BMTC Group Inc.

BMTC Group Inc. (the "Company"), is a holding Company incorporated in accordance with article 140 of the Business Corporations Act (Quebec). Its Common Shares are listed on the Toronto Stock Exchange.

Through its subsidiary, Ameublements Tanguay Inc. and its two divisions, Brault & Martineau and EconoMax, the Company manages and operates one of the largest furniture and household and electronic appliance retail sales networks in Quebec.

FINANCIAL HIGHLIGHTS AS AT DECEMBER 31, 2015 AND 2014

(in thousands of dollars, except per share amounts)

	2 015	2 014
	$	$
Operations		
Revenue	**717 338**	701 356
Net earnings	**41 528**	48 647
Financial position		
Cash and investments	**62 489**	157 665
Total assets	**274 022**	362 350
Equity	**172 968**	255 426
Per-share information		
Net earnings	**0,99**	1,08
Dividends	**0,24**	0,24
Carrying amount	**4,56**	5,68
Stock market value		
Year high	**18,60**	16,30
Year low	**13,00**	13,11
Number of shares outstanding*		
Common Shares	**37 913 850**	-
Class "A" Subordinate Voting Shares		43 212 904
Class "B" Multiple Voting Shares		1 748 796
Total	**37 913 850**	44 961 700

* On May 11th, 2015, the Company announced the completion of the reorganization to eliminate the Company's dual-class share capital structure by way of court-approved plan of arrangement. Pursuant to the arrangement, all issued and outstanding Class "B" Multiple Voting Shares were converted into Class "A" Subordinate Voting Shares on a one-for-one basis, without any monetary consideration being paid. The Class "A" Subordinate Voting Shares were also renamed "Common Shares".

MANAGEMENTS RESPONSIBILITY FOR FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

The accompanying consolidated financial statements, which have been prepared in accordance with International Financial Reporting Standards, and the other financial information provided in the Annual Report, which is consistent with the financial statements, are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements include some amounts that are based on management's best estimates and judgment and, in their opinion, present fairly, in all material respects, the Company's financial position, financial performance and changes in its cash flows.

The Company's procedures and internal control systems are designed to provide reasonable assurance that accounting records are reliable and to safeguard the Company's assets. The Audit Committee is responsible for reviewing the consolidated financial statements and Annual Report and recommending their approval to the Board of Directors. In order to fulfill its responsibilities, the Audit Committee meets with management and external auditors to discuss internal control over the financial reporting process, significant accounting policies, other financial matters and the results of the examination by the external auditors.

These consolidated financial statements have been audited by the external auditors Raymond Chabot Grant Thornton LLP, and their report is included herein.

(s) Yves Des Groseillers _

Yves Des Groseillers
Chairman of the Board of Directors
President and Chief Executive Officer
February 18th, 2016

Independent Auditor's Report

Raymond Chabot Grant Thornton LLP
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National Bank Tower
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To the Shareholders of
BMTC Group Inc.

We have audited the accompanying consolidated financial statements of BMTC Group Inc., which comprise the consolidated statements of financial position as at December 31, 2015 and 2014 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express and opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of BMTC Group Inc. as at December 31, 2015 and 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Raymond Chabot Grant Thornton LLP[1]

Montreal
February 18, 2016

1 CPA auditor, CA public accountancy permit no. A120795

BMTC Group Inc.
Consolidated Statement of Comprehensive Income

Years ended December 31, 2015 and 2014
(In thousands of Canadian dollars, except per share data)

	Notes	2 015	2 014
		$	$
Revenue		**717 338**	701 356
Cost of sales		**(433 623)**	(423 298)
Gross profit		**283 715**	278 058
Other income		**502**	631
Selling expenses		**(193 628)**	(185 992)
Administrative expenses		**(36 295)**	(36 333)
Operating profit		**54 294**	56 364
Realized and unrealized change in fair value of financial assets, at fair value	16	**195**	6 526
Investment income	4	**1 776**	2 142
Earnings before income tax expense		**56 265**	65 032
Income tax expense	5	**(14 737)**	(16 385)
Net earnings		**41 528**	48 647
Other comprehensive income			
Items that will not be reclassified to earnings			
Remeasurements of defined benefit pension plans	13	**(7 511)**	33 184
Income tax recovery (expense) relating to items that will not be reclassified		**2 020**	(8 927)
Other comprehensive income, net of tax		**(5 491)**	24 257
Total comprehensive income		**36 037**	72 904
Net earnings per share	17		
Basic		**0,99**	1,08
Diluted		**0,99**	1,08

The accompanying notes are an integral part of the consolidated financial statements.

BMTC Group Inc.

Consolidated Statement of Changes in Equity

Years ended December 31, 2015 and 2014
(In thousands of Canadian dollars)

	Notes	Capital stock	Retained earnings	Total equity
		$	$	$
Balance as at January 1, 2015		**3 552**	**251 874**	**255 426**
Share redemption		**(556)**		**(556)**
Share redemption premium			**(108 840)**	**(108 840)**
Dividends			**(9 099)**	**(9 099)**
Transactions with owners		**(556)**	**(117 939)**	**(118 495)**
Net earnings			**41 528**	**41 528**
Other comprehensive income			**(5 491)**	**(5 491)**
Comprehensive income			**36 037**	**36 037**
Balance as at December 31, 2015	11	**2 996**	**169 972**	**172 968**
Balance as at January 1, 2014		3 579	194 303	197 882
Share redemption		(27)		(27)
Share redemption premium			(4 526)	(4 526)
Dividends			(10 807)	(10 807)
Transactions with owners		(27)	(15 333)	(15 360)
Net earnings			48 647	48 647
Other comprehensive income			24 257	24 257
Comprehensive income			72 904	72 904
Balance as at December 31, 2014	11	3 552	251 874	255 426

The accompanying notes are an integral part of the consolidated financial statements.

BMTC Group Inc.
Consolidated Statement of Cash Flows
Years ended December 31, 2015 and 2014
(In thousands of Canadian dollars)

	Notes	**2 015**	2 014
		$	$
OPERATING ACTIVITIES			
Earnings before income tax expense		**56 265**	65 032
Adjustments	6	**1 378**	(4 164)
Net changes in working capital	6	**(8 095)**	12 499
Taxes paid		**(16 271)**	(14 661)
Cash flow from operating activities		**33 277**	58 706
INVESTING ACTIVITIES			
Acquisition of other financial assets		**(77 343)**	(59 120)
Proceeds from disposal of other financial assets		**147 339**	39 638
Purchase of property, plant and equipment	8	**(13 825)**	(9 665)
Proceeds from disposal of property, plant and equipment		**2 547**	90
Interest received		**341**	484
Dividends received		**1 407**	1 617
Cash flow from investing activities		**60 466**	(26 956)
FINANCING ACTIVITIES			
Payments for share redemption		**(109 396)**	(4 553)
Dividends		**(9 099)**	(10 807)
Cash flow from investing activities		**(118 495)**	(15 360)
Net change in cash		**(24 752)**	16 390
Cash, beginning of year		**33 495**	17 105
Cash, end of year		**8 743**	33 495

The accompanying notes are an integral part of the consolidated financial statements.

