revenue, these expenses represented 6.8% in 2015 and 7.0% in 2014. This decrease was mainly due to the positive impact of foreign exchange, lower product liability costs, reduced professional fees, lower variable compensation costs as well as controls over reducing operating costs. Research and development expenses slightly decreased by \$0.6 million or by 0.1% as a percentage of revenue due to timing of these expenses.

Dorel Home Furnishings

Dorel Home Furnishings operating profit in percentage of revenue for the years ended December 30:

	2015		2014		Change		
	\$	% of revenue	\$	% of revenue	\$	%	% of revenue
TOTAL REVENUE	643,201	100.0	553,858	100.0	89,343	16.1	-
GROSS PROFIT	86,193	13.4	67,214	12.1	18,979	28.2	1.3
Selling expenses	17,641	2.7	16,253	2.9	1,388	8.5	(0.2)
General and administrative expenses	26,938	4.2	23,094	4.2	3,844	16.6	-
Research and development expenses	3,743	0.6	3,833	0.7	(90)	(2.3)	(0.1)
OPERATING PROFIT	37,871	5.9	24,034	4.3	13,837	57.6	1.6

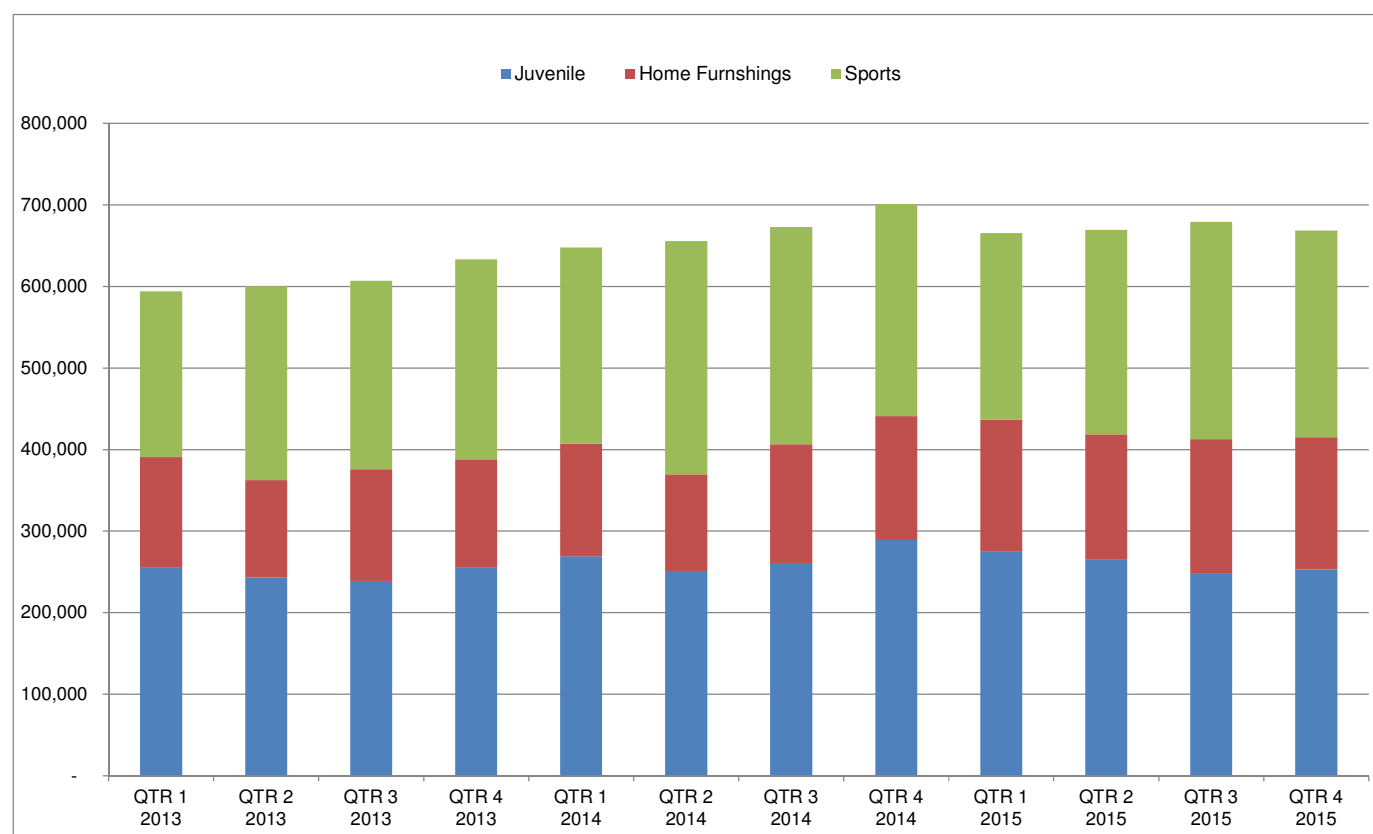
For the year, Dorel Home Furnishings revenue increased by \$89.3 million, or 16.1% to \$643.2 million compared to \$553.9 million in 2014. The segment presented another record year of sales to on-line retailers which continue to drive revenue, representing 37% of total segment sales compared to 30% in 2014. Brick and mortar sales also strongly contributed to revenue growth throughout the year with the exception of the fourth quarter where these decreased mainly due to earlier shipments of promotional items compared to the same period last year.

Gross profit in 2015 increased by 130 basis points to 13.4% compared to 12.1% last year and operating profit increased by \$13.8 million, or 57.6% mainly driven by substantial increase in on-line sales partly offset by higher material and overhead costs at the segment's ready-to-assemble domestic manufacturing plants.

Operating expenses, consisting of selling, general and administrative and research and development costs increased by \$5.1 million due to higher commission expenses and product liability costs linked with increased sales. As a percentage of revenue, these expenses decreased by 0.3% derived from tight management of operating expenses, which contributed to the operating profit margin increase.

Seasonality

Though revenues at the operating segments within Dorel may vary in their seasonality, for the Company as a whole, variations between quarters are not significant as illustrated below.



f) Selected quarterly financial information

Variations in the total adjusted revenue across the Company's segments for the fourth quarters:

	2015	2014	Change	
	\$	\$	\$	%
Dorel Juvenile	253,037	289,836	(36,799)	(12.7)
Dorel Sports	253,694	260,083	(6,389)	(2.5)
Dorel Home Furnishings	162,207	151,683	10,524	6.9
TOTAL ADJUSTED REVENUE	668,938	701,602	(32,664)	(4.7)

Selected financial information from the consolidated income statement for the quarters ended:

	Dec. 30, 2015	Sep. 30, 2015	Jun. 30, 2015	Mar. 31, 2015
	\$	\$	\$	\$
Total revenue	668,938	679,287	669,643	665,489
Net income (loss)	6,614	(8,757)	16,215	11,632
Adjusted net income	14,116	15,469	16,622	11,799
Earnings (loss) per share:				
Basic	0.20	(0.27)	0.50	0.36
Diluted	0.20	(0.27)	0.50	0.36
Adjusted earnings per share:				
Basic	0.44	0.48	0.51	0.37
Diluted	0.43	0.48	0.51	0.36
After-tax impact of impairment losses, restructuring and other costs and remeasurement of the forward purchase agreement liabilities on the diluted earnings per share for the quarter	(0.23)	(0.75)	(0.01)	-

