

Top Work, Top Results

THE NORTH WEST COMPANY INC. 2015

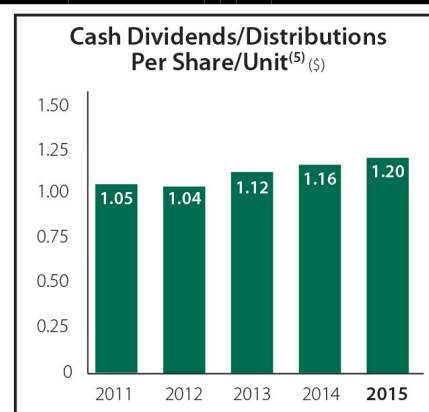
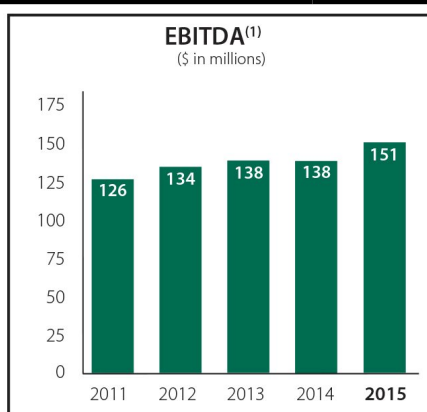
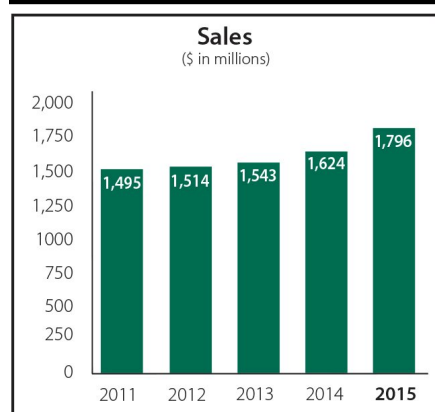
Annual Report



Financial Highlights

All currency figures in this report are in Canadian dollars, unless otherwise noted

(\$ in thousands, except per share information)	Year Ended January 31, 2016	Year Ended January 31, 2015	Year Ended January 31, 2014
RESULTS FOR THE YEAR			
Sales	\$ 1,796,035	\$ 1,624,400	\$ 1,543,125
Same store sales % increase ⁽²⁾	3.8%	2.4%	1.8%
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) ⁽³⁾	\$ 151,347	\$ 137,838	\$ 138,336
Earnings from operations (EBIT)	107,321	97,466	100,060
Net earnings	69,779	62,883	64,263
Cash flow from operating activities ⁽⁴⁾	132,987	115,086	79,473
FINANCIAL POSITION			
Total assets	\$ 793,795	\$ 724,299	\$ 670,512
Total debt	225,489	201,396	182,862
Total equity	357,612	329,283	322,440
FINANCIAL RATIOS			
Debt-to-equity	.63:1	.61:1	.57:1
Return on net assets ⁽³⁾ (RONA)	19.5%	18.4%	20.0%
Return on average equity ⁽³⁾ (ROE)	20.6%	19.3%	21.0%
Sales blend: Food	79.3%	78.2%	77.4%
General Merchandise	17.6%	18.3%	18.9%
Other	3.1%	3.5%	3.7%
PER SHARE (\$) - DILUTED			
EBITDA ⁽³⁾	\$ 3.10	\$ 2.83	\$ 2.84
Net earnings	1.43	1.29	1.32
Cash flow from operating activities ⁽⁴⁾	2.73	2.36	1.63
Market price: January 31	30.53	26.56	25.42
high	30.53	26.74	29.00
low	23.41	21.93	22.34



(1) Certain 2012 figures have been restated as required by the implementation of IAS 19r *Employee Benefits*. 2011 has not been restated for these accounting standard changes. See the 2013 annual audited consolidated financial statements or annual report for further information.

(2) All references to same store sales exclude the foreign exchange impact.

(3) See Non-GAAP Financial Measures section.

(4) Lower cash flow from operating activities in 2013 is largely due to the payment of Canadian income taxes. Further information is provided under Cash from Operating Activities on page 15.

(5) Effective January 1, 2011, North West Company Fund converted to a share corporation called The North West Company Inc. The amount paid in 2011 includes the final distribution from North West Company Fund of \$0.09 and dividends from The North West Company Inc. of \$0.96. See Conversion to a Share Corporation and Consolidated Liquidity and Capital Resources sections for further information.

Annual Report

TABLE OF CONTENTS

Management's Discussion & Analysis

Forward-Looking Statements	2
President & CEO Message	3
Chairman's Message	4
Our Business Today and Vision	5
Principles and Strategies	6
Key Performance Drivers and Capabilities to Deliver Results	7
Conversion to a Share Corporation and Fiscal Year	8
Consolidated Results Financial Performance	9
Canadian Operations Financial Performance	11
International Operations Financial Performance	13
Consolidated Liquidity and Capital Resources	15
Quarterly Financial Information	19
Disclosure Controls	20
Internal Controls over Financial Reporting	20
Outlook	21
Risk Management	21
Critical Accounting Estimates	24
Accounting Standards Implemented in 2015	26
Future Accounting Standards	26
Non-GAAP Financial Measures	27
Glossary of Terms	28
Eleven-Year Financial Summary	29

Consolidated Financial Statements

Management's Responsibility for Financial Statements	31
Independent Auditor's Report	31
Consolidated Balance Sheets	32
Consolidated Statements of Earnings	33
Consolidated Statements of Comprehensive Income	33
Consolidated Statements of Changes in Shareholders' Equity	34
Consolidated Statements of Cash Flows	35
Notes to Consolidated Financial Statements	36
Shareholder Information	59
Corporate Governance	60

Unless otherwise stated, this Management's Discussion & Analysis ("MD&A") for The North West Company Inc. ("NWC") or its predecessor North West Company Fund ("NWF" or "Fund") and its subsidiaries (collectively, "North West Company", the "Company", "North West", or "NWC") is based on, and should be read in conjunction with the 2015 annual audited consolidated financial statements and accompanying notes. The Company's annual audited consolidated financial statements and accompanying notes for the year ended January 31, 2016 are in Canadian dollars, except where otherwise indicated, and are prepared in accordance with International Financial Reporting Standards ("IFRS").

Due to the transition to IFRS, comparative figures for the year ended January 31, 2011 ("2010") that were previously reported in the consolidated financial statements prepared in accordance with Canadian generally accepted accounting principles ("CGAAP") have been restated to conform with the accounting policies and financial statement presentation adopted under IFRS. The financial information for the fiscal years 2009 and prior was prepared in accordance with CGAAP and has not been restated. Further information on the transition to IFRS and the impact on the Company's consolidated financial statements is provided in the 2011 Annual Financial Report available on SEDAR at www.sedar.com or on the Company's website at www.northwest.ca.

The Company adopted the revised IAS 19 Employee Benefits (IAS 19r) effective February 1, 2013. The implementation of this standard required the restatement of certain 2012 comparative numbers. 2011 and previous years have not been restated for these accounting standard changes as they were effective for the Company February 1, 2013 with retrospective adjustments as at February 1, 2012. Further information on the impact of this accounting standard is provided in the Accounting Standards Implemented in 2013 section of the 2013 Annual Report or in Note 3 to the Company's 2013 annual audited consolidated financial statements.

The Board of Directors, on the recommendation of its Audit Committee, approved the contents of this MD&A on April 8, 2016 and the information contained in this MD&A is current to April 8, 2016, unless otherwise stated.

Forward-Looking Statements

This MD&A contains forward-looking statements about North West including its business operations, strategy and expected financial performance and condition. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "plans", "believes", "estimates", "intends", "targets", "projects", "forecasts" or negative versions thereof and other similar expressions, or future or conditional future financial performance (including sales, earnings, growth rates, capital expenditures, dividends, debt levels, financial capacity, access to capital, and liquidity), ongoing business strategies or prospects, and possible future action by the Company. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Company, economic factors and the retail industry in general. They are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied by forward-looking statements made by the Company due to, but not limited to, important factors such as general economic, political and market factors in North America and internationally, interest and foreign exchange rates, changes in accounting policies and methods used to report financial condition, including uncertainties associated with critical accounting assumptions and estimates, the effect of applying future accounting changes, business competition, technological change, changes in government regulations and legislation, changes in tax laws, unexpected judicial or regulatory proceedings, catastrophic events, the Company's ability to complete capital projects, strategic transactions and integrate acquisitions, the Company's ability to realize benefits from investments in information technology ("IT") and systems, including IT system implementations or unanticipated results from these initiatives and the Company's success in anticipating and managing the foregoing risks. The reader is cautioned that the foregoing list of important factors is not exhaustive. Other risks are outlined in the Risk Management section of this MD&A, in the Risk Factors sections of the Annual Information Form and in our most recent consolidated financial statements, management information circular, material change reports and news releases. The reader is also cautioned to consider these and other factors carefully and not place undue reliance on forward-looking statements. Other than as specifically required by applicable law, the Company does not intend to update any forward-looking statements whether as a result of new information, future events or otherwise.

Additional information on the Company, including our Annual Information Form, can be found on SEDAR at www.sedar.com or on the Company's website at www.northwest.ca.

2015 President & CEO Message

2015 met our expectations for accelerated sales and earnings gains compared to the previous three years. Market conditions helped, reflecting our unique geographic breadth. From remote regions of Canada and Alaska, to rural western Canadian towns and southern islands across 10 time zones, we were presented with attractive opportunities. Our people, led by exceptional store teams, were terrific at getting sales. Together they reinforced North West's advantages of being local, convenient, reliable, customer-caring and driven to be better every day.