BMTC Group Inc.
Consolidated Statement of Financial Position

As at December 31, 2015 and 2014
(In thousands of Canadian dollars)

	Notes	2 015	2 014
ASSETS		**$**	$
Current			
Cash		**8 743**	33 495
Trade and other receivables		**3 163**	3 599
Current tax assets		**1 264**	165
Inventory		**88 526**	82 722
Prepaid expenses		**1 132**	1 171
Current assets		**102 828**	121 152
Non-current			
Other financial assets	7	**53 746**	124 170
Property, plant and equipment	8	**108 637**	103 989
Defined benefit plan	13	**8 811**	13 039
		171 194	241 198
Total assets		**274 022**	362 350
LIABILITIES			
Current			
Trade and other payables	12	**100 688**	103 454
Share-based payment liability	11	**230**	725
Current liabilities		**100 918**	104 179
Non-current			
Lease incentive		**77**	231
Deffered tax liabilities	5	**59**	2 514
		136	2 745
Total liabilities		**101 054**	106 924
SHAREHOLDERS' EQUITY			
Capital stock	11	**2 996**	3 552
Retained earnings		**169 972**	251 874
Total shareholders' equity		**172 968**	255 426
Total liabilities and shareholders' equity		**274 022**	362 350

The accompanying notes are an integral part of the consolidated financial statements.

The consolidated financial statements for the year ended December 31, 2015 (including comparatives) were approved and authorized for publication by the Board of Directors on February 18th, 2016.

On behalf of the Board,

(s) Yves Des Groseillers
Director

(s) Marie-Berthe Des Groseillers
Director

1. *GOVERNING STATUTES AND NATURE OF OPERATIONS*

BMTC Group Inc. (hereinafter "BMTC"), is holding a company under the Business Companys Act (Quebec). Its registered office and principal place of business is 8500 Place Marien, Montréal East, Quebec, H1B 5W8. Its Common shares are listed on the Toronto Stock Exchange. BMTC, through its subsidiary Ameublements Tanguay Inc. (collectively designated as the "Company") manages and operates a retail network of furniture, household appliances and electronic products in Quebec.

2. *GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH IFRS*

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS).

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments and the liability relating to share-based payments, which are established at fair value, and post-employment benefit assets or liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets, less an adjustment to reflect application of the asset limit.

3. *SUMMARY OF ACCOUNTING POLICIES*

The accounting policies specified below have been applied consistently throughout all periods presented in the consolidated financial statements.

3.1 Changes in accounting policies

There are no new or modified accounting policies.

3.2 Basis of consolidation

The consolidated financial statements include the accounts of BMTC, the ultimate parent company, and those of the wholly-owned subsidiary Ameublements Tanguay Inc. The accounting policies of the subsidiary are consistent with those adopted by BMTC at financial year end date of December 31.

Asset and liability balances and revenues and expenses from transactions between group companies, including unrealized gains and losses on transactions between consolidated entities, are eliminated in preparing the consolidated financial statements.

3.3 Foreign currency translation

The consolidated statement of financial position is presented in Canadian dollars, which is also the functional currency of the Company.

3. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

Foreign currency transactions are translated into the Company's functional currency, using the exchange rates prevailing at the dates of the transactions. Foreign currency monetary assets and liabilities are translated into the functional currency using the exchange rates in effect at the reporting date. Other foreign currency non-monetary financial assets that are measured at fair value are translated into the functional currency using the exchange rate in effect on the date of determination of fair value. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at the reporting date are recognized in earnings.

The realized and unrealized appreciation of other financial assets designated at fair value through profit or loss recognized directly in profit or loss includes the related exchange component.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction.

3.4 Segment reporting

In accordance with IFRS 8 Operating Segments, the Company presents and discloses information that is regularly reviewed by the President and the Board of Directors in assessing performance. The Company considers its retail activities as a single operating segment.

3.5 Revenue recognition

Revenue from merchandise sales is measured by reference to the fair value of consideration received or receivable by the Company and is presented in earnings net of estimated returns and rebates, and excluding sales taxes. Revenue is recognized when the significant risks and rewards of ownership and effective control of the goods has been transferred to the customer, i.e. upon delivery, the amount of revenue can be measured reliably, when is its probable that the economic benefits will flow to the Company, and the costs incurred or to be incurred can be measured reliably.

Revenue from extended service contracts is recognized at the time of the sale at the net amount of costs incurred by the Company with the service suppliers who will provide the services required by the Company's customers.

Investment income is recognized using the accrual basis of accounting, as follows:

– Interest is recognized based on the number of days the investment was held during the year and is calculated using the effective interest method;

– Dividends on listed share investments are recognized when the right to receive the payment is established

3. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

3.6 Income taxes

The income tax expense comprises the sum of deferred tax and current tax. Income tax is recognized in earnings except to the extent it relates to items recognized in other comprehensive income or directly in equity.

Current income tax assets or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable income, which differs from earnings in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or of an asset or liability unless the related transaction is a business combination or affects tax or accounting income.

Deferred tax assets and liabilities are calculated, without discounting, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period, and which are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities levied by the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

3.7 Inventory

Inventory, which is composed almost exclusively of finished goods for retail sale, is valued at the lower of cost and net realizable value. Cost is determined by the weighted average method.

The cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. The net realizable value is estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

3. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

3.8 Vendor rebates

Cash considerations received from vendors are a reduction of the price of the vendors' products and are accounted for as a reduction of cost of sales and related inventory respectively in the Company's consolidated statement of comprehensive income and consolidated statement of financial position.

Rebates are recognized when they are considered probable and can be reasonably estimated.

3.9 Property, plant and equipment

Property, plant and equipment are carried at acquisition cost less any accumulated depreciation and any accumulated impairment losses. Items of property, plant and equipment with different useful lives are depreciated separately. Depreciation commences when an item of property, plant and equipment is available for use using the straight-line method over the following periods, in order to depreciate its cost less the residual value over its estimated useful life.

	Periods
Land	Not depreciated
Parking lots	20 years
Buildings	2 to 50 years
Signs	5 years
Automotive equipment	7 years
Computer equipment	2 to 5 years
Furniture and equipment	5 years
Leasehold improvements	2 to 5 years

The depreciation method, useful lives and residual values are reviewed annually.

3.10 Leases

Leases in which substantially all of the risks and rewards of ownership of the leased property are retained by the lessor are treated as operating leases. Payments in respect of operating lease agreements are recognized as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

3.11 Lease incentive

A lease incentive received from a lessor to pay for leasehold improvements is recognized and amortized over the lease term and applied against the related rental expense with the unamortized balance being presented in non-current liabilities.

3. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

3.12 Impairment of property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit level.

Individual assets or assets combined into cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use.

3.13 Equity

Capital stock is the amount received on issuance and is presented net of the initial share issue income on redeemed shares.

Retained earnings include all current and prior period retained profits, net of share redemption premiums, dividends paid and the costs of share issues.

Dividends payable to shareholders are included in other payables when they have been declared before the reporting date.