	Dec. 30, 2014	Sep. 30, 2014	Jun. 30, 2014	Mar. 31, 2014
	\$	\$	\$	\$
Total revenue	701,002	673,020	655,831	647,701
Net income (loss)	(80,749)	19,480	15,200	24,800
Total adjusted revenue	701,602	673,020	655,831	647,701
Adjusted net income	10,993	23,771	19,769	29,435
Earnings (loss) per share:				
Basic	(2.50)	0.60	0.47	0.78
Diluted	(2.50)	0.60	0.47	0.77
Adjusted earnings per share:				
Basic	0.34	0.74	0.61	0.92
Diluted	0.34	0.73	0.61	0.91
After-tax impact of impairment losses, restructuring and other costs and remeasurement of the forward purchase agreement liabilities on the diluted earnings per share for the quarter	(2.84)	(0.13)	(0.14)	(0.14)

Principal changes in net income for the fourth quarter ended December 30, 2015 compared to the fourth quarter ended December 30, 2014:

	Reported	Impairment losses, restructuring and other costs	Adjusted
	\$	\$	\$
Dorel Juvenile increase	133,908	(132,544)	1,364
Dorel Sports decrease	(1,174)	(1,691)	(2,865)
Dorel Home Furnishings increase	4,277	-	4,277
Total increase in operating profit	137,011	(134,235)	2,776
(Increase) in finance expenses other than the remeasurement of the forward purchase agreement liabilities	(2,422)	-	(2,422)
(Increase) in the remeasurement of the forward purchase agreement liabilities	(32,858)	32,858	-
(Increase) decrease in income taxes	(16,579)	17,137	558
Decrease in corporate expenses	2,211	-	2,211
Total increase in net income	87,363	(84,240)	3,123

g) Consolidated quarterly operating review

Revenue for the fourth quarter decreased by 4.6% or \$32.1 million from \$701.0 million a year ago to \$668.9 million. After removing the effect of varying exchange rates and Dorel Juvenile China acquired in November 2014, organic revenue improved by approximately 4%. This increase was driven by Dorel Juvenile's strong sales in the Latin American divisions and in the wooden furniture products, Dorel Sports' higher demand in the IBD channel for the new model year 2016 bicycles and for the battery powered ride-ons and record sales through on-line retailers in Dorel Home Furnishings. This revenue growth was partly offset by Dorel Juvenile's reduced sales in the U.S. and in Canada and by lower brick and mortar sales in Dorel Home Furnishings compared to the last quarter in 2014.

During the fourth quarter of 2015, gross profit increased by 190 basis points to 22.3% from 20.4% in the prior year. Adjusted gross profit rose by 100 basis points to 22.3% from 21.3% in the same quarter last year. Dorel Juvenile implemented price increases during the quarter and decreased its sales in lower margin markets while sales grew in higher margin jurisdictions. Dorel Home Furnishings presented a record growth in on-line sales. These strategic actions were partly offset by significant unfavorable exchange rate variations.

Operating profit amounted to \$15.8 million compared to a loss of \$123.4 million in prior year's comparable period. Adjusted operating profit increased by 26.6% or \$5.0 million to \$23.7 million from \$18.7 million in 2014. Improved margins reflected in Dorel Juvenile and in Dorel Home Furnishings were partly offset by lower margins in Dorel Sports. The weakening of foreign exchange currencies had a consolidated net negative impact on the operating profit of Dorel Juvenile and Dorel Sports of approximately \$10 million in the fourth quarter of 2015.

Operating expenses, which include selling, general and administrative, and research and development expenses decreased by 4.0% or \$5.2 million representing \$125.8 million compared to \$131.0 million in the fourth quarter last year. The positive impact of foreign currencies on these costs, lower product liability costs and reduced professional fees were partly offset by higher sales support and marketing expenses in order to promote new products in the Dorel Juvenile segment and higher commission expenses in Dorel Home Furnishings due to strong performance. As a percentage of revenue, these expenses remained flat compared to 2014.

Details of the finance expenses for the quarter are presented below:

	2015	2014
	\$	\$
Interest on long-term debt - including effect of cash flow hedge related to the interest rate swaps and the accreted interest related to long-term debt bearing interest at fixed rates	9,389	7,669
Remeasurement of forward purchase agreement liabilities	2,069	(30,789)
Amortization of deferred financing costs	246	144
Other interest	3,110	2,510
Total reported	14,814	(20,466)
Adjustment due to remeasurement of forward purchase agreement liabilities	(2,069)	30,789
Total adjusted	12,745	10,323

Finance expenses for the fourth quarter were \$14.8 million in 2015 compared to an income of \$20.5 million in 2014. Excluding the impact of the remeasurement of forward purchase agreement liabilities, adjusted finance expenses for the quarter were \$12.7 million compared with \$10.3 million in the fourth quarter of 2014. Interest on long-term debt for the quarter increased to \$9.4 million from \$7.7 million last year due to higher average interest rates.

Income before income taxes was \$1.0 million for the fourth quarter of 2015 versus a loss before income taxes of \$103.0 million in 2014. Excluding pre-tax impairment losses and restructuring and other costs and remeasurement of forward purchase agreement liabilities, adjusted income before income taxes was \$11.0 million in 2015, an increase of \$2.6 million compared to the fourth quarter of 2014.

In the last quarter of 2015, the Company's effective tax rate was (567.4%) compared to 21.6% in 2014. The Company's adjusted effective tax rate was (28.7%) and (30.8%) in 2015 and 2014 fourth quarters respectively. The main causes of the variations are changes in permanent differences in foreign jurisdictions, changes in the jurisdictions in which the Company generated its income and the recognition of tax benefits as a result of a foreign reorganization.

Net income for the fourth quarter was \$6.6 million compared to a net loss of \$80.7 million last year. Adjusted net income for the fourth quarter was \$14.1 million an increase from \$11.0 million in 2014. Earnings per diluted share for the quarter was \$0.20 compared to a loss per diluted share of \$2.50 in 2014. Adjusted earnings per diluted share for the quarter were \$0.43 compared to \$0.34 in fourth quarter of the previous year.

h) Segmented quarterly operating review

Segment operating results for the fourth quarters:

Fourth Quarters Ended December 30,											
2015						2014					
	Reported	% of revenue	Restructuring and other costs	Adjusted	% of revenue	Reported	% of revenue	Impairment losses, restructuring and other costs	Adjusted	% of revenue	Adjusted Change %
<u>Dorel Juvenile</u>											
TOTAL REVENUE	253,037	100.0	-	253,037	100.0	289,236	100.0	600	289,836	100.0	(12.7)
GROSS PROFIT	74,336	29.4	363	74,699	29.5	69,022	23.9	6,818	75,840	26.2	(1.5)
Selling expenses	31,234	12.3	-	31,234	12.3	32,020	11.1	-	32,020	11.2	(2.5)
General and administrative expenses	25,430	10.1	-	25,430	10.1	25,927	9.0	-	25,927	8.9	(1.9)
Research and development expenses	7,855	3.1	-	7,855	3.1	9,077	3.1	-	9,077	3.1	(13.5)
Restructuring and other costs	6,802	2.7	(6,802)	-	-	7,070	2.5	(7,070)	-	-	-
Impairment losses on goodwill and intangible assets	-	-	-	-	-	125,821	43.5	(125,821)	-	-	-
OPERATING PROFIT (LOSS)	3,015	1.2	7,165	10,180	4.0	(130,893)	(45.3)	139,709	8,816	3.0	15.5
<u>Dorel Sports</u>											
TOTAL REVENUE	253,694	100.0	-	253,694	100.0	260,083	100.0	-	260,083	100.0	(2.5)
GROSS PROFIT	51,298	20.2	-	51,298	20.2	56,890	21.9	-	56,890	21.9	(9.8)
Selling expenses	24,226	9.5	-	24,226	9.5	24,490	9.4	-	24,490	9.4	(1.1)
General and administrative expenses	16,145	6.4	-	16,145	6.4	18,498	7.2	-	18,498	7.2	(12.7)
Research and development expenses	1,762	0.7	-	1,762	0.7	1,872	0.7	-	1,872	0.7	(5.9)
Restructuring and other costs	742	0.3	(742)	-	-	2,433	0.9	(2,433)	-	-	-
OPERATING PROFIT	8,423	3.3	742	9,165	3.6	9,597	3.7	2,433	12,030	4.6	(23.8)
<u>Dorel Home Furnishings</u>											
TOTAL REVENUE	162,207	100.0	-	162,207	100.0	151,683	100.0	-	151,683	100.0	6.9
GROSS PROFIT	23,497	14.5	-	23,497	14.5	17,033	11.2	-	17,033	11.2	37.9
Selling expenses	4,736	2.9	-	4,736	2.9	4,168	2.7	-	4,168	2.7	13.6
General and administrative expenses	8,310	5.1	-	8,310	5.1	6,719	4.4	-	6,719	4.4	23.7
Research and development expenses	937	0.6	-	937	0.6	909	0.6	-	909	0.6	3.1
OPERATING PROFIT	9,514	5.9	-	9,514	5.9	5,237	3.5	-	5,237	3.5	81.7

Dorel Juvenile

Dorel Juvenile's fourth quarter revenue decreased by 12.5% or \$36.2 million to \$253.0 million from \$289.2 million in the prior year. Excluding the impact of foreign exchange and Dorel Juvenile China acquired in 2014, organic revenue increased by approximately 1% led by strong sales from the Latin American divisions and the juvenile wooden furniture products which were mainly offset by the reduced sales in Canada and in the U.S.

Gross profit increased by 550 basis points to 29.4% in the fourth quarter from 23.9% last year. Adjusted gross profit, excluding restructuring and other costs increased by 330 basis points to 29.5% from 26.2% recorded in 2014 driven by the successful implementation of selective price increases and the introduction of new products at better margins in almost all markets which allowed the segment to more than offset foreign exchange rate pressures.

Operating profit amounted to \$3.0 million during the fourth quarter of 2015 compared to a loss of \$130.9 million posted a year ago. After removing impairment losses and restructuring and other costs, adjusted operating profit increased by 15.5% or \$1.4 million, to \$10.2 million, from \$8.8 million in 2014. This was driven by improved margins and lower operating expenses more than counterweighed the foreign exchange rate pressures which had a net negative impact of approximately \$5 million on the segment's operating profit.

Total operating expenses, which include selling, general and administrative and research and development expenses declined by 3.7%, or \$2.5 million to \$64.5 million compared to \$67.0 million in the fourth quarter of 2014 mainly due to foreign exchange which had a positive impact on these expenses. As a percentage of adjusted revenue, these expenses rose by 2.3% to 25.5% compared to 23.2% in 2014 explained by higher sales support and marketing expenses to promote new product lines partly offset by lower product liability costs.

Dorel Sports

For the fourth quarter of 2015, Dorel Sports revenue decreased by \$6.4 million or 2.5% compared to last year. Organic revenue increased by approximately 3% after removing the impact of foreign exchange rates year over year. This was driven by increased demand in the IBD channel for new model year 2016 bicycles while higher shipments of battery powered ride-on's also contributed to the growth.

Gross profit declined by 170 basis points from 21.9% last year to 20.2% for the quarter mainly due to unfavorable foreign exchange rate variations partly offset by price increases on the new model year 2016 bicycles.

Operating profit decreased by 12.2% or \$1.2 million to \$8.4 million from \$9.6 million in the prior year's fourth quarter. Excluding restructuring and other costs, adjusted operating profit decreased by 23.8% or \$2.8 million, to \$9.2 million from \$12.0 million when comparing to 2014. All major divisions saw their currencies weaken significantly against the US dollar which had a net negative impact on the segment's operating profit of approximately \$5 million during the fourth quarter.

Overall operating expenses have decreased by 6.1% or \$2.7 million to \$42.1 million from \$44.9 million, mainly explained by the positive foreign exchange impact. As a percentage of revenue, these costs declined by 0.7% to represent 16.6% versus 17.3% in the comparable quarter due to reduced professional fees and lower variable compensation costs.

Dorel Home Furnishings

In the fourth quarter, Dorel Home Furnishings revenue increased by \$10.5 million, or 6.9% to \$162.2 million compared to last year's \$151.7 million. Record segment's sales through on-line retailers drove revenue to represent over 44% of total segment sales in the fourth quarter. This substantial growth was partly offset by lower brick and mortar sales mainly due to earlier shipments of promotional items compared to the same period last year.

Gross profit in the fourth quarter improved by 330 basis points to 14.5% compared to 11.2% in 2014 mainly explained by the segment's significant on-line sales increase and by lower commodity prices and freight rates. Operating profit was \$9.5 million, an increase of 81.7% from prior year.

Operating expenses, consisting of selling, general and administrative and research and development expenses rose by 18.5% or \$2.2 million from \$11.8 million last year to \$14.0 million in 2015. As a percentage of revenue, this represents an increase of 0.9% from 7.7% in 2014 to 8.6% in 2015. This was mainly explained by higher variable compensation costs due to strong performance and increased commission expenses. The fourth quarter also

included higher product liability costs which were mainly due to timing as on a full year basis these expenses remain flat as a percentage of revenue compared to 2014.

4. FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

a) Selected information from the consolidated statement of financial position

	as at:		
	December 30, 2015 \$	December 30, 2014 \$	December 30, 2013 \$
Total assets	2,304,945	2,529,959	2,439,963
<u>Long-term liabilities excluding current portion:</u>			
Long-term debt	465,732	490,188	13,183
Provisions	1,702	1,765	1,993
Written put option and forward purchase agreement liabilities	30,788	44,640	92,570
Other financial liabilities	1,890	2,063	2,727
Other long-term liabilities	10,569	10,428	12,751
<u>Other:</u>			
Current portion of long-term debt and bank indebtedness	87,328	89,609	416,920
Current portion of written put option and forward purchase agreement	4,104	-	-
Total	602,113	638,693	540,144

In 2014 and 2013, the Company made acquisitions of businesses which impacted the total assets and the total long-term debt as indicated in the above table. In 2015, the majority of the change can be attributed to the significant variance in the Company's foreign subsidiaries' local currencies versus the US dollar. In addition, as described earlier, the Company recorded during its third quarter of 2015 and its fourth quarter of 2014 \$26.5 million and \$125.8 million respectively, of impairment losses on goodwill and intangible assets. In 2015, the goodwill related to Dorel Juvenile China was adjusted as a result of the finalization of the fair value of the assets acquired, the liabilities assumed and the consideration transferred.

b) Working Capital

Certain of the Company's working capital ratios are:

	As at:	
	Dec. 30, 2015	Dec. 30, 2014
Debt* to equity	0.50	0.48
# of days in receivables	61	65
# of days in inventory	102	111
# of days in payables	63	71

*Debt is defined as bank indebtedness plus long-term debt

The debt to equity ratio increased slightly compared to the prior year primarily as a result of lower total equity due to the foreign exchange difference between the two years.