International EBITDA was up 23.3% compared to a 26.9% improvement in 2014 and now represents 35.1% of our consolidated EBITDA. Our "Top" locations in Alaska and the Caribbean were top performers, led by stores where we recently invested in facilities, store teams and our best format ideas. International Operations also excelled again in planning and executing selling events. Their successes tell us that we have tremendous upside across all banners by better targeting selling for when customers are most ready to buy, whether by time of day, week, month or season. Finally, expense rate reductions were achieved through staff productivity and lower oil-related energy costs.

Northern Canadian sales were tougher to get, in part because we had more changes underway related to our Top Work. Categories that we decided to downsize in 2015 predictably impacted top line results in general merchandise but freed selling space, inventory investment and management time for Top Categories, which grew at a faster rate. The northern Canadian economy was challenged by constrained discretionary spending due to a protracted natural resources downturn and a lack of public stimulus investment. Against this backdrop we were satisfied that we struck a good balance between learning from new Top merchandise programs and store talent structures, while still delivering on our day-to-day business.

Our Giant Tiger banner was a highlight within the Canadian store group. Improved sales readiness and everyday operating disciplines, combined with the remodeling of six stores and opening of two new locations, contributed to another strong year at Giant Tiger. This work sets a confident tone for Giant Tiger's potential over the next 3 to 5 years. Apart from opportunistic acquisitions in other banner regions, Giant Tiger is our top priority for new store openings targeting rural centers and urban in-fill markets.

While our financial results were satisfying, the most exciting and encouraging aspect in 2015 did not have a material impact on the bottom line. More than in any previous year, our people were fully engaged in bigger and bolder foundational projects, aligned under our "Top" Strategy umbrella. Our Topwork principle is straightforward and compelling. We've chosen to invest first in key positions, products and locations that make the most difference to our customers and generate the most return to us. This work stretched and stimulated our people and, positions us to capture more everyday customer spending.

Under our Top Category initiative, priority merchandise groups were clearly defined and tested or rolled out in 2015, with a focus on northern Canada. It was a learning year for our merchants and store operations teams as we shifted to high potential business that required new knowledge and practices. Each Top Category, whether in convenience, food service, baby, fresh, pharmacy or big ticket, raised our standards and delivered early results that created momentum for ambitious target-setting for the upcoming year, across more stores.

Top Markets refers to approximately 40 of our largest and highest potential store locations. In 2015, we completed a record 11 major projects within the Top Markets group, ranging from new convenience stores to main store replacements, additions and complete store remodels. An essential element was tailoring our project and service offer by viewing each store individually, as if it was the only one we operated. This approach demanded more time that will be reduced in 2016 and onward as Top Markets solutions start to combine versions of our 2015 work while staying true to our "only store" principle. Top Markets will also be paced over an additional two years, recognizing that each store is requiring more

maintenance investment than initially expected. This change further ensures that we have capacity to invest in a select number of other attractive initiatives over the next three years.

As work pushed ahead on TopCategories and Markets it became clear that our store people capability was not keeping pace. A mid-year adjustment was made to elevate recruitment, training and compensation as a stand-alone, Top People task. This reinforced accountability and visibility for what remains North West's basis for success: our people strength working up and down from our key in-store management roles. Heading into 2016, our people plans are now more solid, battle-tested and ready to be a performance driver.

Taking on other major work, with our Top initiatives well underway, is a careful decision that is justified in the area of upgrading our legacy merchandise and store information systems. This project will help optimize our Top work effectiveness and will launch in the second quarter with an expected time to completion of 24 months.

The Canadian dollar depreciation and lower oil prices were both unpredicted, net positive impacts on our business last year. In 2016, a more certain, favourable environment assumes these conditions carry forward, together with higher U.S. tourism spending that will underpin growth in our Cost-U-Less banner. In Canada, the federal government's budget is good news for one of our largest customer segments, low income families with children. Equally important is the government's commitment to address longstanding education and basic infrastructure inequities within First Nation and other northern remote communities, many of which are served by our Northern, NorthMart and Giant Tiger stores. All of these factors are expected to more than offset Alaska's difficult fiscal choices tied to declining oil revenues.

2015 set a new performance bar for North West. Smaller banners like Cost-U-Less and Giant Tiger delivered big results. Our Top initiatives challenged us, with lots of learning iterations, but they proved to be the right work to grow our business at a higher sustainable rate. Thanks to the impressively high engagement of our associates, I am confident that we are aligned and on track to deliver more Top results in 2016.



Edward S. Kennedy
President & CEO
April 8, 2016



2015 Chairman's Message

As Chairman of the Board, I am pleased to report to you on the Board's perspective of the current state of the Company's affairs and specifically, our achievements in 2015.

2015 was a year of strong performance across all banners. While our northern Canadian and Alaskan operations continued to provide a solid foundation, Cost-U-Less and Giant Tiger delivered exceptional year-over-year growth. Over the years we have faced questions about the strategic fit of these operations but I think 2015, like 2014, reinforced the market diversity and scale benefits that exposure to these markets brings to North West. What is particularly pleasing about these results is that they reflect the same, store-by-store approach to improving our business that we have applied in our northern businesses. They also play to our traditional strengths in logistics and local market adaptability. Today, over 33% of our store revenues come from these operations, a significant shift over the past five years.

That being said, we continue to focus on improving our traditional, northern markets position. We are, as a Board, committed to the "Top" program that was launched last year and is now in full swing. We have embarked upon the most ambitious capital spending program in the Company's history as we invest to maximize performance in our most important markets and in our most significant merchandise categories, which are all driven by each community's changing needs. At the same time we are investing in the capabilities of our people and our technology to fully enable this transformational work. It's a lot of change for our Company and our people but it is essential to sustaining our business and in keeping with the enterprising spirit that has been at the centre of The North West Company for over 300 years.

The Board is very conscious of our long-standing value proposition to shareholders, which is to focus on total return by maintaining a strong and growing dividend, while at the same time driving for annual growth in our business. We feel our 26 year track record as a publicly-traded company reflects the success of this approach. As our Top Market work progresses, we expect to see attractive returns and it is our intention to continue our policy of consistent dividend growth as these results develop.

Because we focus on being a trusted community store, and because we have an important role to play as a result, we understand, as a Board, the unique challenges that these communities face, particularly by those with significant unemployment and poverty. We also appreciate the need, in everyone's interest, to properly and expeditiously address these challenges. For this reason, we are pleased to see recent initiatives taken by the government of Canada to focus resources on addressing many basic remote community needs, most importantly in the areas of indigenous community housing, clean water, education and healthcare. We are also supportive of efforts to implement recommendations of the Canadian Truth and Reconciliation Commission.

In addition to our efforts to be adaptable to community shopping needs and to improve the quality and price of the services and goods we offer, we are committed to enhancing employment and economic opportunities, all contributing to better lives. In this spirit, we recently launched our Healthy Horizons Foundation, with a mandate to encourage healthy living programs and activities for disadvantaged youth in the communities we serve. Our belief is that the Foundation will help engage and empower local youth in areas that need and deserve more private and public support.

We spend considerable time at the Board discussing the health and needs of the communities we are a part of. I believe we have a diversity of talents and perspectives around the table which gives real meaning to the oversight of our Company. We were pleased to add to that capability when Victor Tootoo joined our Board this year. Victor lives in Iqaluit, Nunavut, Canada, where he is a successful businessman and entrepreneur, and brings valuable personal and community insights to our business deliberations.

As successful as our results were in 2015, the real story this year was the volume of change work that was done throughout the Company by our employees, the Nor'Westers. They rose to the challenge and, on behalf of the Board and our shareholders I thank them for all their efforts.



H. Sanford Riley
Chairman, Board of Directors
April 8, 2016



Management's Discussion & Analysis

OUR BUSINESS TODAY

The North West Company is a leading retailer to underserved rural communities and urban neighbourhoods in the following regions: northern Canada, western Canada, rural Alaska, the South Pacific and the Caribbean. Our stores offer a broad range of products and services with an emphasis on food. Our value offer is to be the best local shopping choice for everyday household and local lifestyle needs.

North West's core strengths include: our ability to adapt to varied local values and priorities to forge community partnerships; our on-the-ground presence with hard-to-replicate operating skills, customer insights and facilities; our logistics expertise in moving product to, and operating stores within, remote or difficult-to-reach markets; and our ability to apply these strengths within complementary niche businesses.

North West has a rich enterprising legacy as one of the longest continuing retail enterprises in the world. The Company traces its roots back to 1668 and many of our stores in northern Canada have been in continuous operation for over 200 years. In 2017, the Alaskan retail subsidiary, Alaska Commercial Company, will celebrate its 150th anniversary.

Today these northern stores serve communities with populations ranging from 300 to 9,000. A typical store is 6,500 square feet in size and offers food, family apparel, housewares, appliances, outdoor products and services such as fuel, post offices, pharmacies, income tax return preparation, quick-service prepared food, commercial business sales, prepaid card products, ATMs, cheque cashing and proprietary credit programs.

Growth at North West has come from market share expansion within existing locations and from applying our expertise and infrastructure to new product categories, markets and complementary businesses. The latter includes wholesaling to independent stores, opening Giant Tiger junior discount stores in rural communities and urban neighbourhoods in western Canada, and acquiring Cost-U-Less, Inc., a chain of mid-sized warehouse format stores serving the South Pacific islands and the Caribbean.

A key strength and ongoing strategy of North West is to adapt to unique local lifestyles and cultures, and capture selling opportunities better than our competition. Flexible store development models, store management selection and education, store-level merchandise ordering, community relations and enterprising incentive plans are all ingredients of the model we have built to sustain this leading market position. We believe that continued, efficient enhancement of our execution skills in general, and our logistics and selling skills specifically, are essential components to meeting customer needs within each market we serve.