3.14 Share-based remuneration

The Company has a share-based remuneration plan for certain directors and officers. According to the plan, an option holder can choose, at any time at the holder’s sole discretion, to receive, from the Company, a cash payment equal to the number of shares for which the option is exercised, multiplied by the amount for which the market value of the share exceeds the exercise price, or to subscribe to a number of shares for which the option is exercised. The rights relating to the options are vested at the date of grant, and their maximum life is 10 years.

At the time of the award, these options are compound financial instruments, accordingly, the fair value is the total fair values of the debt and equity components. The Company first measures the fair value of the debt component and then the fair value of the equity component.

The Company recognizes the debt component, i.e. the stock appreciation rights, at fair value, determined using the Black-Scholes model and the fair value is measured on each reporting date. A corresponding remuneration cost is recognized in net earnings under administrative expenses.

3. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

At the time of the award, the fair value of the equity component is measured at zero. Accordingly, the fair value of the compound financial instrument is the same as the fair value of the debt component.

At the date of settlement, the Company must remeasure the liability to its fair value. If the Company issues equity instruments on settlement rather than paying cash, the liability is transferred directly to equity, as consideration for the equity instruments issued. If, on settlement, the Company pays in cash rather than by issuing equity instruments, that payment is applied to settle the liability in full.

3.15 Post-employment benefits

The Company provides post-employment benefits through defined benefit plans as well as defined contribution plans.

Contributions to the defined contribution plans are recognized as an expense in the period that relevant employee services are rendered.

The Company accrues its obligations under its defined benefit pension plans and the related costs, net of plan assets, as the services are rendered. The Company has adopted the following accounting policies:

– The Company’s defined benefit plan obligations are measured individually, estimating the amount of future benefits earned by employees for services provided in the current and prior periods. The actuarial valuation of defined benefit obligations uses the projected unit credit method. This determination incorporates management's best estimate of future salary levels, retirement ages of employees, mortality rates and other actuarial assumptions;

– The discount rate for defined benefit obligations is determined by reference to the market yield, at year end, on high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability;

– Remeasurement, which include actuarial gains and losses on benefit obligations, the return on plan assets in excess of interest income, the effect of the asset ceiling and the impact of minimum funding requirements, are recognized in other consolidated comprehensive income and retained earnings immediately without prior reclassification to net earnings;

– The defined benefit plan amount presented in the statement of consolidated financial position is the difference between the present value of the defined benefit plan obligations and the fair value of the

3. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

plan assets at the reporting date. The economic benefit available is calculated as the difference between the present value of the accounting value of the current service cost of the employer and the current services cost of the employer on a funded basis. This value cannot, however, be negative. When there is a defined benefit plan asset, the amount of the asset recognized cannot be greater than the present value of any future economic benefit available as a future plan reimbursement or decrease in future plan contributions. Any minimum funding requirements applicable to the Company's plans are taken into account to calculate the present value of economic benefits;

– An additional liability is recognized in the amount of the minimum funding requirement for defined benefit plans when the Company does not have an unconditional right to the surplus.

3.16 Provisions, contingent liabilities and contingent assets

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, product warranties granted, legal disputes or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized.

Likely inflows of economic benefits for the Company that do not yet meet the requirements recognition criteria of an assets are considered as contingent assets.

3.17 Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

3. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

For the purpose of subsequent measurement, financial assets of the Company are classified into the following categories upon initial recognition:

- Loans and receivables;
- Financial assets at fair value through profit or loss;
- Held-to-maturity investments;
- Available-for-sale financial assets.

The following table summarizes the financial instrument classification and valuation methods.

Item	Classification	Valuation method
Cash	Loans and receivables	Amortized cost
Trade and other receivables (a)	Loans and receivables	Amortized cost
Other financial assets excluding the asset-backed commercial paper (MAV)	Fair value through profit or loss	Fair value
Asset-backed commercial paper (MAV)	Loans and receivables	Amortized cost
Trade and other payables (a)	Other financial liabilities	Amortized cost

(a) Excluding taxes receivable and payable and employee benefits which are not financial instruments.

The category determines subsequent measurement and whether any resulting income and expense is recognized in net earnings or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are tested for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired.

All income and expenses relating to financial assets that are recognized in net earnings are presented within realized and unrealized gains on financial assets at fair value or finance income, except for any impairment of trade receivables which is presented within administrative expenses.

3. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortized cost using the effective interest method, less an allowance for credit losses. Discounting is omitted where the effect of discounting is immaterial.

Individually material trade and other receivables are tested for impairment when they are overdue or there is objective evidence that a particular counterparty will not fulfil its obligations. Trade and other receivables that are not considered to be individually impaired are assessed collectively for impairment based on the industry and region of the counterparties and other known credit risk characteristics. The impairment estimate is then based on the recent history of the counterparty's defaults for each group identified.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition.

Investments presented as other financial assets, excluding the MAV, have been designated at faire value through profit or loss because they are part of a portfolio included in management reports and are measured at fair value by management. Consequently, realized and unrealized gains and losses on these assets are recognized through profit or loss. Transaction costs related to held-for-trading financial assets are expensed as incurred.

Financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

3.18 Judgement, estimates and assumptions

When preparing the consolidated financial statements management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgements, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses is provided below.

3. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

Inventory valuation

The Company uses a high degree of judgement when estimating the effect of certain factors on the net realizable value of inventory, such as obsolescence and damages. The quantity, age and condition of inventory is measured and evaluated regularly during the period.

Estimated returns and vendor rebates

In determining the probability and estimation of returns and vendor rebates receivable, the Company uses actual purchases during the period, the degree of achievement of sales forecasts and contractual terms and conditions.

Useful lives of property, plant and equipment

Management reviews the useful lives of property, plant and equipment at each reporting date based on the expected utility of the assets. Actual results may, however, vary due to technical obsolescence, particularly for software and IT equipment.

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments, where active market quotes are not available, that is for banker’s acceptances, discount notes and MAV.

The carrying amounts of these instruments and a price sensitivity analysis of other financial instruments are presented in Note 16. In applying the valuation techniques, management makes maximum use of observable data, and uses estimates and assumptions that are, as far as possible, consistent with data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses the best information available. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Share-based payment liability

To estimate the share-based payment liability and expense, an appropriate valuation model must be selected and the necessary data for the valuation model must be obtained. The Company has used the Black-Scholes valuation model to estimate the volatility of its shares, their estimated useful life and the exercise period of the stock options awarded. Refer to Note 11 for details on the carrying amount and other information on the stock-based payment liability.

3. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

Provisions and contingent liabilities

Judgment is required to determine whether a past event has led to a liability that should be recognized in the consolidated financial statements or presented as a contingent liability. Judgement and estimates are applied to quantify such liabilities and are based on a variety of factors, such as the nature of the claim or conflict, legal proceedings, the potential amount payable, the advice of legal counsel, prior experience and the likelihood of a loss. Refer to Note 14 for details on the carrying amount and other information on provisions and contingent liabilities.

Defined benefit pension plan cost and obligations

Management estimates the defined benefit obligations annually with the assistance of independent actuaries; however, the actual outcome may vary due to estimation uncertainties. The defined benefit obligations estimate is based on standard rates of inflation, mortality rates and the Company’s specific anticipation of future salary increases. Estimation uncertainties exist particularly with regard to the assumptions, which may vary significantly in future appraisals of the Company's defined benefit obligations. Refer to Note 13 for details on the carrying amount and defined benefit pension plans.