Working capital ratios in number of days improved with management's focus on working capital efficiencies in the second half of 2015 and more specifically with inventory control priorities put in place. The decrease in the number of days in receivables and payables mainly reflects the foreign exchange fluctuation. Management continually examines methods of minimizing the use of working capital and maximizing cash flow for the Company.

c) Cash Flow

For the year, cash flow provided by operating activities was \$78.7 million compared to \$101.6 million recorded in 2014, a decrease of \$22.9 million as set out below.

	Source (Use) of cash		
	2015	2014	Change
	\$	\$	\$
Net income (loss) adjusted by items not involving cash	167,854	195,641	(27,787)
Trade and other receivables	2,194	(15,340)	17,534
Inventories	6,491	(78,035)	84,526
Other financial assets	(333)	886	(1,219)
Prepaid expenses	3,777	506	3,271
Other assets	(391)	(2,481)	2,090
Trade and other payables	(42,454)	59,946	(102,400)
Net pension and post-retirement defined benefit liabilities	(3,941)	(3,622)	(319)
Provisions, other financial liabilities and other long-term liabilities	(11,670)	(12,351)	681
Net changes in balances related to operations	(46,327)	(50,491)	4,164
Net income taxes and interests paid	(42,811)	(43,502)	691
Cash provided by operating activities	78,716	101,648	(22,932)

Free cash flow, a non-GAAP financial measure, was \$(11.1) million in 2015 versus \$6.0 million in 2014, detailed as follows:

	2015	2014	Change
	\$	\$	\$
Cash provided by operating activities	78,716	101,648	(22,932)
Less:			
Dividends paid	(38,771)	(38,651)	(120)
Shares repurchased	-	-	-
Additions to property, plant & equipment - net	(33,335)	(34,842)	1,507
Additions to intangible assets	(17,744)	(22,109)	4,365
FREE CASHFLOW⁽¹⁾	(11,134)	6,046	(17,180)

⁽¹⁾ "Free cashflow" is a non-GAAP financial measure and is defined as cash provided from operating activities less dividends paid, shares repurchased, net additions to property plant and equipment, and intangibles assets (see note in the Non-GAAP measures section)

The free cash-flow decrease in 2015 compared to 2014 is mainly due to the negative change in cash provided by operating activities offset partly by a reduction in additions to property, plant and equipment and intangible assets.

The Company's net debt position, defined as long-term debt and bank indebtedness less cash and cash equivalents, was \$519.9 million as at December 30, 2015 compared to \$532.7 million at the end of the prior year a decrease of \$12.8 million.

In 2015, the Company used \$174.1 million less cash in investing activities compared to 2014 when \$170.6 million had been invested in the business acquisition of Dorel Juvenile China. After excluding this acquisition, less cash was used in investing activities in 2015 than in 2014.

d) Contractual Obligations

	Total	less than 1 year	2 - 3 years	4 - 5 years	After 5 years
	\$	\$	\$	\$	\$
Bank indebtedness	54,471	54,471	-	-	-
Long-term debt repayments	506,448	32,857	269,990	203,601	-
Future minimum lease payments exclusive of additional charges	188,681	40,593	61,725	28,873	57,490
Interest payments ⁽¹⁾	71,554	26,694	30,470	14,390	-
Trade and other payables	434,178	434,178	-	-	-
Foreign exchange contracts and interest rate swaps	1,105	895	210	-	-
Written put option and forward purchase agreement liabilities	34,892	4,104	3,636	27,152	-
Other financial liabilities	1,680	-	1,055	250	375
Expenditure related to marketing	15,425	7,500	7,925	-	-
Minimum payments under licensing agreements	14,240	6,573	7,667	-	-
Capital addition purchase commitments	4,671	4,671	-	-	-
Total contractual obligations	1,327,345	612,536	382,678	274,266	57,865

⁽¹⁾ Interest payments on the Company's revolving bank loans are calculated using the interest rate in effect for the year ended December 30, 2015 and assumes no debt reduction until the due date in July 2017, at which point the loan would be paid in full. Interest payments on the Company's notes and debentures are as specified in the related agreements.

The Company does not have significant contractual commitments beyond those reflected in the consolidated statement of financial position, the commitments listed in Note 26 to the Consolidated Financial Statements or those listed in the table above.

As of June 19, 2015, the Company amended and restated its Note Purchase Agreement. The Company repaid the \$50.0 million Series "A" Senior Guaranteed Notes and issued \$50.0 million Series "C" Senior Guaranteed Notes with similar terms and conditions. The existing Series "B" Senior Guaranteed Notes and the newly issued \$50.0 million Series "C" Senior Guaranteed Notes bear interest as at December 30, 2015 at 6.39% and 4.60%, respectively.

As of June 19, 2015, the Company amended and restated its Credit Agreement with respect to its revolving bank loans and increased the total availability under the revolving bank loans to \$400.0 million from the availability as at December 30, 2014 of \$360.0 million. The accordion feature included in the Credit Agreement allowing the Company to have access to an additional \$100.0 million as of December 30, 2014 was decreased to \$60.0 million. Effective November 20, 2015, the Company increased the total availability of its revolving bank loans from \$400.0 million to \$422.0 million, while decreasing the availability of the accordion feature by the same amount.

The Series "B" and "C" Senior Guaranteed Notes as well as the revolving bank loans are secured over certain of the Company's trade receivables and inventories with a carrying value of \$270.5 million and \$425.8 million respectively.

In addition, the non-convertible debentures are secured over certain inventories in the minimum amount of \$12.6 million (BRL 50.0 million) and a maximum of \$25.2 million (BRL 100.0 million) and with a first-ranking degree over certain property, plant and equipment, with a carrying value of \$17.5 million and \$7.3 million, respectively.

Under the terms of its financing agreements, Dorel is required to meet certain financial covenants. As of December 30, 2015, Dorel was compliant with all of its borrowing covenant requirements.

For the purposes of this table, contractual obligations for the purchases of goods or services are defined as agreements that are enforceable and legally binding on the Company and that specify all significant terms, including: fixed or variable price provisions; and the approximate timing of the transaction. With the exception of those listed above, the Company does not have significant agreements for the purchase of raw materials or finished goods specifying minimum quantities or set prices that exceed its short term expected requirements. Therefore, not included in the above table are Dorel's outstanding purchase orders for raw materials, finished goods or other goods and services which are based on current needs and are fulfilled by its vendors on relatively short timetables.

As new product development is vital to the continued success of Dorel, the Company must make capital investments in research and development, moulds and other machinery, equipment and technology. It is expected that the Company will invest approximately \$45.0 million over the course of 2016 to meet its new product development and other growth objectives. The Company expects its existing operations to be able to generate sufficient cash flow to provide for this and other requirements as they arise throughout the year.

Over and above long-term debt in the contractual obligation table, included in the Company's non-current liabilities in the Consolidated Financial Statements are the following amounts:

Pension and post-retirement benefit obligations: As detailed in Note 22 of the Consolidated Financial Statements, an amount of \$43.1 million pertains to the Company's pension and post-retirement benefit plans. In 2016, contributions expected to be made for funded plans and benefits expected to be paid for unfunded plans under these plans will amount to approximately \$3.9 million.