North West delivers its products and services through the following retail banners and wholesale businesses, in two reporting segments:

Canadian Operations⁽¹⁾

- **121 Northern** stores, offering a combination of food, financial services and general merchandise to remote northern Canadian communities;
- **6 NorthMart** stores, targeted at larger northern markets with an emphasis on an expanded selection of fresh foods, fashion and health products and services;
- **14 Quickstop** convenience stores, offering extended hours, ready-to-eat foods, fuel and related services in northern Canadian markets;
- **34 Giant Tiger ("GT")** junior discount stores, offering family fashion, household products and food to urban neighbourhoods and larger rural centers in western Canada;
- **1 Valu Lots** discount center and direct-to-customer food distribution outlet for remote communities in Canada;
- **1 Solo Market** store, targeted at less remote, rural markets;
- **1 Price Chopper** store, a discount food store offering a selection of fresh food and grocery;
- **1 Tim Hortons** stand-alone franchise restaurant located in a northern market;
- **Crescent Multi Foods ("CMF")**, a distributor of produce and fresh meats to independent grocery stores in Saskatchewan, Manitoba and northwestern Ontario; and
- **2 North West Company Fur Marketing** outlets, trading in furs and offering Indigenous handicrafts and authentic Canadian heritage products.

International Operations⁽¹⁾

- **27 AC Value Centers** stores similar to Northern and NorthMart, offering a combination of food and general merchandise to communities across remote and rural regions of Alaska;
- **6 Quickstop** convenience stores within rural Alaska;
- **Pacific Alaska Wholesale ("PAW")**, a leading distributor to independent grocery stores, commercial accounts and individual households in rural Alaska;
- **13 Cost-U-Less ("CUL")** mid-sized warehouse stores, offering discount food and general merchandise products to island communities in the South Pacific and the Caribbean; and
- **1 Island Fresh IGA Supermarket** neighborhood food store in Guam, offering convenience with an emphasis on fresh and prepared foods.

- (1) Store count does not include convenience "Store within a Store" services such as post offices or branded food service kiosks.

VISION

At North West our mission is to be a trusted provider of goods and services within hard-to-access or less developed markets. Our vision is to help people live better in these communities by doing our job well, with their interests as our first priority. This starts with our customers' ability and desire to shop locally with us for the widest possible range of products and services that meet their everyday needs. We respond by being more innovative, reliable, convenient, locally adaptable, welcoming and by having the lowest local price, enabled by lean, innovative processes. For our associates, we want to be a preferred, fulfilling place to work. For our investors, we want to deliver superior, top-quartile total returns over the long term.

PRINCIPLES

The way we work at North West is shaped by six core principles: *Customer Driven, Enterprising, Passion, Accountability, Trust, and Personal Balance.*

Customer Driven refers to looking through the eyes of our customers while recognizing our local presence as a supportive community citizen.

Enterprising is our spirit of innovation, improvement and growth, reflected in our unrelenting focus on new and better products, services and processes.

Passion refers to how we value our work, our privileged local market presence and the opportunity to find solutions that make a difference in our customers' lives.

Accountability is our management approach to getting work done through effective roles, tasks and resources.

Trust at North West means doing what you say you will do, with fairness, integrity and respect.

Personal Balance is our commitment to sustaining ourselves and our organization, so that we work effectively and sustainably in our roles and for our customers and communities.

STRATEGIES

The strategies at North West are aligned with a total return approach to investment performance. We aim to deliver top quartile returns through an equal emphasis on growth and income yield with opportunities considered in terms of their growth potential and ability to sustain an attractive cash return within a lower business risk profile.

The Company's Long-Range Plans ("LRP") are developed in multi-year cycles and are reviewed and adjusted as required at the senior management and board levels. Over the previous LRP cycle, the Company's focus related to being better at the basic elements of our value offer, including our in-stock performance and the profitability of our perishable and other high-convenience categories. The logistics side of our business was also an investment priority.

The strategic planning work leading into 2014 identified that further gains in operating standards and efficiency were still attractive paths for North West. Even more important was our physical store network, local selling capability and community relations. Finally, we identified the logistics and data links to our stores as secondary, but still important competencies that could be further leveraged.

In 2014, the Company defined its current strategic priorities aimed at solidifying and growing market share within top markets and product and service categories. Our key priorities reflect these findings and are summarized below together with the results for 2015:

Initiative #1

Top Markets

Invest in our largest, highest potential markets to drive above average sales and profit growth through larger, updated store facilities with more room for growth categories, supported by highly capable store teams and strong community relations.

Result

11 of 12 planned Top Markets projects were completed on schedule in 2015 as part of a multi-year investment plan. Performance results have been generally favourable based on a limited operating track record due to most projects being completed in the late third quarter and early fourth quarter. The time horizon for the remaining Top Markets projects has been extended to 2020 based on higher maintenance capital requirements per project and the need to balance Top Market resources against other attractive opportunities over this time period. The people element of the Top Markets was broken out as a separate "Top People" initiative at mid-year in 2015. This was due to under-performance on recruiting, and the importance of raising the visibility and accountability of all core enabling store people practices (recruiting, training and compensation). The adjustment is working and recruitment gaps are expected to be filled by mid-2016.

Initiative #2

Top Categories

Capture market share by focusing on existing and new product and service categories which offer the highest everyday convenience and service value to our customers and which can be delivered in a superior way by North West.

Result

Top Category growth work was preceded by a reduction in low-potential general merchandise categories. As planned, approximately 30% of then-existing general merchandise inventory was liquidated and investment was reallocated to Top Categories. The inventory reduction work was significant and was completed on time and within the budgeted markdown reserves allocated in the fourth quarter of 2014.

On the Top Category growth side, plans were completed and either tested or completely rolled out in northern Canada for all Top Categories in Food Service, Pharmacy, Produce, Meat, Baby and Children, Large-Pack Size, Grocery, Automotive, Outdoor Living, Furniture and Motorized. In the first half of 2015, Convenience was added as a Top Category aggregation of C-store type products and services. This culminated in a Convenience category plan for all northern Canadian stores that will be fully implemented in 2016. Top Category plans generally met or exceeded expectations in 2015. For 2016, financial targets have been built up by store and have the advantage of the test learnings from last year.

Initiative #3

Complete the Implementation of a Transportation Management System

Complete the investment in Transportation Management Systems ("TMS") that will deliver a competitive advantage on the cost, quality and reliability of moving products to the remote markets we serve.

Result

Modifications were made to TMS to add functionality, make the system easier to use, and simplify processes in our distribution centers and third-party transportation hubs. These modifications will provide product visibility and tracking throughout the logistics network and will enable the expected payment, load planning and shrink reduction benefits to be realized. The system changes have been implemented in our Canadian Operations distribution center and the implementation in our northern Canada transportation hubs is expected to be completed in the second quarter of 2016.

Initiative #4

Building on our Relationship with Giant Tiger Stores Limited

Renewing our Giant Tiger store base through a stronger partnership with our Master Franchisor, Giant Tiger Stores Limited ("GTSL") so store growth accelerates in western Canada and both companies achieve more cost and scale synergies from working together.

Result

North West and GTSL reached agreement on an amended Master Franchise Agreement ("MFA") which re-established North West's exclusivity rights in western Canada and extended the MFA to 2040. Other important terms of the agreement that will enable North West to grow its GT store base included a revised royalty structure for the opening year of new stores and a more flexible store opening schedule. In 2015, six store remodels were completed against a plan of three and two new stores were opened in 2015 compared to a plan of three due to unforeseen site conditions at the third location. For 2016, four new store openings and five store remodels are planned.

Initiative #5

Customer Driven and Store Centric

Ensuring that how we work at North West, what we refer to as our "Management System," is customer driven and store centered.

Result

Store Connect, a web-based platform that provides stores with an easy to use, standardized tool for reporting service issues, communicating customer requests and identifying sales opportunities, was launched in the fourth quarter of 2014. In 2015, a centralized service desk was established and all of the Support Office service departments were set up on the platform. Store Connect was rolled-out to all of our stores and service level agreements were developed to measure the timeliness of issue resolution. Satisfaction surveys were conducted with the stores and the Store Connect overall satisfaction score was 90%. In 2016, there will be greater focus on root cause analysis and improving issue resolution within the established service level timelines.

KEY PERFORMANCE DRIVERS AND CAPABILITIES REQUIRED TO DELIVER RESULTS

The ability to protect and enhance the performance of our "Top

"Markets: Our Top Markets offer the highest potential for market share growth, improved productivity and customer satisfaction. We believe that the effective execution of our Top Markets strategy will deliver higher returns, even within muted economic conditions, and will generate solid ideas that can be applied across all stores.

The financial capability to sustain the competitiveness of our existing store base and to pursue growth:

Our investment priorities center on our Top Categories and Markets while applying higher payback learnings in areas such as energy-efficiency and technology to all stores. Non-capital expenditures are centered on Top People improvements to our in-store capabilities through improved store structures, compensation, recruiting and training.

The ability to be a leading community store in every market we serve:

This depends on our ability to engage individual customers and the community at large in highly constructive ways. It starts with being able to locally tailor our store formats, product/service mix, community support and store associate employment offer, while still realizing the scale efficiencies of our size or the size of our alliance partners. Investing in relationships, a broad range of products, services and store sizes, flexible technology platforms and "best practice" work processes, are all required to achieve this goal.

Our ability to build and maintain supportive community relations:

Our ongoing community presence depends on our ability to be a trusted, open, respectful and adaptable organization. Renewing store leases, especially when the landlord is a community development entity, depends on our track record of solid store operations, our positive community relations and the perceived community and customer value of our retail store compared to other options. Our approach is to reflect community priorities first and invest in local causes, with community development and healthy living being two examples. We facilitate regular meetings with community and regional leadership to build constructive relationships and to ensure that information and ideas are shared on a proactive basis.

Our ability to attract, retain and develop highly capable store level employees and work practices:

Enhancing store stability and capability as part of our Top People strategies recognizes the important role played by our managers and other key store-level personnel. These positions are instrumental in realizing local selling opportunities, meeting our customer service commitments and building and maintaining positive community relationships. It also recognizes that remoteness, employment competition from other local sectors and other conditions in our markets create challenges in attracting and retaining people. Related to this is our on-going ability to hire locally and assist local associates to reach their full potential.