3.19 Standards, modifications and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorization of these financial statements, certain new standards, modifications and interpretations to existing standards have been published but are not yet effective, and have not been early adopted by the Company. Management anticipates that all of the new applicable standards will be adopted in the Company’s accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, modifications and interpretations that are expected to be relevant to the Company’s financial statements is provided below.

IFRS 9 *Financial Instruments*

The IASB recently released IFRS 9 "Financial Instruments", representing the completion of its project to replace IAS 39 "Financial Instruments: Recognition and Measurement". The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new "expected credit loss" model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018. The Company has yet to assess the impact of this new standard on its financial statements.

(In thousands of Canadian dollars, except per share data)

3. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

IFRS 15 Revenues from contracts with customers

In May 2014, the IASB and the Financial Accounting Standards Board ("FASB") jointly issued IFRS 15 "Revenues from contracts with customers", a converged standard on the recognition of revenue from contracts with customers. It supersedes the IASB's current revenue recognition guidance including IAS 18 "Revenue", IAS 11 "Construction Contracts", and related interpretations. IFRS 15 provides a single principle-based five-step model to use when accounting for revenue arising from contracts with customers. In July 2015, the IASB confirmed a deferral of the effective date of IFRS 15 by one year to January 1, 2018. The Company has not yet assessed the impact of this standard or determined whether it will adopt it earlier.

IFRS 16 *Leases*

In January 2016, the IASB published IFRS 16 which will replace IAS 17 *Leases.* IFRS 16 eliminates the classification as an operating lease and requires lessees to recognize a right-of-use asset and a lease liability in the statement of financial position for all lease with exemptions permitted for short-term leases and leases of low value assets. In addition, IFRS 16: changes the definition of a lease; sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and options periods; changes the accounting for sale and leaseback arrangements; largely retains IAS 17's approach to lessor accounting and introduces new disclosure requirements. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019 with early application permitted in certain circumstances. The Company has yet to assess the impact of this new standard on its consolidated financial statements.

4. *ADDITIONAL INFORMATION ON RESULTS*

	2015	2014
	$	$
Employee benefits expense		
Salaries	**116 655**	113 977
Defined benefit pension plan expense (Note 13)	**6 189**	7 825
Defined contribution pension plan expense	**1 118**	1 127
Share-based payment expense (recovery) (Note 11)	**(495)**	206
Total employee benefits expense	**123 467**	123 135
Other elements of revenues and expenses		
Depreciation of property, plant and equipment	**8 510**	7 276
(Gains) or losses on disposals of property, plant and equipment	**(1 880)**	25
(Gains) or losses on disposals of financial assets	**(651)**	63

(In thousands of Canadian dollars, except per share data)

4. *ADDITIONAL INFORMATION ON RESULTS (Continued)*

	2015	2014
	$	$
Investment income		
On financial assets at fair value through profit or loss		
Interest	**10**	-
Dividends	**1 407**	1 617
On financial assets classified as loans and receivables		
Interest	**331**	484
Impairment reversal (loss)	**28**	41
	1 776	2 142

5. *INCOME TAXES*

The income tax expense is detailed as follows:

	2015	2014
	$	$
Total current tax expense for the period	**16 055**	15 884
Total deferred tax (recovery) expense (1)	**(1 318)**	501
	14 737	16 385

The Company's effective income tax rate differs from the combined statutory income tax rate. This difference arises from the following items:

	2015	2014
	$	$
Income tax expense for the period based on combined tax rate (federal and provincial) of 26.9 % (in 2015 and 2014)	**15 135**	17 494
Non-taxable dividends	**(254)**	(348)
Non-taxable capital (gains)	**(283)**	(883)
Non-deductible expenses	**137**	128
Other	**2**	(6)
	14 737	16 385

(In thousands of Canadian dollars, except per share data)

5. *INCOME TAXES (Continued)*

The income tax recovery (expense) related to other comprehensive income details as follows:

	2015	2014
	$	$
Current tax recovery	**883**	749
Deferred tax recovery (expense) [(1)]	**1 137**	(9 676)
	2 020	(8 927)

[(1)] In 2015 and 2014, the deferred tax liability incudes only the impact of changes in temporary differences

The tax effects of significant components of temporary differences that give rise to the Company's deferred tax assets are as follows:

	Balance as at January 1, 2015	**Recognized in earnings**	**Recognized in other comprehensive income**	**Balance as at December 31, 2015**
	$	**$**	**$**	**$**
Recognized amounts				
Net unrealized gain or loss on other financial assets	**(2 065)**	**1 290**	**-**	**(775)**
Defined benefit plans	**(3 398)**	**28**	**1 137**	**(2 233)**
Liability relating to share-based payments	**196**	**(133)**	**-**	**63**
Property, plant and equipment	**2 753**	**133**	**-**	**2 886**
	(2 514)	**1 318**	**1 137**	**(59)**

	Balance as at January 1, 2014	Recognized in earnings	Recognized in other comprehensive income	Balance as at December 31, 2014
	$	$	$	$
Recognized amounts				
Net unrealized gain or loss on other financial assets	(1 371)	(694)	-	(2 065)
Defined benefit plans	6 295	(17)	(9 676)	(3 398)
Liability relating to share-based payments	140	56	-	196
Property, plant and equipment	2 599	154	-	2 753
	7 663	(501)	(9 676)	(2 514)

(In thousands of Canadian dollars, except per share data)

6. *CASH FLOW ADJUSTMENTS AND CHANGES IN WORKING CAPITAL*

Adjustments are detailed as follows:

	2015	2014
	$	$
Depreciation of property, plant and equipment	**8 510**	7 276
Excess of contributions over defined benefit plan expense	**(3 283)**	(2 786)
Investment income	**(1 776)**	(2 142)
Unrealized (appreciation) depreciation of financial assets at fair value	**456**	(6 589)
Amortization of lease incentive	**(154)**	(154)
(Gains) losses on disposal of non-financial assets	**(1 880)**	25
Difference between share-based payments and cash consideration paid	**(495)**	206
	1 378	(4 164)

The net change in working capital is detailed as follows:

	2015	2014
	$	$
Trade and other receivables	**436**	1 033
Inventory	**(5 804)**	(7 178)
Prepaid expenses	**39**	(231)
Trade and other payables	**(2 766)**	18 875
	(8 095)	12 499

(In thousands of Canadian dollars, except per share data)

7. *OTHER FINANCIAL ASSETS*

	2 015	
	Fair value	**Cost**
	$	**$**
At fair value through profit or loss		
Banker's acceptances and discounted notes, between 0.75% and 1%, maturing no later than 2016	**10 556**	**10 556**
Government and corporate bonds	**-**	**-**
Preferred shares	**-**	**-**
Shares of Canadian companies	**16 722**	**13 513**
Shares of U.S. companies	**21 068**	**17 310**
Total at fair value through profit or loss	**48 346**	**41 379**