Non-current provisions consist of:	\$
Employee compensation consisting of bonuses based on length of service and profit sharing	1,550
Other provisions due in more than one year	152
	1,702
Other long-term financial liabilities consist of:	\$
Government mandated employee savings plans in Europe	680
Repayable government assistance	1,000
Cash flow hedges - Interest rate swap	210
	1,890
Other long-term liabilities consist of:	\$
Government assistance	2,291
Deferred tenant inducement	4,187
Other liabilities due in more than one year	4,091
	10,569

The written put option and forward purchase agreement liabilities included in current and non-current liabilities pertain to certain of the Company's business acquisitions or incorporation of subsidiaries. In these cases, where the Company holds less than 100% of the shares, the Company has entered into agreements with the non-controlling interest holders for the purchase of the balance of the shares at some future point. Under the terms of these agreements, the purchase price of these shares is a formulaic variable price which is mainly based on earnings level in future periods.

e) Off-Balance Sheet Arrangements

In addition to the contractual obligations listed above, the Company has certain off-balance sheet arrangements and commitments that have financial implications, specifically contingent liabilities, guarantees, and standby letters of credit. The Company's off-balance sheet arrangements are described in Notes 26 and 27 to the Consolidated Financial Statements.

Requests for providing commitments to extend credit and financial guarantees are reviewed and approved by senior management. Management regularly reviews all outstanding commitments, letters of credit and financial guarantees and the result of these reviews are considered in assessing the adequacy of Dorel's reserve for possible credit and guarantee losses.

f) Derivative Financial Instruments

The Company is exposed to interest rate fluctuations, related primarily to its revolving long-term bank loans and non-convertible secured debentures, for which amounts drawn are subject to LIBOR, Euribor, Canadian, U.S. bank rates or a floating Inter-Bank Certificate of Deposit rate in effect at the time of borrowing, plus a margin. The Company manages its interest rate exposure and enters into swap agreements consisting of exchanging variable rates for fixed rates for an extended period of time. All other long-term debts have fixed interest rates and are therefore not exposed to cash flow interest rate risk.

The Company uses interest rate swap agreements to lock-in a portion of its debt cost and reduce its exposure to the variability of interest rates by exchanging variable rate payments for fixed rate payments. The Company has designated its interest rate swaps as cash flow hedges for which it uses hedge accounting.

In the normal course of business, Dorel is subject to various risks relating primarily to foreign exchange risk. In order to mitigate the effects of changes in foreign exchange rates on its revenues, expenses and its cash flows, from time to time, the Company uses various derivative financial instruments such as options, futures and forward contracts to hedge against adverse fluctuations in currency rates. The Company's main source of foreign exchange rate risk resides in sales and purchases of goods denominated in currencies other than the functional currency of each of Dorel's entities. The Company's financial debt is mainly denominated in US dollars, for which no foreign currency hedging is required. Short-term lines of credit, overdrafts and most long-term debts commonly used by Dorel's entities are in the currency of the borrowing entity and therefore carry no exchange-rate risk. Inter-company loans/borrowings are economically hedged as appropriate, whenever they present a net exposure to exchange-rate risk. Additional earnings variability arises from the translation of monetary assets and liabilities denominated in currencies other than the functional currency of each of Dorel's entities at the rates of exchange at each financial position date, the impact of which is reported as a foreign exchange gain and loss in the consolidated income statement.

As such, derivative financial instruments are used as a method for meeting the risk reduction objectives of Dorel by generating offsetting cash flows related to the underlying position with respect to the amount and timing of forecasted transactions. Dorel does not hold or use derivative financial instruments for trading or speculative purposes.

The fair values, average rates and notional amounts of derivatives and the fair values and carrying amounts of financial instruments are disclosed in Note 20 of the Consolidated Financial Statements.

5. CRITICAL ACCOUNTING ESTIMATES

The Consolidated Financial Statements have been prepared in accordance with IFRS. The preparation of these financial statements requires using judgments, which includes making estimates and assumptions at the date of the Consolidated Financial Statements that affect the amounts of assets and liabilities, related amounts of revenues and expenses, and disclosure of contingent assets and contingent liabilities. A complete list of all significant accounting policies is listed in Note 4 to the Consolidated Financial Statements.

The Company believes the following are the most critical accounting policies and related required estimates that affect Dorel's results as presented herein and that would have the most material effect on the financial statements should these accounting estimates change materially or should these policies change or be applied in a different manner:

Goodwill and intangible assets with indefinite useful lives: Goodwill is tested for impairment annually (as at October 31) and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit's (CGU) (or group of CGUs) to which the goodwill relates. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets. The Company defines its CGUs based on the way it internally monitors and derives economic benefits from the acquired goodwill.

Intangible assets with indefinite useful lives are those for which there is no foreseeable limit to their useful economic life as they arise from contractual or other legal rights that can be renewed without significant cost and are the subject of continuous marketing support. Trademarks with indefinite useful lives are tested for impairment at the CGU level annually (as at October 31) and when circumstances indicate that the carrying value may be impaired.

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication of impairment exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount which requires the use of judgment. An asset's

recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. In determining fair value less costs of disposal, an appropriate valuation model is used. Differences in estimates could affect whether goodwill or intangible assets with indefinite useful lives are in fact impaired and the dollar amount of that impairment. Dorel assesses the uncertainty of these estimates by making sensitivity analyses.

Product liability: The Company insures itself to mitigate its product liability exposure. The estimated product liability exposure requires the use of judgment and is discounted and calculated by an independent actuary based on historical sales volumes, past claims history and management and actuarial assumptions. The estimated exposure includes incidents that have occurred, as well as incidents anticipated to occur on products sold prior to the reporting date. Significant assumptions used in the actuarial model include management's estimates for pending claims, product life cycle, discount rates, and the frequency and severity of product incidents. The Company reviews periodically its recorded product liability provisions and any adjustment is recorded in general and administrative expenses.

Written put and call options and forward purchase agreements: Judgment is used to determine whether there are written put and call options or forward purchase agreements in place in certain newly incorporated subsidiaries or business acquisitions when there is a non-controlling shareholder. Management's judgment impacts whether the call option is accounted for separately or not from the put option or combined as one instrument and whether the remeasurement of the instrument is accounted for as other equity or as finance expenses.

Income taxes: The Company follows the liability method of accounting for income taxes. Under this method, deferred income taxes relate to the expected future tax consequences of differences between the carrying amount of assets and liabilities for financial reporting purposes in the consolidated statement of financial position and their corresponding tax values using the enacted or substantively enacted income tax rate, which are expected to be in effect for the year in which the differences are expected to reverse.

A deferred tax asset is recorded when it is probable that it will be realized in the future. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income and tax planning strategies. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment or substantive enactment.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing on the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

The Company's income tax provision is based on tax rules and regulations that are subject to interpretation and require estimates and assumptions that may be challenged by taxation authorities. Management's estimates of income tax assets and liabilities are periodically reviewed and adjusted as circumstances warrant, such as for changes to tax laws and administrative guidance, and the resolution of uncertainties through either the conclusion of tax audits or expiration of prescribed time limits within the relevant statutes. The final results of government tax audits and other events may vary materially compared to estimates and assumptions used by management in determining the provision for income taxes and in valuing income tax assets and liabilities.