Our ability to reduce costs across all of our store banners, improve competitiveness and create more time and skill at store level to sell merchandise:

An ongoing goal within our stores is to shift more staff time and skill towards selling merchandise tailored to the unique markets we serve, while reducing costs in the non-selling facets of store work. Productivity opportunities include TMS, labour scheduling, energy usage and inventory shrinkage reduction. We have developed alliances with other non-competing retailers to provide development and distribution services for certain products and services where we do not have adequate scale.

CONVERSION TO A SHARE CORPORATION

On January 1, 2011, the North West Company Fund (the "Fund") completed its previously announced conversion to a corporation named The North West Company Inc. (the "Company") by way of a plan of arrangement under section 192 of the Canada Business Corporations Act. The details of the conversion and the Arrangement are contained in the management information circular dated April 29, 2010 which is available on the Company's website at www.northwest.ca or on SEDAR at www.sedar.com.

The conversion was accounted for as a continuity of interests and as such the carrying amounts of the assets, liabilities and unitholders' equity in the consolidated financial statements of the Fund immediately before the conversion was the same as the carrying values of the Company immediately after the conversion. The comparative amounts in this MD&A and in the consolidated financial statements are those of the Fund restated to conform with IFRS. The MD&A and consolidated financial statements contain references to "shareholders", "shares" and "dividends" which were previously referred to as "unitholders", "units" and "distributions" under the Fund.

As a result of the conversion to a share corporation, the earnings from The North West Company LP that previously flowed to the Fund on a pre-tax basis are now subject to income taxes based on statutory federal and provincial income tax rates commencing January 1, 2011.

On November 21, 2011, income tax legislation was enacted to curtail income deferral by corporations with a partnership that has a different taxation year. The new legislation requires income from these partnerships to be reported on an accrual basis for tax purposes but also includes transitional provisions whereby income earned from the partnership during the initial adoption year can be deferred and recognized over a subsequent five-year period. As a result of these transition rules, a substantial portion of the income tax payable of the Canadian Operations for 2011 has been deferred and will be paid over the next five years. This deferred tax liability has been recorded as a reduction of deferred tax assets. Further information on deferred tax assets and deferred tax liabilities is provided in Note 9 to the consolidated financial statements.

FISCAL YEAR

The fiscal year ends on January 31. The 2015 year which ended January 31, 2016, the 2014 year which ended January 31, 2015 and the 2013 year which ended on January 31, 2014 had 365 days of operations.

Consolidated Results

2015 Highlights

- Sales increased to \$1.796 billion, our 16th consecutive year of sales growth.
- Same store sales increased 3.8% driven by strong food sales.
- EBITDA⁽²⁾ increased 9.8% led by International Operations.
- Quarterly dividends to shareholders increased 6.9% to \$0.31 per share.
- Return on average equity was 20.6% as a result of an 11.0% increase in net earnings and has averaged 20.6% over the past five years.
- Total returns to shareholders were 20.2% for the year and were 12.8% on a compound annual basis over the past five years.
- Two Quickstop convenience stores and two Giant Tiger stores were opened in Canadian Operations.

FINANCIAL PERFORMANCE

Some of the key performance indicators used by management to assess results are summarized in the following table:

Key Performance Indicators and Selected Annual Information

(\$ in thousands, except per share)	2015	2014	2013
Sales	\$ 1,796,035	\$ 1,624,400	\$ 1,543,125
Same store sales % increase ⁽¹⁾	3.8%	2.4%	1.8%
EBITDA ⁽²⁾	\$ 151,347	\$ 137,838	\$ 138,336
EBIT	\$ 107,321	\$ 97,466	\$ 100,060
Net earnings	\$ 69,779	\$ 62,883	\$ 64,263
Net earnings per share - diluted	\$ 1.43	\$ 1.29	\$ 1.32
Cash from operating activities ⁽³⁾	\$ 132,987	\$ 115,086	\$ 79,473
Cash dividends per share	\$ 1.20	\$ 1.16	\$ 1.12
Total assets	\$ 793,795	\$ 724,299	\$ 670,512
Total long-term liabilities	\$ 280,682	\$ 248,741	\$ 138,334
Return on net assets ⁽²⁾	19.5%	18.4%	20.0%
Return on average equity ⁽²⁾	20.6%	19.3%	21.0%

(1) All references to same store sales exclude the foreign exchange impact.

(2) See Non-GAAP Financial Measures section.

(3) See Consolidated Liquidity and Capital Resources.

Consolidated Sales Sales for the year ended January 31, 2016 ("2015") increased 10.6% to \$1.796 billion compared to \$1.624 billion for the year ended January 31, 2015 ("2014"), and were up 16.4% compared to \$1.543 billion for the year ended January 31, 2014 ("2013"). The increase in sales in 2015 was driven by same store sales growth and the positive impact of foreign exchange on the translation of International Operations sales. Excluding the foreign exchange impact, sales increased 4.5% from 2014 and were up 7.3% from 2013. On a same store basis, sales increased 3.8% compared to increases of 2.4% in 2014 and 1.8% in 2013.

Food sales increased 12.1% from 2014, and were up 5.3% excluding the foreign exchange impact with all banners contributing to the sales gains. Same store food sales increased 4.5% over last year with quarterly same store increases of 4.9%, 6.3%, 3.8% and 3.2% in the fourth quarter. Canadian food sales increased 5.8% and International food sales increased 4.6% excluding the foreign exchange impact largely due to same store sales growth.

General merchandise sales increased 6.5% compared to 2014 and were up 2.5% excluding the foreign exchange impact led by sales growth in our International Operations. Same store general merchandise sales increased 1.0% for the year with increases of 5.3% and 2.5% in the first and second quarter followed by decreases of 1.7% and 0.9% in the third and fourth quarter. Canadian general merchandise sales increased 2.3% as sales in southern markets more than offset lower sales in northern markets largely due to discontinued general merchandise and the reallocation of selling space to categories with more upside potential. International general merchandise sales increased 3.1% excluding the foreign exchange impact due to same store sales growth in all banners.

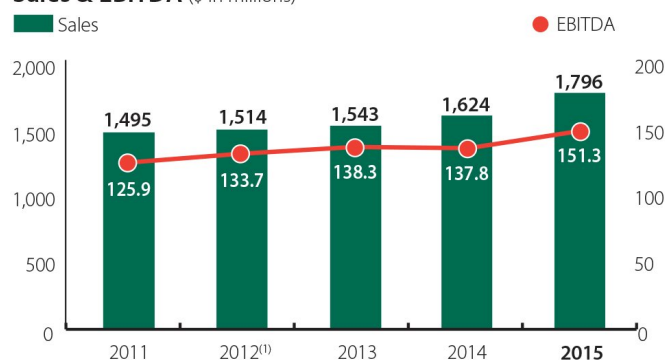
Other revenue, which includes fuel sales, fur sales, tele-pharmacy revenue and service charge revenue, decreased 2.5% compared to 2014 due to lower fuel sales largely related to fuel price deflation.

Sales Blend The table below shows the consolidated sales blend over the past three years:

	2015	2014	2013
Food	79.3%	78.2%	77.4%
General merchandise	17.6%	18.3%	18.9%
Other	3.1%	3.5%	3.7%

Canadian Operations accounted for 60.7% of total sales (64.2% in 2014 and 66.3% in 2013) while International Operations contributed 39.3% (35.8% in 2014 and 33.7% in 2013).

Sales & EBITDA (\$ in millions)



(1) Certain 2012 figures have been restated as required by the implementation of *Employee Benefits* IAS 19r. 2011 has not been restated for these accounting standard changes. See the 2013 annual audited consolidated financial statements for further information.

Gross Profit Gross profit increased 12.6% to \$522.6 million compared to \$464.2 million last year due to sales growth and a 52 basis points increase in the gross profit rate. The increase in the gross profit rate to 29.1% compared to 28.6% last year was due in part to the impact of the write-down and clearance of discontinued general merchandise inventory in Canadian Operations last year. A more favourable product sales blend also contributed to the gross profit rate improvement.

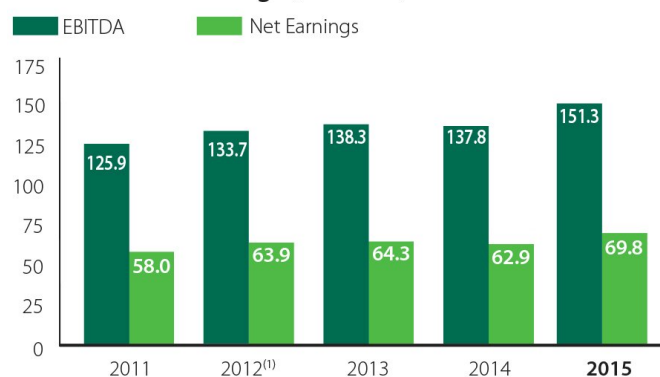
Selling, Operating and Administrative Expenses Selling, operating and administrative expenses ("Expenses") increased 13.2% to \$415.3 million and were up 54 basis points as a percentage of sales compared to last year. This increase in Expenses is largely due to the impact of foreign exchange on the translation of International Operations expenses and higher share-based compensation costs related to a \$3.97 or 14.9% increase in the share price this year compared to a \$1.14 or 4.5% increase last year. Further information on share-based compensation costs is provided in Note 13 to the consolidated financial statements. These factors were partially offset by the impact of employee restructuring costs last year.

Earnings from Operations (EBIT) Earnings from operations or earnings before interest and income taxes ("EBIT") increased 10.1% to \$107.3 million compared to \$97.5 million last year as sales growth, an increase in the gross profit rate and the impact of foreign exchange more than offset higher selling, operating and administrative expenses. Excluding the foreign exchange impact, earnings from operations increased \$3.3 million or 3.5% compared to last year. Earnings before interest, income taxes, depreciation and amortization ("EBITDA") increased 9.8% to \$151.3 million compared to last year. Excluding the foreign exchange impact, EBITDA increased 3.8% and was 8.5% as a percentage of sales compared to 8.6% last year.