	2 015	
	Amortized cost	**Cost**
	$	**$**
At amortized cost		
Asset-backed commercial paper (MAV)	**5 400**	**5 846**
Total other financial assets	**53 746**	**47 225**

	2014	
	Fair value	Cost
	$	$
At fair value through profit or loss		
Banker's acceptances and discounted notes, 1.15%, maturing no later than 2015	18 770	18 770
Government and corporate bonds	51 693	49 983
Preferred shares	7 892	7 847
Shares of Canadian companies	24 413	14 902
Shares of U.S. companies	16 002	10 686
Total at fair value through profit or loss	118 770	102 188

	2014	
	Amortized cost	Cost
	$	$
At amortized cost		
Asset-backed commercial paper (MAV)	5 400	5 874
Total other financial assets	124 170	108 062

(In thousands of Canadian dollars, except per share data)

8. PROPERTY, PLANT AND EQUIPMENT

	Land	Parking lots and buildings	Signs	Leasehold improvements	Automotive equipment	Computer equipment	Furniture and equipment	Total
	$	$	$	$	$	$	$	$
Gross carrying amount								
Balance as at January 1, 2015	**42 002**	**110 836**	**302**	**9 135**	**4 679**	**6 345**	**4 690**	**177 989**
Additions	**2 289**	**7 910**	**114**	**687**	**485**	**1 882**	**458**	**13 825**
Disposals	**(524)**	**(624)**	**-**	**-**	**(560)**	**(42)**	**-**	**(1 750)**
Balance as at December 31, 2015	**43 767**	**118 122**	**416**	**9 822**	**4 604**	**8 185**	**5 148**	**190 064**
Depreciation and impairment								
Balance as at January 1, 2015	**-**	**55 746**	**127**	**6 993**	**2 635**	**5 406**	**3 093**	**74 000**
Disposals	**-**	**(621)**	**-**	**-**	**(423)**	**(39)**	**-**	**(1 083)**
Depreciation	**-**	**5 099**	**72**	**1 697**	**467**	**564**	**611**	**8 510**
Balance as at December 31, 2015	**-**	**60 224**	**199**	**8 690**	**2 679**	**5 931**	**3 704**	**81 427**
Carrying amount as at December 31, 2015	**43 767**	**57 898**	**217**	**1 132**	**1 925**	**2 254**	**1 444**	**108 637**
Gross carrying amount								
Balance as at January 1, 2014	39 363	107 616	267	7 488	5 003	5 876	4 038	169 651
Additions	2 639	3 601	35	1 797	278	663	652	9 665
Disposals	-	(381)	-	(150)	(602)	(194)	-	(1 327)
Balance as at December 31, 2014	42 002	110 836	302	9 135	4 679	6 345	4 690	177 989
Depreciation and impairment								
Balance as at January 1, 2014	-	51 825	70	5 589	2 688	5 200	2 564	67 936
Disposals	-	(381)	-	(150)	(495)	(186)	-	(1 212)
Depreciation	-	4 302	57	1 554	442	392	529	7 276
Balance as at December 31, 2014	-	55 746	127	6 993	2 635	5 406	3 093	74 000
Carrying amount as at December 31, 2014	42 002	55 090	175	2 142	2 044	939	1 597	103 989

(In thousands of Canadian dollars, except per share data)

9. *LEASE COMMITMENTS*

The Company is committed under long-term operating leases principally for stores and warehouses representing commitments of $54,888 including $6,820 due to a Company controlled by management. Future minimum lease under non-cancellable operating leases are allocated as follows:

	Minimum lease payments			
	Less than one year	From 1 to 5 years	More than 5 years	Total
	$	$	$	$
December 31, 2015	**7 581**	**26 882**	**20 425**	**54 888**
December 31, 2014	6 969	19 273	19 195	45 437

Property, plant and equipment purchase commitments at the end of the period are not significant.

10. *BANK BORROWINGS*

The Company has an unsecured line of credit in the amount of $20,000 bearing interest at the prime rate, renewable on June 30th, 2016. This line of credit has no restrictive clauses that need to be complied with.

11. *CAPITAL STOCK*

On May 11, 2015, all issued and outstanding Class "B" Multiple Voting Shares were converted into Class "A" Subordinate Voting Shares on a one-for-one basis, without any monetary consideration being paid. The Class "A" Subordinate Voting Shares were also renamed "Common Shares".

Authorized

Unlimited number of shares without par value

First preferred shares, issuable in series, non-cumulative dividend of 5% per share, redeemable for their paid-up capital value

Second preferred shares, issuable in series, non-cumulative dividend of 5% per share, redeemable for their paid-up capital value

	2 015	2014
	$	$
Issued and fully paid		
37 913 850 Common shares	**2 996**	-
43 212 904 Class "A" subordinate shares as at December 31, 2014	**-**	3 502
1 748 796 Class "B" shares as at December 31, 2014	**-**	50
	2 996	3 552

(In thousands of Canadian dollars, except per share data)

11. *CAPITAL STOCK (Continued)*

				2015
	Common	Class "A"	Class "B"	Total
Issued and fully paid				
Beginning of period	**-**	**43 212 904**	**1 748 796**	**44 961 700**
Share redemption	**(6 980 012)**	**(67 838)**	**-**	**(7 047 850)**
Share conversion	**44 893 862**	**(43 145 066)**	**(1 748 796)**	**-**
Issued and fully paid, end of period	**37 913 850**	**-**	**-**	**37 913 850**
Shares authorized for the share option plan	**5 710 864**	**-**	**-**	**5 710 864**
Total shares authorized as at Dec. 31	**43 624 714**	**-**	**-**	**43 624 714**

				2014
	Common	Class "A"	Class "B"	Total
Issued and fully paid				
Beginning of period	-	43 456 720	1 811 280	45 268 000
Share redemption	-	(306 300)	-	(306 300)
Share conversion	-	62 484	(62 484)	-
Issued and fully paid, end of period	-	43 212 904	1 748 796	44 961 700
Shares authorized for the share option plan	-	5 710 864	-	5 710 864
Total shares authorized as at Dec. 31	-	48 923 768	1 748 796	50 672 564

During the year ended December 31, 2015, the Company redeemed 7,047,850 Shares for a total cash consideration of $109,396. The redemption premium of $108,840 for the Shares was recognized in retained earnings.

During the year ended December 31, 2014, the Corporation redeemed 306,300 class "A" subordinate shares for a total cash consideration of $4,553. The redemption premium of $4,526 for the class "A" subordinate shares was recognized in retained earnings. Additionally, 62,484 class "B" shares were converted into 62,484 class "A" subordinate shares.

None of the parent's shares were held by any of the Company’s subsidiaries.

Share option plan

The Company has a share option plan for certain directors and employees, which provides for the purchase of Common Shares under certain circumstances up to a maximum number of 10,729,106 issuable Common Shares. As at December 31, 2015, a total of 5,710,864 Common Shares (5,710,864 Class "A" Subordinate Voting Shares as at December 31st, 2014) remained authorized for issuance under the Company’s share based option plan.

(In thousands of Canadian dollars, except per share data)

11. *CAPITAL STOCK (Continued)*

To calculate its subsequent liability, management uses the Black-Scholes model at the end of the year, which, as at December 31, 2015, resulted in an decrease in the liability and related compensation expense of $495 (an increase of $206 as at December 31, 2014).