Allowances for sales returns and other customer programs: At the time revenue is recognized, the Company records estimated reductions to revenue for customer programs and incentive offerings, including special pricing agreements, promotions, advertising allowances and other volume-based incentives. These estimates are based on agreements with applicable customers, historical experience with the customers and/or product, historical sales returns, changes in internal credit policies, customer concentration and other relevant factors. Actual results can differ greatly from management's estimate.

Allowance for doubtful accounts: The Company is required to make an assessment of whether trade receivables are collectible. Accordingly, management establishes an allowance for estimated losses arising from non-payment and other revenue adjustments, taking into consideration customer creditworthiness, current economic trends and past experience. If future collections differ from estimates, future earnings would be affected.

Inventory valuation: The Company regularly reviews inventory quantities on hand and records a provision for those inventories no longer deemed to be fully recoverable. The cost of inventories may no longer be recoverable if those inventories are slow moving, damaged, if they have become obsolete, or if their selling prices or estimated forecast of product demand declines. If actual market conditions are less favorable than previously projected, or if liquidation of the inventory no longer deemed to be fully recoverable is more difficult than anticipated, additional provisions may be required.

Warranty provisions: A provision for warranty cost is recorded in cost of sales when the revenue for the related product is recognized. The cost is estimated based on a number of factors, including the historical warranty claims and cost experience, the type and duration of the warranty coverage, the nature of the product sold and in service, counter-warranty coverage available from the Company's suppliers and product recalls. The Company reviews periodically its recorded product warranty provisions and any adjustment is recorded in cost of sales.

Business combinations: Business acquisitions are accounted for using the acquisition method as at the acquisition date, when control is transferred. On the date that control is obtained, the identifiable assets acquired, liabilities assumed and consideration transferred of the acquired businesses are measured at fair value. Depending on the complexity of determining these valuations, the Company uses appropriate valuation techniques which are generally based on a forecast of the total expected future net discounted cash flow. These valuations are linked closely to the assumptions made by management regarding the future performance of the related assets and the discount rate applied.

Convertible debentures: As the convertible debentures are convertible into the Company's Class "B" Subordinate Voting Shares, they have been accounted for as a compound financial instrument with a liability component and a separate equity component. The accounting treatment and the valuation of the liability component required the use of estimates and judgment.

6. CHANGE IN ACCOUNTING POLICIES

The following is a change in accounting policies applied by the Company in the preparation of the Consolidated Financial Statements:

IAS 19 – Employee Benefits

Further information on this change in accounting policies can be found in Note 3 of the December 30, 2015 Consolidated Financial Statements.

7. FUTURE ACCOUNTING CHANGES

A number of new standards, interpretations and amendments to existing standards were issued by the International Accounting Standards Board ("IASB") or the IFRS Interpretations Committee ("IFRIC") that are mandatory but not yet effective for the year ended December 30, 2015 and have not been applied in preparing the consolidated financial statements. The following standards have been issued by the IASB with effective dates in the future that have been determined by management to impact the consolidated financial statements:

IFRS 15 – Revenue from Contracts with Customers

IFRS 9 – Financial Instruments

IFRS 16 – Leases

Other Amendments to Standards

Further information on these modifications can be found in Note 5 of the December 30, 2015 Consolidated Financial Statements.

8. MARKET RISKS AND UNCERTAINTIES

General Economic Conditions

In its more than 50 year history, the Company has experienced several economic downturns and its products have proven to be ones that consumers continue to purchase in varying economic conditions. In 2015, in most of its markets, the retail environment could be characterized as challenging. As a result, the majority of the Company's retail customers continued to emphasize price competitiveness as their primary focus. To provide these retail partners with value over and above competitive pricing, Dorel continued to invest in new product development and various brand support initiatives.

In Dorel Juvenile, the Company believes that demand generally remains steady as child safety is a constant priority and parents require products that fulfill that need. In the Company's traditional markets, birth rates are trending lower meaning newer markets like Latin America and Asia with higher birthrates are being exploited. In recent years, while a trend to less expensive items has emerged for certain consumers, a segment of the market is attracted towards higher-end product dividing the marketplace into two distinct consumer groups that the segment services with its multiple brand strategy.

In Dorel Sports, the Company believes that consumer trends that consider health and environmental concerns help buffer this segment against possible declines in overall consumer spending. However, demand can also be affected by weather conditions which are beyond the Company's control. In addition, Dorel offers a great assortment of products in the value priced product category available at its mass merchant customers. This means that should consumers elect to spend less on a particular recreational product, Dorel has alternatives to higher priced items.

In Dorel Home Furnishings, Dorel concentrates exclusively on value priced items and sells the majority of its products through the mass merchant and Internet sales distribution channels. During difficult economic times, when shopping for furniture, consumers are likely to spend less and tend to avoid furniture store outlets and shop at the mass merchants for reasonably priced items.

Should economic conditions worsen significantly, unemployment rise dramatically or bad weather conditions occur, it could have a negative impact on the Company as consumer spending would likely be curtailed. There can be no assurance that the economies, taken as a whole in which the Company operates, will improve going forward and in the event of a substantial deterioration of these economies, the Company could be adversely affected.

Product Costs and Supply

Dorel purchases raw materials, component parts and finished goods. The main commodity items purchased for production include particleboard and plastic resins, as well as corrugated cartons. Key component parts include car seat covers, hardware, buckles and harnesses, bicycle frames, futon frames and covers. These parts are derived from textiles and a wide assortment of metals, plastics and wood. The Company's finished goods purchases are largely derived from steel, aluminum, resins, textiles, rubber and wood.

Raw material costs fluctuations in North America and Europe were explained by resin prices decreasing in the U.S. and Europe in 2015, while particle board prices increased in North America. Although crude oil prices remain at very low levels, United States resin prices are expected to increase in 2016 due to tight supply conditions. Particle board prices are also forecasted to increase in 2016.

The Company's suppliers of components and finished goods experienced lower input material costs in 2015. The Chinese currency ("RMB") depreciated approximately 4% in 2015 and labour costs in China continue to increase at a rate of 10-15% per year.

Industry container freight costs remained volatile in the 1st quarter of 2015 due to ongoing west coast congestion issues in the United States carried over from 2014. Overall container prices decreased in 2015. Current expectations are for container prices to further decline in 2016.

The Company's level of profitability is impacted by its ability to manage these various input costs and adjust pricing to its customers as required. In addition, Dorel relies on its suppliers to provide quality products on a timely basis and has always prided itself on establishing successful long-term relationships both domestically and overseas. The Company remains committed to actively working with its supplier base to ensure that the flow of product is not interrupted. Should input costs increase dramatically or should major existing vendors be unable to supply Dorel, it could have an adverse effect on the Company going forward.

Foreign Currency Fluctuations

Dorel uses the US dollar as its reporting currency. Dorel is subject to risk due to variations in currency values against the US dollar. Foreign currency risk occurs at two levels; transactional and translational. Transactional currency risk occurs when a given division either incurs costs or generates revenues in a currency other than its own functional currency. The Company's operations that are most affected by transactional currency risk are those that operate in the Euro zone, the United Kingdom, Canada, Latin America, Japan and Australia. Translational risk occurs upon conversion of non-US functional currency divisions' results to the US dollar for reporting purposes. Dorel's European, Latin American, Asian and Australian operations are the most significant divisions that do not use the US dollar as their functional currency, and as such translational risk is limited to those operations. The two major functional currencies in Europe are the Euro and Pound Sterling.