Interest Expense Interest expense decreased 6.9% to \$6.2 million compared to \$6.7 million last year. The decrease in interest expense is largely due to lower interest rates on the senior notes that were refinanced in the second quarter last year partially offset by higher average debt levels compared to last year. Average debt levels increased 3.8% compared to last year but the average cost of borrowing was 2.5% compared to 3.1% last year. Further information on interest expense is provided in Note 18 to the consolidated financial statements.

Income Tax Expense The provision for income taxes increased 12.3% to \$31.3 million compared to \$27.9 million last year and the effective tax rate for the year was 31.0% compared to 30.7% last year reflecting an increase in earnings in the International Operations. The increase in the effective tax rate is largely due to the impact of non-deductible share-based compensation expenses in Canadian Operations and the variability of income earned across the various tax jurisdictions in the International Operations. A more detailed explanation of the income tax provision and deferred tax assets and liabilities is provided in Note 9 to the consolidated financial statements.

EBITDA & Net Earnings (\$ in millions)



(1) Certain 2012 figures have been restated as required by the implementation of *Employee Benefits* IAS 19r. 2011 has not been restated for these accounting standard changes. See the 2013 annual audited consolidated financial statements for further information.

Net Earnings Consolidated net earnings increased 11.0% to \$69.8 million compared to \$62.9 million last year and diluted earnings per share was \$1.43 per share compared to \$1.29 per share last year as earnings growth in the International Operations and the impact of foreign exchange more than offset lower earnings in the Canadian Operations. Additional information on the financial performance of Canadian Operations and International Operations is included on page 11 and page 13 respectively. In 2015, the average exchange rate used to translate International Operations sales and expenses increased to 1.2971 compared to 1.1148 last year and 1.0389 in 2013.

The Canadian dollar's depreciation versus the U.S. dollar compared to 2014 had the following net impact on the 2015 results:

Sales.....increase of \$99.2 million or 16.4%
 Earnings from operations.....increase of \$5.7 million
 Net earnings.....increase of \$3.8 million
 Diluted earnings per share.....increase \$0.08 per share

Total Assets Consolidated total assets for the past three years is summarized in the following table:

(\$ in thousands)	2015	2014	2013
Total assets	\$ 793,795	\$ 724,299	\$ 670,512

Consolidated assets increased 9.6% to \$793.8 million compared to \$724.3 million in 2014 and were up 18.4% compared to \$670.5 million in 2013. The increase in consolidated assets is largely due to the impact of foreign exchange as the year-end exchange rate used to translate the International Operations assets increased to 1.4080 compared to 1.2717 last year and 1.1119 in 2013. The change in foreign exchange resulted in an increase in assets of approximately \$28 million compared to last year and \$62 million compared to 2013 with the most significant impact on inventories, property and equipment and goodwill. In addition to the foreign exchange impact, higher property and equipment and intangible asset additions were the leading factors contributing to the increase in assets compared to last year and 2013. The increase in property and equipment is due to investments in new stores, major store renovations, equipment replacements and staff housing renovations as part of our Top Markets initiative. Intangible assets increased compared to last year and 2013 largely due to the purchase of new point-of-sale, merchandise management system and workforce management system software at year-end and the investment in upgrading the transportation management system. Deferred tax assets have increased compared to 2013 mainly due to an increase in tax assets related to defined benefit plan obligations and property and equipment, and a decrease in the tax liability related to the deferred limited partnership earnings. An increase in cash and accounts receivable compared to last year and 2013 as noted under working capital below were also factors.

Consolidated working capital for the past three years is summarized in the following table:

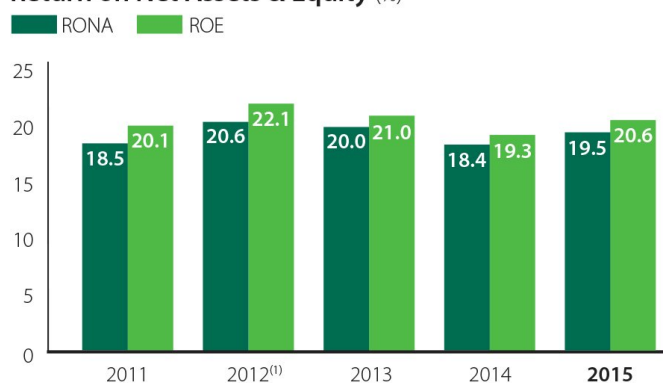
(\$ in thousands)	2015	2014	2013
Current assets	\$ 335,581	\$ 315,840	\$ 299,071
Current liabilities	\$ (155,501)	\$ (146,275)	\$ (209,738)
Working capital	\$ 180,080	\$ 169,565	\$ 89,333

Working capital increased \$10.5 million or 6.2% to \$180.1 million compared to 2014 and \$90.7 million or 101.6% compared to 2013. The increase in working capital compared to last year and 2013 is due to the impact of foreign exchange on the translation of International Operations working capital as noted above and an increase in cash and accounts receivable. The increase in cash compared to last year is primarily due to the timing of deposits in-transit and higher cash in the stores at year-end, and the increase in accounts receivable is primarily due to higher big-ticket credit sales in Canadian Operations. These factors were partially offset by an increase in current liabilities due to higher accounts payable and accrued expenses related to share-based compensation, short-term incentive plan costs and the purchase of new point-of-sale and merchandise management system software noted above. The decrease in current liabilities compared to 2013 is largely related to the current portion of long-term debt which decreased \$77.8 million as a result of the timing of the maturity of the US\$70.0 million senior notes which were refinanced in June 2014.

Return on net assets employed improved to 19.5% compared to 18.4% in 2014 primarily due to a 10.1% increase in earnings before interest and taxes. Additional information on net assets employed for the Canadian Operations and International Operations is on page 12 and page 14 respectively.

Return on average equity increased to 20.6% compared to 19.3% in 2014, due to an 11.0% increase in net earnings partially offset by higher average equity compared to last year. Average equity increased 4.2% compared to last year due in part to higher accumulated other comprehensive income related to the foreign exchange impact on the translation of International Operations financial statements. Further information on shareholders' equity is provided in the consolidated statements of changes in shareholders' equity in the consolidated financial statements.

Return on Net Assets & Equity (%)



(1) Certain 2012 figures have been restated as required by the implementation of IAS 19 *Employee Benefits*. 2011 has not been restated for these accounting standard changes. See the 2013 annual audited consolidated financial statements for further information.

Total Long-Term Liabilities Consolidated total long-term liabilities for the past three years is summarized in the following table:

(\$ in thousands)	2015	2014	2013
Total long-term liabilities	\$ 280,682	\$ 248,741	\$ 138,334

Consolidated long-term liabilities increased \$31.9 million or 12.8% to \$280.7 million compared to 2014 and were up \$142.3 million or 102.9% from 2013. The increase in long-term liabilities compared to 2014 and 2013 is primarily due to a decrease in the current portion of long-term debt as previously noted in the consolidated working capital section under total assets and the impact of foreign exchange on the translation of U.S. denominated debt. Further information on long-term debt is included in the Sources of Liquidity and Capital Structure sections on page 17 and page 18 respectively and in Note 11 to the consolidated financial statements. A \$15.4 million or 83.8% increase in the defined benefit plan obligation compared to 2013 largely related to a lower discount rate was also a factor. Further information on post-employment benefits is provided in Note 12 to the consolidated financial statements.

Canadian Operations

FINANCIAL PERFORMANCE

Canadian Operations results for the year are summarized by the key performance indicators used by management as follows:

Key Performance Indicators

(\$ in thousands)	2015	2014	2013
Sales	\$ 1,089,898	\$ 1,042,168	\$ 1,022,985
Same store sales % increase	3.1%	1.3%	1.7%
EBITDA ⁽¹⁾	\$ 98,276	\$ 100,896	\$ 111,225
EBIT	\$ 66,495	\$ 70,594	\$ 81,967
Return on net assets ⁽¹⁾	20.4%	21.1%	25.9%

(1) See Non-GAAP Financial Measures section.

Sales Canadian Operations sales increased \$47.7 million or 4.6% to \$1.090 billion compared to \$1.042 billion in 2014 driven by food sales growth, and were up \$66.9 million or 6.5% compared to 2013. Same store sales increased 3.1% compared to increases of 1.3% in 2014 and 1.7% in 2013. Food sales accounted for 74.2% (73.4% in 2014) of total Canadian Operations sales. The balance was made up of general merchandise sales at 21.3% (21.7% in 2014) and other sales, which consist primarily of fuel sales, fur sales, tele-pharmacy revenue and service charge revenue at 4.5% (4.9% in 2014).

Food sales increased by 5.8% from 2014 and were up 8.7% compared to 2013. Same store food sales increased 4.0% compared to 1.8% in 2014. Same store food sales had quarterly increases of 3.4%, 5.6%, 3.4% and 3.6% in the fourth quarter. Food sales were up in most categories led by food service, home meal replacement, produce and meat categories. Food cost inflation was approximately 3.8% for the year largely driven by higher commodity costs for produce and meat in the second half of the year.

General merchandise sales increased 2.3% from 2014 and 1.7% compared to 2013 as sales gains in our urban and rural markets more than offset lower sales in northern markets due to the clearance of discontinued general merchandise and reallocation of selling space to higher potential categories. Same store sales increased 0.3% compared to a 0.5% decrease in 2014. On a quarterly basis, same store sales increased 7.2% and 2.0% in the first two quarters and decreased 3.3% and 3.0% in the third quarter and fourth quarter respectively. Sales in the second half of the year were negatively impacted by reduction in general merchandise inventory in northern markets and unseasonably warm winter weather in both northern and southern markets.