The weighted average fair value of options granted and principal assumptions used in applying the Black-Scholes model were as follows.

	2 015	2014
Weighted average of key assumptions		
Share price	**13,06 $**	16,01 $
Exercise price	**17,85 $**	17,85 $
Risk-free interest rate	**0,64%**	1,40%
Dividend rate	**0,12 $**	0,14 $
Volatility factor	**25,00%**	26,00%
Expected life (in months)	**53**	65
Number of options (number)	**219 000**	251 850
Weighted average fair value of option	**1,05 $**	2,88 $

The total value of outstanding options granted as at December 30, 2015 was of $230 ($725 at December 31, 2014).

The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions. The model requires the use of subjective assumptions, including expected stock-price volatility. Historical data for the past ten years has been considered in setting the assumptions.

The following tables summarize information about the Company's outstanding stock options and changes that have occurred during the years ended December 31, 2015 and 2014:

	2 015		2 014	
	Options	Weighted average exercise price	Options	Weighted average exercise price
		$		$
Outstanding, beginning of period	**251 850**	**17,85**	251 850	17,85
Cancelled	**(32 850)**		–	
Awarded	**–**		–	
Outstanding and exercisable, end of period	**219 000**	**17,85**	251 850	17,85

(In thousands of Canadian dollars, except per share data)

11. *CAPITAL STOCK (Continued)*

					2015
Exercise price	**Number of options outstanding**	**Weighted average remaining contractual life**	**Weighted average exercise price**	**Number of options exercisable**	**Weighted average exercise price**
			$		**$**
$17,85	**219 000**	**53 months**	**17,85**	**219 000**	**$17,85**

					2014
Exercise price	Number of options outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number of options exercisable	Weighted average exercise price
			$		$
$17,85	251 850	65 months	17,85	251 850	17,85

12. *TRADE AND OTHER PAYABLES*

The following table analyzes trade and other payables recognized in the statement of financial position:

	2 015	2014
	$	$
Trade accounts payable	**32 090**	32 329
Accrued expenses	**15 928**	15 271
Employee benefits	**14 827**	13 154
Customer deposits	**37 843**	42 700
	100 688	103 454

13. *POST-EMPLOYMENT BENEFITS*

Description of benefit plans

The Company has two funded pension plans which provide most of its employees retirement benefits. The supplemental pension plan (SPP) contains a defined benefit component and a defined contribution component, while the additional supplemental pension plan (APP) is a defined benefit plan. The benefits under the defined benefit component of the SPP are based on the indexed average career salary whereas the APP is based on final average salary.

There are no other benefit plans available to employees.

Since SPP is registered with the Retraite Québec, the governance of the pension plan is within the Pension Committee (the "Committee"). The Committee may delegate some of its functions and / or use of experts, as needed, such as actuaries, custodians and trustees. SPP is also registered with the Canada Revenue Agency.

The investment of the pension fund of the defined benefit component of the SPP and the selection and monitoring of investment performance has been delegated to the Company under the leadership of the Investment Committee, which is a sub-committee of the Board of Directors of the Company. The Company has a responsibility to establish and review the investment policy of the pension plan, where applicable, and monitor on a regular basis the performance of investment managers. The responsibilities of the Company with respect to the defined contribution component is limited to the selection of investment options offered and monitoring the performance of investment managers as investment decisions falls within the responsibility of the participants. The Company uses experienced professionals to assist it in performing its functions and reports its observations / actions to the Committee.

The APP is only registered with the Canada Revenue Agency. Governance of the APP is entirely the responsibility of the Company. A refundable tax account is made to the Canada Revenue Agency for a portion of the assets of the plan. The other portion is invested and responsibilities of the Company are similar to those outlined above for SPP.

Defined benefit pension plans

The most recent actuarial valuations of the pension plans for funding purposes were performed as at December 31, 2014 (SPP) and as at December 1, 2015 (APP). The next valuations will be as of December 31, 2015 and December 1, 2016.

(In thousands of Canadian dollars, except per share data)

13. *POST-EMPLOYMENT BENEFITS (Continued)*

Obligation for Defined Benefit Pension Plans

Accrued Benefit Obligations:	**2 015**	2014
	$	$
Balance, beginning of year	**191 494**	152 608
Current service costs	**6 617**	5 370
Employees contributions	**1 435**	1 450
Interest cost	**8 086**	7 779
Benefits paid	**(4 640)**	(4 534)
Cost of past services		1 280
Actuarial (gains) / losses		
(Gains) due to changes in demographic assumptions	**(1 240)**	(324)
(Gains) / losses due to changes in financial assumptions	**(2 010)**	26 976
Experience losses	**2 532**	889
Balance, end of year	**202 274**	191 494

Breakdown of Accrued Benefit Obligations:	**2 015**	2014
	$	$
Active participants	**155 239**	148 187
Retired participants	**38 686**	34 726
Participants with deferred benefits	**7 911**	7 016
Voluntary contributions	**243**	193
Payables	**195**	1 372
Total	**202 274**	191 494

Plan Assets for Defined Benefit Pension Plans

Fair Value of Plan Assets:	**2 015**	2014
	$	$
Balance, beginning of year	**204 909**	182 542
Interest income	**8 530**	9 221
Actual return on plan assets, excluding amounts in interest income	**(1 362)**	5 619
Employer contributions	**9 472**	10 611
Employees contributions	**1 435**	1 450
Benefits paid	**(4 640)**	(4 534)
Balance, end of year	**218 344**	204 909

(In thousands of Canadian dollars, except per share data)

13. *POST-EMPLOYMENT BENEFITS (Continued)*

Composition of plan assets

Asset category	**2 015**		2014	
	%	**$**	**%**	$
Equity instruments				
- Canadian shares	**26**	**57 428**	**36**	75 096
- Foreign shares	**10**	**22 408**	**19**	38 382
Fixed income instruments	**34**	**74 629**	**35**	72 392
Other (a)	**24**	**51 196**	**4**	7 751
CRA refundable tax acccount	**6**	**12 683**	**6**	11 288
Total	**100**	**218 344**	**100**	204 909

(a) Other includes short-term investments and cash.

All assets were listed on an active market, with the exception of the refundable tax account with the CRA.