Dorel's European, Latin American, Asian and Australian operations are negatively affected by a stronger US dollar as portions of their respective purchases are in that currency, while their revenues are not. The Dorel Sports segment is growing its business more quickly outside of the United States and as such its exposure to fluctuations in the US dollar on both a transactional and translational basis has grown over the past few years. It is similar to the Dorel Juvenile segment in that portions of its purchases are in US dollars, while its revenues are not. Dorel's Canadian operations within Dorel Home Furnishings benefit from a stronger US dollar as large portions of its revenues are generated in the United States and the majority of its costs are in Canadian dollars. This situation is mitigated somewhat by Dorel Juvenile Canada's operations that import US dollar denominated goods and sell to Canadian customers.

Throughout 2015, all major divisions saw their currencies weaken significantly against the stronger US dollar. Since then, the surge in the value of the US dollar versus the majority of Dorel's other operating currencies has continued to have a net negative impact on Dorel's earnings from both transactional and translational levels. Dorel Juvenile and Dorel Sports are the segments most impacted negatively by the strengthening of the US dollar while Dorel Home Furnishings and Corporate benefit positively from it.

The Company uses options, futures and forward contracts to hedge against these adverse fluctuations in currency. Further details on the Company's hedging strategy and the impact in the year can be found in Note 20 to the Consolidated Financial Statements. Significant changes in the value of the US dollar can greatly affect the Company's future earnings.

Concentration of Revenues

For the year ended December 30, 2015, one customer accounted for more than 10% of the Company's revenues, at 27.3% of Dorel's total revenue. In 2014, this customer accounted for 25.9% of total revenue. Dorel does not have long-term contracts with its customers, and as such revenues are dependent upon Dorel's continued ability to deliver attractive products at a reasonable price, combined with high levels of service. There can be no assurance that Dorel will be able to sell to such customers on an economically advantageous basis in the future or that such customers will continue to buy from Dorel.

Customer and Credit Risk

The majority of the Company's revenue is derived from sales to major retail chains. The remainder of Dorel's sales are made mostly to specialty juvenile stores and IBDs. To minimize credit risk, the Company conducts ongoing credit reviews and maintains credit insurance on selected accounts. Should certain of these major retailers cease operations, there could be a material short-term adverse effect on the Company's consolidated results of operations. In the long term, the Company believes that should certain retailers cease to exist, consumers will shop at competitors at which Dorel's products will generally also be sold. As at December 30, 2015, one customer accounted for 13.7% and another customer accounted for 12.3% of the Company's total trade accounts receivable balance. These same customers accounted for 16.0% and 4.1% respectively of the Company total trade accounts

receivable balance as at December 30, 2014. Based on past experience, the Company believes that no significant allowance for doubtful accounts is necessary in respect of trade accounts receivable not past due and past due for zero to 30 days which together represent 86.9% of total gross trade accounts receivable (2014 – 88.7%).

Product Liability

As with all manufacturers of products designed for use by consumers, Dorel is subject to numerous product liability claims, particularly in the United States. Dorel makes ongoing efforts to improve quality control and to ensure the safety of its products. The Company is insured to mitigate its product liability exposure. No assurance can be given that a judgment will not be rendered against Dorel in an amount exceeding the amount of insurance coverage or in respect of a claim for which Dorel is not insured.

Income Taxes

The Company's current organizational structure has resulted in a comparatively low effective income tax rate. This structure and the resulting tax rate are supported by current domestic tax laws in the jurisdictions in which the Company operates and by the interpretation and application of these tax laws. The rate can also be affected by the application of income tax treaties between these various jurisdictions. Unanticipated changes to these interpretations and applications of current domestic tax laws, or to the tax rates and treaties, could adversely impact the effective income tax rate of the Company going forward.

Product and Brand Development

To support continued revenue growth, the Company must continue to update existing products, design innovative new items, develop strong brands and make significant capital investments. The Company has invested heavily in product development and plans to keep it at the center of its focus. In addition, the Company must continue to maintain, develop and strengthen its end-user brands. Should the Company invest in or design products that are not accepted in the marketplace, or if its products are not brought to market in a timely manner, or in certain cases, fail to be approved by the appropriate regulatory authorities, this could negatively impact future growth.

Regulatory Environment

The Company operates in certain industries which are highly regulated and as such operates within constraints imposed by various regulatory authorities. In recent years greater concern regarding product safety has resulted in more onerous regulations being placed on the Company as well as on all of its competitors operating in these industries. Dorel has always operated within this environment and has allocated a great deal of resources to meeting these obligations, and is therefore well positioned to meet these regulatory requirements. However, any future regulations that would require additional costs could have an adverse effect on the Company going forward.

Liquidity and Access to Capital Resources

Dorel requires continued access to capital markets to support its activities. Part of the Company's long-term strategy is to grow through the acquisition of complementary businesses that it believes will enhance the value of the Company for its shareholders. To satisfy its financing needs, the Company relies on long-term and short-term debt and cash flow from operations. Any impediments to the Company's ability to access capital markets, including significant changes in market interest rates, general economic conditions or the perception in the capital markets of the Company's financial condition or prospects, could have a material adverse effect on the Company's financial condition and results of operation.

Valuation of Goodwill and other Intangible Assets

As part of its annual impairment tests, the value of goodwill and other indefinite life intangible assets are subject to significant assumptions, such as future expected cash flows and assumed discount and weighted average cost of capital rates. In addition, the value of customer relationships and supplier relationship recognized includes significant assumptions in reference to customer attrition rates and useful lives. Should current market conditions adversely affect the Company's expectations of future results, this could result in a non-cash impairment being recognized at some point in the future. Additionally, in the current market environment, some of the other assumptions could be impacted by factors beyond the Company's control. For example, more conservative risk assumptions could

materially affect these valuations and could require a downward adjustment in the value of these intangible assets in the future.

The Company performs its impairment tests of goodwill and intangible assets with indefinite useful lives (trademarks) during the fourth quarter or more frequently if an impairment indicator is triggered. After taking into consideration the impairment losses on goodwill and intangible assets recorded in the third quarter of 2015 and the fourth quarter of 2014 which were explained in section 3 "Operating Results" of this MD&A, the Company completed a reconciliation of the sum of the estimated fair values of its CGUs to its market capitalization. The Company's market capitalization was determined by multiplying the number of Class "A" Multiple Voting Shares and Class "B" Subordinate Voting Shares outstanding as at October 31, 2015 by the market price of the Company's total shares as at October 31, 2015. The accounting principles regarding goodwill acknowledge that the observed market prices of individual trades of a company's stock (and thus its computed market capitalization) may not be representative of the fair value of the company as a whole. The Company believes that market capitalization alone does not capture the fair value of the business as a whole, or the substantial value that an acquirer would obtain from its ability to obtain control of the business. The amount of the control premium in excess of the Company's market capitalization requires significant judgment and the Company has observed recent market transactions as a guide to establish a range of reasonably possible control premiums to estimate the Company's fair value. The Company also considers the following qualitative items that cannot be accurately quantified and are based upon the beliefs of management, but provide additional support for the explanation of the remaining difference between the estimated fair values of the Company's CGUs and its market capitalization:

- The Company's stock has relatively low trading volume;
- Previously unseen pressures are in place given the global financial and economic crises.