Other revenues, which include fuel sales, fur sales, tele-pharmacy revenue and service charge revenue, were down 3.5% from 2014 and decreased 3.3% over 2013. The decrease in other revenues is largely due to fuel price deflation.

Sales Blend The table below shows the sales blend for the Canadian Operations over the past three years:

	2015	2014	2013
Food	74.2%	73.4%	72.7%
General merchandise	21.3%	21.7%	22.3%
Other	4.5%	4.9%	5.0%

Same Store Sales Canadian Operations same store food sales have tended to be more stable because of the everyday customer needs they fulfill. Same store general merchandise sales have been more volatile because they are heavily weighted to big-ticket durable goods that depend upon customers' discretionary income. Same store sales for the past three years are shown in the following table:

Same Store Sales

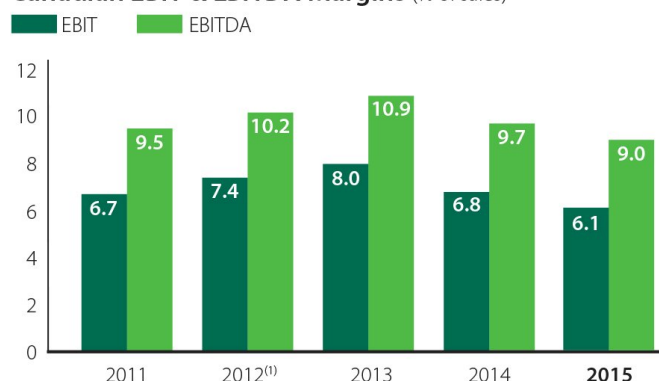
(% change)	2015	2014	2013
Food	4.0%	1.8 %	1.9%
General merchandise	0.3%	(0.5)%	0.9%
Total sales	3.1%	1.3 %	1.7%

Gross Profit Gross profit dollars for Canadian Operations increased by 7.3% driven by sales growth and an increase in the gross profit rate largely related to the write-down and clearance of general merchandise in northern markets last year as part of the Company's Top Categories initiative. Higher food gross profit rates, particularly in urban and rural markets, was also a factor.

Selling, Operating and Administrative Expenses Selling, operating and administrative expenses ("Expenses") increased 11.1% from 2014 and were up 146 basis points as a percentage of sales. The increase in Expenses is due in part to higher share-based compensation costs related to the increase in share price this year compared to last year. Substantially all of the share-based compensation expense is recorded in Canadian Operations as a significant number of the senior executives and employees eligible for share-based compensation are employed in Canadian Operations. Further information on share-based compensation costs is provided in Note 13 to the consolidated financial statements. Higher short-term incentive plan expenses related to the increase in consolidated earnings and an increase in administration expenses and store-based staff costs also contributed to the increase in Expenses. These factors were partially offset by head office employee restructuring costs last year.

Earnings from Operations (EBIT) Earnings from operations decreased \$4.1 million or 5.8% to \$66.5 million compared to \$70.6 million in 2014 as the positive impact of higher sales and gross profit was more than offset by higher selling, operating and administrative expenses as previously noted. Earnings from operations as a percentage of sales was 6.1% compared to 6.8% last year. EBITDA from Canadian Operations decreased \$2.6 million or 2.6% to \$98.3 million and was 9.0% as a percentage of sales compared to 9.7% in 2014.

Canadian EBIT & EBITDA Margins (% of sales)



(1) Certain 2012 figures have been restated as required by the implementation of IAS 19r *Employee Benefits*. 2011 has not been restated for these accounting standard changes. See 2013 annual audited consolidated financial statements for further information.

Net Assets Employed Net assets employed at January 31, 2016 increased 11.0% to \$346.8 million compared to \$312.5 million at January 31, 2015, and was up 10.2% compared to \$314.8 million at January 31, 2014 as summarized in the following table:

Net Assets Employed

(\$ in millions at the end of the fiscal year)	2015	2014	2013
Property and equipment	\$ 225.5	\$ 198.5	\$ 189.6
Inventory	125.7	127.3	130.6
Accounts receivable	65.2	59.2	59.1
Other assets	84.8	70.0	58.8
Liabilities	(154.4)	(142.5)	(123.3)
Net assets employed	\$ 346.8	\$ 312.5	\$ 314.8

Capital expenditures for the year included four new stores and Top Markets investments related to major store renovation projects, new equipment, energy-efficient refrigeration upgrades and staff housing improvements. In addition to these projects, the Company also completed "New Store Experience" upgrades in six Giant Tiger stores.

Inventory decreased compared to 2014 primarily due to the discontinuance of under-performing general merchandise categories in northern markets partially offset by the impact of new stores. Average inventory levels in 2015 decreased \$10.2 million or 7.4% compared to 2014 and were down \$3.5 million or 2.6% compared to 2013 largely due to lower general merchandise inventory as previously noted. A decrease in food and fuel inventory were also factors. Inventory turnover improved to 6.1 times compared to 5.4 times in 2014 and 5.5 times in 2013.

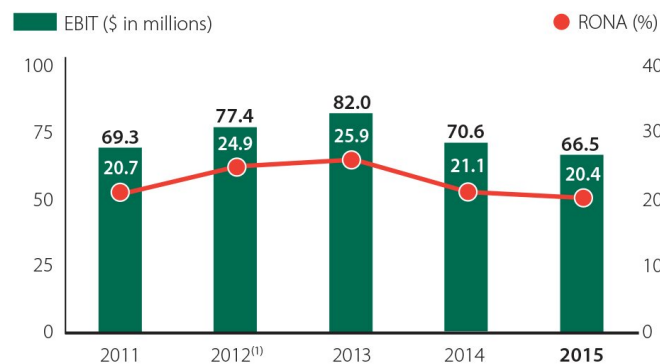
Accounts receivable was up \$6.0 million or 10.1% to last year and up \$6.1 million compared to 2013. Average accounts receivable was \$3.9 million or 6.9% higher than 2014 and up \$2.4 million or 4.1% compared to 2013. The increase in accounts receivable compared to 2014 and 2013 is largely related to higher big-ticket furniture, appliance and motorized merchandise sales.

Other assets increased \$14.8 million or 21.1% compared to last year and were up \$26.0 million or 44.2% compared to 2013. The increase is largely due to higher cash on-hand in stores and deposits in-transit and an increase in intangible assets related to the implementation of a transportation management system and the purchase of new point-of-sale, merchandise management system and workforce management system software. An increase in net deferred tax assets primarily related to defined benefit plan obligations and deferred limited partnership earnings compared to 2013 was also a factor.

Liabilities increased \$11.9 million or 8.4% from 2014 and were up \$31.1 million or 25.2% compared to 2013 primarily due to an increase in accounts payable and accrued liabilities and changes in the defined benefit plan obligation. Accounts payable and accrued liabilities increased \$8.9 million or 9.6% compared to 2014 and were up \$12.5 million or 14.0% compared to 2013 due to higher trade accounts payable related to the timing of payment cycles, an increase in share-based compensation and short-term incentive plan costs and the purchase of new system software as previously noted. The defined benefit plan obligation decreased \$2.7 million compared to last year but was up \$15.5 million or 84.2% compared to 2013 largely due to a decrease in the discount rate used to calculate pension liabilities. Further information on post-employment benefits is provided in Note 12 to the consolidated financial statements.

Return on Net Assets The return on net assets employed for Canadian Operations decreased to 20.4% from 21.1% in 2014 due to a 5.8% decrease in EBIT partially offset by an \$8.9 million or 2.7% decrease in average net assets compared to last year.

Canadian Return on Net Assets



(1) Certain 2012 figures have been restated as required by the implementation of IAS 19r *Employee Benefits*. 2011 has not been restated for these accounting standard changes. See 2013 annual audited consolidated financial statements for further information.

International Operations

(Stated in U.S. dollars)

International Operations include Alaska Commercial Company ("AC"), Cost-U-Less ("CUL") and Pacific Alaska Wholesale ("PAW").

FINANCIAL PERFORMANCE

International Operations results for the year are summarized by the key performance indicators used by management as follows:

Key Performance Indicators

(\$ in thousands)	2015	2014	2013
Sales	\$ 544,397	\$ 522,275	\$ 500,665
Same store sales % increase	5.2%	4.7%	2.1%
EBITDA ⁽¹⁾	\$ 40,991	\$ 33,240	\$ 26,192
EBIT	\$ 31,475	\$ 24,105	\$ 17,416
Return on net assets ⁽¹⁾	18.1%	13.8%	9.9%

(1) See Non-GAAP Financial Measures section.

Sales International sales increased 4.2% to \$544.4 million compared to \$522.3 million in 2014, and were up \$43.7 million or 8.7% compared to 2013 driven by strong same store sales growth in both AC and CUL stores. Same store sales increased 5.2% compared to 4.7% in 2014 and 2.1% in 2013. Food sales accounted for 87.1% (86.8% in 2014) of total sales with the balance comprised of general merchandise at 12.0% (12.2% in 2014) and other sales, which consist primarily of fuel sales and service charge revenues, at 0.9% (1.0% in 2014).

Food sales increased 4.6% from 2014 and were up 9.2% compared to 2013. Same store food sales were up 5.4% compared to a 4.7% increase in 2014. Quarterly same store food sales increases were 7.6% in both the first and second quarter followed by 4.3% and 2.4% in the third and fourth quarters respectively.

General merchandise sales increased 3.1% from 2014 and were up 7.2% from 2013. On a same store basis, general merchandise sales were up 3.9% compared to an increase of 4.8% in 2014. Quarterly same store general merchandise sales decreased 1.6% in the first quarter with increases of 4.7%, 3.5% and 7.5% in the second, third and fourth quarters respectively.

A continuing improvement in the CUL economic environment, market share gains in key AC markets and strong promotional selling activities were leading factors contributing to the same store sales growth. In Alaska, a 10.0% increase in the Permanent Fund Dividend ("PFD") to \$2,072 was also a positive factor.