Unrecognized Balance Due to Asset Ceiling

	2 015	2014
	$	$
Balance, beginning of year	**376**	29 934
Revaluation – Impact of asset ceiling	**6 867**	(31 039)
Interest on asset ceiling	**16**	1 481
Balance, end of year	**7 259**	376

Reconciliation of the funding situation of pension plans to amounts recognized in the Consolidated Statement of Financial Position

	2 015	2014
	$	$
Fair value of plan assets	**218 344**	204 909
Accrued Benefit obligations	**202 274**	191 494
Plan surplus	**16 070**	13 415
Unrecognized asset due to asset ceiling	**(7 259)**	(376)
Asset recognized in the consolidated statement of financial position	**8 811**	13 039

(In thousands of Canadian dollars, except per share data)

13. *POST-EMPLOYMENT BENEFITS (Continued)*

Pension Expense Recognised in Net Earnings:

	2 015	2014
	$	$
Current service costs	**6 617**	5 370
Net interest expense (income)	**(428)**	1 175
Cost of past services	**-**	1 280
Pension expense recognised in net earnings	**6 189**	7 825

Amounts recognised in Other Comprehensive Income

	2 015	2014
	$	$
Actuarial (gains) / losses		
(Gains) due to changes in demographic assumptions	**(1 240)**	(324)
(Gains) / losses due to changes in financial assumptions	**(2 010)**	26 976
Experience losses	**2 532**	889
Return on plan assets (excluding amounts included in interest income)	**1 362**	(5 619)
Unrecognized asset due to asset ceiling	**6 867**	(31 039)
Additional obligation following the application of IFRIC 14		(24 067)
Remeasurements of the net defined benefit liability (asset)	**7 511**	(33 184)

Principal Assumptions Used to Evaluate the Benefit Obligations as at December 31st are as follows:

	2 015	2014
Accrued benefit obligations		
Discount rate	**4,15%**	4,1%
Escalation rate on credited annuity payments	**2,5%**	2,5%

The assumption regarding future mortality has been established using the CPM mortality tables, private sector, generationally projected using the B scale B1D scale in 2014), as published by the Canadian Institute of Actuaries. This translates into an average life expectancy in years for a pensioner retiring at the age of 65 years:

(In thousands of Canadian dollars, except per share data)

13. *POST-EMPLOYMENT BENEFITS (Continued)*

	2 015	2014
Retirement at the end of the current year		
- Male	**21**	21
- Female	**24**	24

	2 015	2014
Retirement in 20 years after the end of the current year		
- Male	**22**	23
- Female	**25**	25

Other demographic assumptions used include the age of retirement and rates of retirement. Concerning the retirement age, the age at which participants must receive an unreduced pension was used for the two pensions. For the retirement rate, a variable rate table depending inversely on the age of the participant was used. As the pension benefit, in the case of retirement, is equal to the value of service costs of the member, in each of the pensions, the effect of this assumption is minimal.

The sensitivity, of the accrued benefit obligations established to changes in significant assumptions is shown below:

			2015
	Change in assumption	**Increase in the assumption**	**Decrease in the assumption**
Discount rate	**0,50%**	**Decrease of 8.9%**	**Increase of 10.2%**
Escalation rate on credited annuity payments	**0,50%**	**Increase of 4.4%**	**Decrease of 4.1%**

	Increase in the assumption by one year	**Decrease in the assumption by one year**
Life expectancy	**Increase of 2.3%**	**Decrease of 3.0%**

(In thousands of Canadian dollars, except per share data)

13. *POST-EMPLOYMENT BENEFITS (Continued)*

	2014		
	Change in assumption	Increase in the assumption	Decrease in the assumption
Discount rate	0,50%	Decrease of 9.2 %	Increase of 10.5%
Escalation rate on credited annuity payments	0,50%	Increase of 4.7 %	Decrease of 4.3%

	Increase in the assumption by one year	Decrease in the assumption by one year
Life expectancy	Increase of 2.8 %	Decrease of 2.4%

Sensitivity analyses were determined on the basis of reasonable modifications to existing assumptions that would occur at the end of the period. Each sensitivity analysis disclosed is based on the modification of the single assumption, while all other assumptions remain unchanged. In reality, there is expected to be certain interrelationships between assumptions. The analysis above does not take into account the interrelationships between assumptions. The projected credit units method has been used in the sensitivity analysis for changes in significant actuarial assumptions used in the calculation of the benefit obligation recognized in the statement of financial position.

The defined benefit plan entails certain risks for the Company. The most significant risks are described below:

– ***Asset volatility:***

  Plan obligations are calculated using a discount rate based on yields of corporate bonds, if the asset underperforms compared to this yield a deficit is created.

  Plan assets include a significant proportion of equity instruments, which is assumed to obtain a higher return than corporate bonds in the long term, but cause some risk and volatility in short-term performance.

  Nevertheless, given that the plan obligations are rather long term, the Company believes that a certain level of investment in equity instruments is an appropriate element of the strategy of the Company to manage the long-term plan. Plan assets are invested in a diversified mix

(In thousands of Canadian dollars, except per share data)

13. *POST-EMPLOYMENT BENEFITS (Continued)*

to minimize the risk of volatility;

– ***Change in yield of corporate bonds:***

Because the discount rate assumption is based on the yield of corporate bonds, a decrease of the yield may cause an increase in the plan obligations. However, this increase would be partially offset by an increase in the value of corporate bonds held by the Plan;

– ***Life expectancy:***

The majority of corporate bonds held by the Plan are to mirror the life expectancy of the participant, so any increase in life expectancy will cause an increase in plan obligations.

The latest mortality tables are used to minimize this risk.

Based on the most recent actuarial valuation of the SPP as of December 31st, 2014, shows that the plan has a surplus of $25,500 under the going-concern basis and $6,300 deficit using a solvency basis. The Company must make contributions annually of $1,300 until December 31st, 2019 in order to cover the deficit. The contributions for service cost of the Company is equivalent to 375% of employee contributions. The Company pays the minimum required to ensure the plans are fully funded on a minimum funding basis.

The employer contribution is estimated to be $8,400 for the 2016 fiscal year for all plans. This could, however, vary according to the results of actuarial valuations being carried out in 2016.

The following is a maturity analysis of the pension benefits:

	2 015	2014
Less than one year	**3 955**	3 517
Between 1 and 2 years	**5 547**	5 019
Between 2 and 5 years	**14 984**	13 486
More than five years	**393 466**	375 477
	417 952	397 499

Defined contributions (DC) pension plan and other plans

The total cost of the defined contributions plan was $1,118 in 2015 ($1,127 in 2014).

(In thousands of Canadian dollars, except per share data)

14. *PROVISIONS AND CONTINGENT LIABILITIES*

The Company is party to claims and lawsuits in the normal course of business. Management believes that the resolution of these claims and lawsuits will not have a materially adverse effect on the Company's financial position.

15. *RELATED PARTIES*

Other related party transactions

The following transactions have been concluded with a Company controlled by directors. Unless otherwise indicated, no transaction has special terms or characteristics and no guarantees have been given or received.

	2 015	2014
	$	$
Rent	**884**	878
Management fees	**1 162**	1 128

The services of certain senior officers and staff of the subsidiary are provided through a management company controlled by these officers. The management agreement provides for management of the subsidiary's activities, in particular, personnel management, purchasing supervision and ensuring sales growth. The agreement is renewed for an additional 12-month period on maturity each year unless either of the parties provides a notice to the contrary.

Compensation of the key officers and directors includes the following expenses:

	2 015	2014
	$	$
Short-term benefits	**2 213**	2 006
Share-based payments	**448**	386
Option-based benefits	**(495)**	206
Management fees	**1 162**	1 128
	3 328	3 726

During the 12-month period ended December 31, 2015, no options were granted or exercised. On March 31st, 2015, 21,900 options were cancelled and on August 7, 2015, 10,950 options were cancelled.