As described above, the Company's share price and control premium are significant factors in assessing the Company's fair value for purposes of the goodwill impairment assessment. The Company's share price can be affected by, among other things, changes in industry or market conditions, including the effect of competition, changes in the Company's results of operations, and changes in its forecasts or market expectations relating to future results. In the fiscal year 2015, the Company's close share price has fluctuated significantly between a high of CAD\$41.97 and a low of CAD\$28.60. The Company will continue to monitor market trends in the business, the related expected cash flows and the calculation of market capitalization for purposes of identifying possible indicators of impairment. Should the Company's market capitalization decline or the Company has other indicators of impairment, the Company would be required to perform a goodwill impairment test. Additionally, the Company would then be required to review its remaining non-financial assets for impairment.

9. OTHER INFORMATION

The designation, number and amount of each class and series of its shares outstanding as of March 18, 2016 are as follows:

An unlimited number of Class "A" Multiple Voting Shares without nominal or par value, convertible at any time at the option of the holder into Class "B" Subordinate Voting Shares on a one-for-one basis, and;

An unlimited number of Class "B" Subordinate Voting Shares without nominal or par value, convertible into Class "A" Multiple Voting Shares, under certain circumstances, if an offer is made to purchase the Class "A" shares.

Details of the issued and outstanding shares are as follows:

Class A		Class B		Total
Number	\$(‘000)	Number	\$(‘000)	\$(‘000)
4,195,035	1,771	28,138,226	198,506	200,277

Outstanding stock options, Deferred Share Units, cash-settled Share Appreciation Rights and cash-settled Performance Share Units are disclosed in Note 24 to the Consolidated Financial Statements. There were no significant changes to these values in the period between the year end and the date of the preparation of this MD&A.

In October 2014, the Company received a gross proceeds of \$120 million from the issuance of convertible debentures. These convertible debentures are convertible at any time at the holder's option in the Company's Class "B" Subordinate Voting Shares at a conversion price of \$46.75 per share. This represents a conversion rate of 21.3904 Class "B" Subordinate Voting Shares per \$1 principal amount of convertible debentures. Further information on the convertible debentures can be found in Note 18 of the December 30, 2015 Consolidated Financial Statements.

10. DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures (“DC&P”)

National Instrument 52-109, “Certification of Disclosure in Issuers’ Annual and Interim Filings”, issued by the Canadian Securities Administrators requires that the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) certify that they are responsible for establishing and maintaining DC&P for the Company, that DC&P have been designed and are effective in providing reasonable assurance that material information relating to the Company is made known to them, that they have evaluated the effectiveness of the Company's DC&P, and that their conclusions about the effectiveness of those DC&P at the end of the period covered by the relevant annual filings have been disclosed by the Company.

Under the supervision of and with the participation of management, including the President and Chief Executive Officer and Executive Vice-president, Chief Financial Officer and Secretary, management has evaluated the design and operating effectiveness of the Company's DC&P as at December 30, 2015 and have concluded that those DC&P were appropriately designed and operating effectively in ensuring that information required to be disclosed by the Company in its corporate filings is recorded, processed, summarized and reported within the required time period for the year then ended.

Internal controls over financial reporting (“ICFR”)

National Instrument 52-109 also requires the CEO and CFO to certify that they are responsible for establishing and maintaining ICFR for the Company, that those internal controls have been designed and are effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with International Financial Reporting Standards, and that the Company has disclosed any changes in its internal controls during its most recent interim period that has materially affected, or is reasonably likely to materially affect, its ICFR.

During 2015, management evaluated the Company's ICFR to ensure that they have been designed and are effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with International Financial Reporting Standards. Management has used the Internal Control-Integrated Framework (2013) to evaluate the effectiveness of ICFR, which is a recognized and suitable framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”).

Under the supervision of and with the participation of management, including the President and Chief Executive Officer and Executive Vice-president, Chief Financial Officer and Secretary, management has evaluated the ICFR as at December 30, 2015 and have concluded that those internal controls were appropriately designed and were effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with International Financial Reporting Standards.

11. LOCAL STATUTORY DISCLOSURE REQUIREMENTS

On April 22, 2014, Caloi issued approximately \$25.2 million (BRL 100.0 million) of non-convertible secured debentures in Brazil bearing interest at various rates per annum, based on a floating CDI (Inter-Bank Certificate of Deposit) rate plus a margin. The principal repayments of the debentures are 6 semi-annual instalments of \$3.6 million (BRL 14.3 million) payable in March and September of each year from March 2016 until September 2018 and 1 final semi-annual instalment of \$3.7 million (BRL 14.5 million) in March 2019.

Brazilian regulatory legislation requires that Caloi publish statutory financial statements due to its issuance of debentures in its local market. As such, the following summary financial information of Caloi is provided in the table below:

Caloi Norte SA

Selected financial information from the income statement

	Year ended December 30, 2015
	\$
Total revenue	90,631
Operating (loss) profit ⁽¹⁾	(20,975)

⁽¹⁾ Includes impairment losses on goodwill and intangible assets of \$26,510

Caloi Norte SA

Selected financial information from the financial position

	As at December 30, 2015
	\$
Total current assets	47,861
Total non-current assets	52,182
Total current liabilities	37,076
Total non-current liabilities	20,338

12. CAUTION REGARDING FORWARD LOOKING INFORMATION

Certain statements included in this MD&A may constitute “forward-looking statements” within the meaning of applicable Canadian securities legislation. Except as may be required by Canadian securities laws, the Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Forward-looking statements, by their very nature, are subject to numerous risks and uncertainties and are based on several assumptions which give rise to the possibility that actual results could differ materially from the Company’s expectations expressed in or implied by such forward-looking statements and that the objectives, plans, strategic priorities and business outlook may not be achieved. As a result, the Company cannot guarantee that any forward-looking statement will materialize, or if any of them do, what benefits the Company will derive from them. Forward-looking statements are provided in this MD&A for the purpose of giving information about Management’s current expectations and plans and allowing investors and others to get a better understanding of the Company’s operating environment. However, readers are cautioned that it may not be appropriate to use such forward-looking statements for any other purpose.

Forward-looking statements made in this MD&A are based on a number of assumptions that the Company believed were reasonable on the day it made the forward-looking statements. Factors that could cause actual results to differ materially from the Company’s expectations expressed in or implied by the forward-looking statements include: general economic conditions; changes in product costs and supply channel; foreign currency fluctuations; customer and credit risk including the concentration of revenues with a small number of customers; costs associated with product liability; changes in income tax legislation or the interpretation or application of those rules; the continued ability to develop products and support brand names; changes in the regulatory environment; continued access to capital resources and the related costs of borrowing; changes in assumptions in the valuation of goodwill and other intangible assets; and there being no certainty that the Company’s current dividend policy will be maintained. These and other risk factors that could cause actual results to differ materially from expectations expressed in or implied by the forward-looking statements are discussed throughout this MD&A and, in particular, under Market Risks and Uncertainties.

The Company cautions readers that the risks described above are not the only ones that could impact it. Additional risks and uncertainties not currently known to the Company or that the Company currently deems to be immaterial may also have a material adverse effect on the Company’s business, financial condition or results of operations. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.