Other revenues, which consists of fuel sales and service charge revenue, were down 8.8% from 2014 and 11.7% from 2013 due to fuel price deflation.

Sales Blend The table below reflects the importance of food sales to the total sales of International Operations:

	2015	2014	2013
Food	87.1%	86.8%	86.7%
General merchandise	12.0%	12.2%	12.2%
Other	0.9%	1.0%	1.1%

Same Store Sales International Operations same store sales for the past three years are shown in the following table. General merchandise same store sales are impacted by consumer spending on big-ticket durable goods that are largely influenced by special payments, such as the Permanent Fund Dividend and regional native corporation dividends, which can result in greater sales volatility.

Same Store Sales

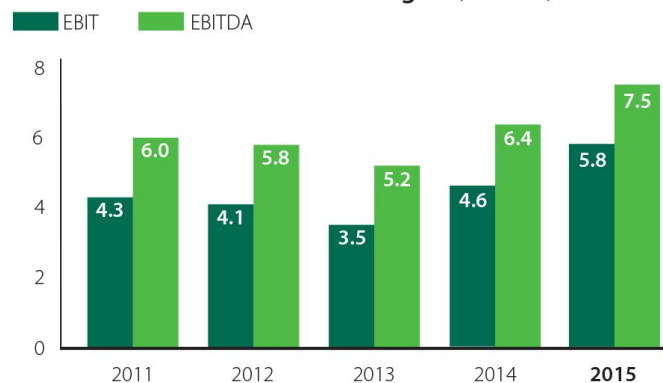
(% change)	2015	2014	2013
Food	5.4%	4.7%	1.9%
General merchandise	3.9%	4.8%	3.5%
Total sales	5.2%	4.7%	2.1%

Gross Profit Gross profit dollars increased 6.2% driven by sales growth and a 49 basis point increase in the gross profit rate. The increase in the gross profit rate was due in part to a more favourable product sales blend. Lower inventory shrink was also a factor.

Selling, Operating and Administrative Expenses Selling, operating and administrative expenses ("Expenses") increased 0.9% compared to last year but were down 69 basis points as a percentage of sales. Overall, expenses were well controlled with an increase in share-based and short-term incentive costs partially offset by lower utility costs.

Earnings from Operations (EBIT) Earnings from operations increased \$7.4 million or 30.6% to \$31.5 million compared to 2014 as the increase in gross profit more than offset modestly higher Expenses. EBITDA increased \$7.8 million or 23.3% to \$41.0 million and was 7.5% as a percentage of sales compared to 6.4% in 2014.

International EBIT & EBITDA Margins (% of sales)



Net Assets Employed International Operations net assets employed decreased \$3.8 million or 2.2% to last year and were down \$3.5 million compared to 2013 as summarized in the following table:

Net Assets Employed

(\$ in millions at the end of the fiscal year)	2015	2014	2013
Property and equipment	\$ 85.5	89.0	\$ 87.5
Inventory	61.1	60.9	61.4
Accounts receivable	10.0	10.5	10.3
Other assets	51.1	51.4	49.7
Liabilities	(39.9)	(40.2)	(37.6)
Net assets employed	\$ 167.8	\$ 171.6	\$ 171.3

Property and equipment decreased as amortization more than offset capital asset additions related to equipment upgrades and minor store remodel projects.

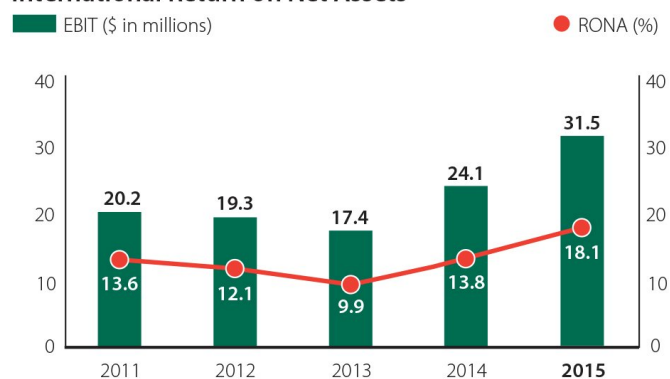
Inventories increased \$0.2 million compared to last year but were down \$0.3 million or 0.5% from 2013. Average inventory levels in 2015 were \$1.1 million or 1.7% higher than 2014 and were \$0.2 million or 0.4% higher than 2013 mainly due to higher food inventory in stores. Inventory turnover improved slightly to 6.2 times compared to 6.1 times in 2014.

Other assets decreased \$0.3 million compared to last year but were up \$1.4 million compared to 2013. The increase compared to 2013 is due to higher cash balances partially offset by a decrease in deferred tax assets.

Liabilities decreased \$0.3 million but were up \$2.3 million or 6.1% compared to 2013 due to higher income tax payable.

Return on Net Assets The return on net assets employed for International Operations improved to 18.1% compared to 13.8% in 2014 due to a 30.6% increase in EBIT and a 0.4% decrease in average net assets employed.

International Return on Net Assets



Consolidated Liquidity and Capital Resources

The following table summarizes the major components of cash flow:

(\$ in thousands)	2015	2014	2013
Cash provided by (used in):			
Operating activities before taxes paid	\$ 163,646	\$ 147,967	\$ 131,468
Taxes paid	(30,659)	(32,881)	(51,995)
Operating activities	132,987	115,086	79,473
Investing activities	(75,813)	(50,312)	(42,386)
Financing activities	(50,174)	(58,950)	(53,972)
Effect of foreign exchange	1,114	952	563
Net change in cash	\$ 8,114	\$ 6,776	\$ (16,322)

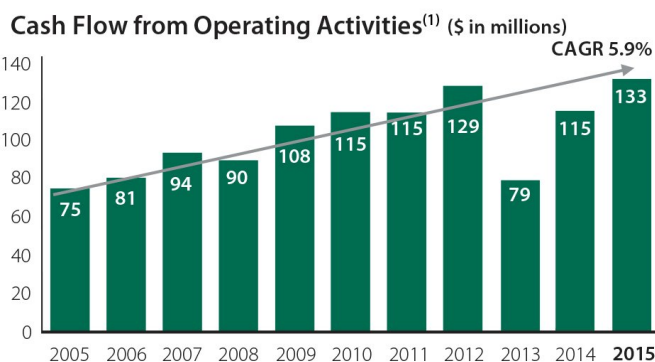
Cash from Operating Activities Cash flow from operating activities increased \$17.9 million or 15.6% to \$133.0 million compared to 2014 and was up \$53.5 million or 67.3% compared to 2013. The increase in cash flow from operating activities compared to last year is largely due to higher net earnings, an increase in amortization and the change in other non-cash items. In addition to these factors, the change in income taxes paid was also a factor contributing to the increase in cash flow from operating activities compared to 2013.

The Company paid income taxes of \$30.7 million compared to \$32.9 million in 2014 and \$52.0 million in 2013. The change in income tax payments from 2013 to 2014 is due to the conversion to a share corporation on January 1, 2011. Following the conversion to a share corporation and the deferral of the payment of Canadian income taxes in the transition year in accordance with income tax legislation enacted November 21, 2011, the Company began paying Canadian income tax installments in 2012. The remaining balance of the accrued Canadian income taxes for 2012 of approximately \$19 million was paid in the first quarter of 2013 in addition to making the required Canadian monthly installments for income taxes related to the 2013 tax year which resulted in an increase in income taxes paid to \$52.0 million. In 2014, consolidated income tax payments decreased to \$32.9 million based on a normalized level of taxable income and the recognition of a portion of the deferred limited partnership income. Further information on the Conversion to a Share Corporation is provided on page 8.

Excluding the impact of income tax installments, cash flow from operating activities increased \$32.2 million or 24.5% compared to 2013. Changes in non-cash working capital positively impacted cash flow from operating activities by \$5.9 million compared to an increase in cash flow of \$9.2 million in 2014 and a decrease in cash flow of \$10.4 million in 2013. The change in non-cash working capital is mainly due to the change in inventories, accounts payable and accounts receivable compared to the prior year. Further information on working capital is provided in the Canadian and International net assets employed section on pages 12 and 14 respectively.

Cash flow from operating activities and unutilized credit available on existing loan facilities are expected to be sufficient to fund operating requirements, pension plan contributions, sustaining and planned growth-related capital expenditures as well as anticipated dividends during 2016.

The compound annual growth rate ("CAGR") for cash flow from operating activities over the past 10 years is 5.9% as shown in the following graph:



(1) 2011 to 2015 are reported in accordance with IFRS. 2010 has been restated to IFRS. All other historical financial information was prepared in accordance with CGAAP and has not been restated to IFRS. In the 2010 fiscal year, North West Company Fund converted from an income trust to a share corporation effective January 1, 2011. See Conversion to a Share Corporation for further information.

As previously noted, the decrease in cash flow from operating activities in 2013 is largely due to the payment of Canadian income taxes.

Cash Used in Investing Activities Net cash used in investing activities was \$75.8 million compared to \$50.3 million in 2014 and \$42.4 million in 2013. Net investing in Canadian Operations was \$68.1 million compared to \$39.5 million in 2014 and \$28.0 million in 2013 reflecting investments related to the Top Markets initiative. A summary of the Canadian Operations investing activities is included in net assets employed on page 12. Net investing in International Operations was \$7.7 million compared to \$10.8 million in 2014 and \$14.4 million in 2013. A summary of the International Operations investing activities is included in net assets employed on page 14.