(In thousands of Canadian dollars, except per share data)

16. *FINANCIAL INSTRUMENTS*

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities:

	2 015	2014
	$	$
Financial assets		
Financial assets at fair value through profit and loss	**48 346**	118 770
Loans and receivables		
Cash	**8 743**	33 495
Trade and other receivables	**3 163**	3 599
Asset-backed commercial paper (MAV)	**5 400**	5 400
	17 306	42 494
Financial liabilities		
Other financial liabilities		
Trade (excluding employee benefits) and other payables	**85 861**	90 300

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

– Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(In thousands of Canadian dollars, except per share data)

16. *FINANCIAL INSTRUMENTS (Continued)*

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement. The financial assets and liabilities hierarchy as follows:

			2015
	Level 1	**Level 2**	**Level 3**
	$	**$**	**$**
Financial assets at Fair value			
Banker's acceptances and discounted notes		**10 556**	
Government and corporate bonds	**-**		
Preferred shares	**-**		
Shares of Canadian companies	**16 722**		
Shares of U.S. companies	**21 068**		
Financial assets at amortized cost			
Asset-backed commercial paper (MAV)		**5 400**	

			2014
	Level 1	Level 2	Level 3
	$	$	$
Financial assets at Fair value			
Banker's acceptances and discounted notes		18 770	
Government and corporate bonds	51 693		
Preferred shares	7 892		
Shares of Canadian companies	24 413		
Shares of U.S. companies	16 002		
Financial assets at amortized cost			
Asset-backed commercial paper (MAV)		5 400	

Fair value measurement

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

The fair value of a financial instrument is generally the consideration for with the instrument would be exchanged in an arm's length transaction, between knowledgeable, willing parties who are under no compulsion to act.

The existence of published price quotations in an active market is the best evidence of fair value. The fair value of shares and bonds is established based on the most recent closing date market price, based on the bid price at the period end. If a security is not actively traded, the fair value is determined by a valuation technique using observable market date to the extent possible.

(In thousands of Canadian dollars, except per share data)

16. *FINANCIAL INSTRUMENTS (Continued)*

The fair value of MAV was estimated based on the last transaction value on securities held by the Company.

	2 015	2014
	$	$
Gains (losses) on assets held at the close of the reporting period	**(456)**	6 589
Gains (losses) on assets not held at the close of the reporting period	**651**	(63)
Gains realised and unrealised on financial assets, fair value	**195**	6 526

Financial instrument risks

The Company's risk management is coordinated at its headquarters, in close cooperation with the Board of Directors, and focuses on actively securing the availability of the Company's short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial instruments are managed to generate lasting returns.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

Market risk

Market risk encompasses many types of risk. The variation of the types of risk, such as interest rate risk and other factors impacting all similar publicly traded financial instruments has an impact on the fair value of the financial assets classified at fair value through profit or loss. To minimize market risk, the Company ensures that the type of investments and individual investments in its investment portfolio are diversified. Additionally, a significant portion of its investments is in financial instrument with short maturity dates, in particular banker's acceptances and discount notes.

Price risk sensitivity

The following table illustrates the sensitivity of income and equity in regards to changes in the market price all other things being equal. It assumes a ± 5 % change of the market price for the years ended December 30, 2015 and 2014.

	2 015	2014
	$	$
Variation		
Income for the period and equity	**2 326**	5 374

(In thousands of Canadian dollars, except per share data)

16. *FINANCIAL INSTRUMENTS (Continued)*

Exchange risk and foreign currency sensitivity

The Company is exposed to exchange risk, because a part of its purchases of inventory is made in currencies other than Canadian dollars. The Company also owns U.S. dollar equity investments in U.S. companies.

The Company does not enter into foreign exchange forward contracts to mitigate the exposure to foreign currency risk.

Foreign currency denominated financial assets and liabilities which expose the Company to currency risk are disclosed below. The amounts shown are those reported to key management translated into Canadian dollars at the closing rate:

	2 015	2014
	$	$
Shares of U.S. companies	**21 068**	16 002
Trade and other payables in U.S. dollars	**(3 832)**	(3 140)
Total exposure	**17 236**	12 862

The following table illustrates the sensitivity of income and equity in regards to the Company's financial assets and financial liabilities and the U.S. dollar/Canadian dollar exchange rate all other things being equal. It assumes a ± 5% change of the Canadian dollar exchange rate for the years ended December 30, 2015 and 2014.

	2 015	2014
	$	$
Variation		
Income for the period and equity	**772**	578

Credit risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation towards the Company. The Company is exposed to this risk as a result of various financial instruments, for example, its deposits, investments in bonds, etc. The Company’s maximum credit risk exposure is limited to the carrying amount of certain financial assets recognized on the reporting date, as summarized in the following table:

(In thousands of Canadian dollars, except per share data)

16. *FINANCIAL INSTRUMENTS (Continued)*

	2 015	2 014
	$	$
Financial asset categories – carrying amounts		
Cash	**8 743**	33 495
Trade and other receivables	**3 163**	3 599
Other financial assets		
Banker's acceptances and discount notes	**10 556**	18 770
Government and corporate bonds		51 693
Asset-backed commercial papers (MAV)	**5 400**	5 400
	27 862	112 957

The Company's management considers that the credit quality of the above financial assets that are not impaired or in default at the reporting date is good. No significant unimpaired trade and other receivables are in default at the reporting date.

Credit risk in respect of cash, banker's acceptances and discount notes, amounts receivable on credit and debit cards is considered negligible because the counterparties are reputable bank with quality external credit ratings.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations. The Company manages its liquidities by monitoring forecasted cash receipts and disbursements in the course of daily activities.Net cash requirements are compared with available cash, investments and credit facility to ascertain if they are sufficient for the period in question. The Company also considers expected cash resources from sales and its financial assets in managing the liquidity risk.

Capital management

The Company's capital management objectives are to safeguard its assets, while maximizing the Company's growth and providing an adequate return to its shareholders. In addition to a conservative approach with respect to safeguarding the financial position, the Company achieves its objective through sound management of internally-generated capital and using capital when necessary to finance its growth initiatives.

The Company's capital consists of its equity.

(In thousands of Canadian dollars, except per share data)

17. EARNINGS PER SHARE AND DIVIDENDS

Both the basic and diluted earnings per share have been calculated using the income attributable to shareholders of the parent company as the numerator.

The following table presents the calculation of basic and diluted net earnings per share:

	2 015	2 014
	$	$
Net income	**41 528**	48 647
Number of shares		
Weighted average number of shares used to calculate basic net earnings per share	**41 995 742**	45 122 039
Dilutive effect of stock options	**-**	-
Weighted average number of shares used to calculate diluted net earnings per share	**41 995 742**	45 122 039
Net earnings per share		
Basic	**0,99**	1,08
Diluted	**0,99**	1,08

The 219,000 options (251,850 options as at December 31, 2014) were not considered in order to calculate the earnings per share as at December 31st, 2015 since they are anti-dilutive.

During 2015, BMTC Group Inc. paid $9,099 or $0.24 per Common share in dividends to its shareholders.

18. SUBSEQUENT EVENTS

No adjusting or significant non-adjusting events occurred between the reporting date and the date of authorization of the consolidated financial statements.