The following table summarizes the number of stores and selling square footage under NWC's various retail banners at the end of the fiscal year:

	Number of Stores		Selling square footage	
	2015	2014	2015	2014
Northern	121	121	707,382	693,338
NorthMart	6	6	134,387	130,919
Quickstop	20	18	34,379	31,480
Giant Tiger	34	32	554,529	510,474
AC Value Centers	27	27	278,742	278,742
Cost-U-Less	13	13	369,281	369,281
Other Formats	7	8	60,409	83,009
Total at year-end	228	225	2,139,109	2,097,243

In the Canadian Operations, two Quickstop convenience stores and two Giant Tiger stores were opened. Under Other Formats, the Company closed the temporary clearance center in Winnipeg, Manitoba, that opened last year to assist with the general merchandise inventory reduction. Total selling square feet in Canada increased to 1,463,488 from 1,421,622 in 2014 as a result of the new stores and square footage added as part of the Top Markets initiative.

There was no change in the number of stores in the International Operations and the selling square feet was consistent with last year at 675,621.

Cash Used in Financing Activities Cash used in financing activities was \$50.2 million compared to \$59.0 million in 2014 and \$54.0 million in 2013. The decrease is primarily related to a change in amounts drawn on the loan facilities and an increase in dividends paid. Further information on the loan facilities is provided in the Sources of Liquidity section below.

Shareholder Dividends The Company paid dividends of \$58.2 million or \$1.20 per share, an increase of 3.6% compared to \$56.2 million or \$1.16 per share paid in 2014. Further information on dividends is included in Note 19 to the consolidated financial statements.

The following table shows the quarterly cash dividends per share paid for the past three years:

	Dividends 2015	Dividends 2014	Dividends 2013
First Quarter	\$ 0.29	\$ 0.29	\$ 0.28
Second Quarter	0.29	0.29	0.28
Third Quarter	0.31	0.29	0.28
Fourth Quarter	0.31	0.29	0.28
Total	\$ 1.20	\$ 1.16	\$ 1.12

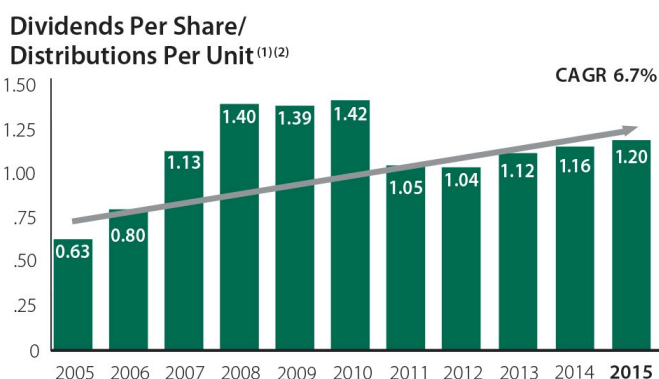
The payment of dividends on the Company's common shares is subject to the approval of the Board of Directors and is based on, among other factors, the financial performance of the Company, its current and anticipated future business needs and the satisfaction of solvency tests imposed by the Canada Business Corporations Act ("CBCA") for the declaration of dividends. The dividends were designated as eligible dividends in accordance with the provisions of the Canadian Income Tax Act.

The following table shows dividends paid in comparison to cash flow from operating activities for the past three years:

	2015	2014	2013
Dividends	\$ 58,210	\$ 56,180	\$ 54,229
Cash flow from operating activities	\$ 132,987	\$ 115,086	\$ 79,473
Taxes paid	30,659	32,881	51,995
Operating activities before taxes paid	\$ 163,646	\$ 147,967	\$ 131,468
Dividends as a % of cash flow from operating activities	43.8%	48.8%	68.2%
Dividends as a % of cash flow from operating activities before taxes paid	35.6%	38.0%	41.1%

The decrease in dividends as a percentage of cash flow from operating activities to 43.8% compared to 68.2% in 2013 is largely due to the conversion to a share corporation and the timing of payment of Canadian income tax installments. Further information on income tax installments is provided under cash from operating activities on page 15. Excluding the impact of income tax installments, dividends as a percentage of cash flow from operating activities before taxes paid was 35.6% compared to 38.0% in 2014 and 41.1% in 2013.

The compound annual growth rate ("CAGR") for dividends and distributions over the past 10 years is 6.7% as shown in the following graph:



(1) All per unit information has been restated to reflect the three-for-one unit split that occurred on September 20, 2006.

(2) From 2005 to 2010, amounts paid to unitholders were distributions from the Fund. The Fund converted to a share corporation effective January 1, 2011. The \$1.05 paid to shareholders in 2011 includes a \$0.09 per unit final distribution from the Fund paid by the Company as part of the conversion to a share corporation plus dividends of \$0.96 per share.

The lower dividends paid in 2011 to 2015 compared to the distributions paid in 2010 is due to the conversion to a share corporation and the taxation of earnings of the Canadian Operations. Prior to the conversion to a share corporation, earnings from The North West Company LP flowed to the Fund on a pre-tax basis and were distributed to unitholders. While higher corporate taxes have reduced the Company's net earnings and cash available for dividends to shareholders, the after-tax impact on personal income is largely offset for taxable Canadian investors due to the dividend tax credit.

Subsequent Event - Dividends On March 15, 2016, the Board of Directors approved a quarterly dividend of \$0.31 per share to shareholders of record on March 31, 2016, to be paid on April 15, 2016.

Post-Employment Benefits The Company sponsors defined benefit and defined contribution pension plans covering the majority of Canadian employees. Effective January 1, 2011, the Company entered into an amended and restated staff pension plan, which incorporated legislated changes, administrative practice, and added a defined contribution provision. Under the amended pension plan, all members who did not meet a qualifying threshold based on number of years in the pension plan and age were transitioned to the defined contribution pension plan effective January 1, 2011 and no longer accumulate years of service under the defined benefit pension plan. The defined benefit pension previously earned by the members transitioned to the defined contribution plan will continue to accrue in accordance with the provisions of the amended plan based on the member's current pensionable earnings. Members who met the required qualifying threshold elected between continuing to accrue a defined benefit pension and accruing a defined contribution benefit.

As a result of an increase in long-term interest rates, the Company recorded net actuarial gains on defined benefit pension plans of \$4.6 million net of deferred income taxes in other comprehensive income. This compares to net actuarial losses on defined benefit pension plans of \$12.0 million net of deferred income taxes in other comprehensive income in 2014 and net actuarial gains of \$7.8 million net of deferred income taxes in 2013. These gains and losses in other comprehensive income were immediately recognized in retained earnings. The net actuarial gain in 2015 was primarily due to an increase in the discount rate used to calculate pension liabilities from 3.5% in 2014 to 4.0% in 2015. The actuarial loss in 2014 was due to a decrease in the discount

rate from 4.5% in 2013 to 3.5% in 2014. The increase in the discount rate was the primary reason for the decrease in the defined benefit plan obligation to \$33.9 million compared to \$36.6 million in 2014.

In 2016, the Company will be required to contribute approximately \$3.2 million to the defined benefit pension plans of which approximately \$1.5 million of this obligation may be settled by the issuance of a letter of credit in accordance with pension legislation. The cash contribution to the pension plan is expected to be approximately \$1.7 million in 2016 compared to \$1.6 million in 2015 and \$2.1 million in 2014. The actual amount of the contribution may be different from the estimate based on actuarial valuations, plan investment performance, volatility in discount rates, regulatory requirements and other factors. The Company also expects to contribute approximately \$3.5 million to the defined contribution pension plan and U.S. employees savings plan in 2016 compared to \$3.2 million in 2015 and \$2.7 million in 2014. Additional information regarding post-employment benefits is provided in Note 12 to the consolidated financial statements.

Sources of Liquidity The Canadian Operations have available committed, extendible, revolving loan facilities of \$200.0 million that mature on December 31, 2018. These facilities are secured by certain assets of the Company and rank *pari passu* with the US\$70.0 million senior notes and the US\$52.0 million loan facilities in International Operations. These loan facilities bear a floating interest rate based on Banker's Acceptances' rates plus stamping fees or the Canadian prime interest rate. At January 31, 2016, the Company had drawn \$119.2 million on these facilities (January 31, 2015 - \$78.4 million).

At January 31, 2016, the Canadian Operations have outstanding US\$70.0 million senior notes (January 31, 2015 - US\$70.0 million). The senior notes, which mature June 16, 2021, have a fixed interest rate of 3.27% on US\$55.0 million and a floating interest rate on US\$15.0 million based on U.S. LIBOR plus a spread payable semi-annually. The senior notes are secured by certain assets of the Company and rank *pari passu* with the \$200.0 million Canadian Operations loan facilities and the US\$52.0 million loan facilities. The US\$70.0 million senior notes have been designated as a hedge against the U.S. dollar investment in the International Operations. For more information on the senior notes and financial instruments, see Note 11 and Note 14 to the consolidated financial statements.

The Company's International Operations have available committed, revolving loan facilities of US\$52.0 million that mature on December 31, 2018. These facilities are secured by certain assets of the Company and rank *pari passu* with the US\$70.0 million senior notes and the \$200.0 million loan facilities. These facilities bear interest at U.S. LIBOR plus a spread or the U.S. prime rate. At January 31, 2016, the Company had drawn US\$NIL (January 31, 2015 - US\$22.0 million) on these facilities.

In July 2015, the Company completed the refinancing of the US\$30.0 million loan facility maturing October 31, 2015. The new increased, committed, revolving U.S. loan facility provides the International Operations with US\$40.0 million for working capital requirements and general business purposes. This facility matures October 31, 2020, bears a floating rate of interest based on U.S. LIBOR plus a spread and is secured by certain accounts receivable and inventories of the International Operations. At January 31, 2016, the International Operations had drawn US\$5.6 million on this facility (January 31, 2015 - US\$4.8 million).

The loan facilities and senior notes contain covenants and restrictions including the requirement to meet certain financial ratios and financial condition tests. The financial covenants include a fixed charge coverage ratio, minimum current ratio, a leverage test and a minimum net worth test. At January 31, 2016, the Company is in compliance with the financial covenants under these facilities. Current and forecasted debt levels are regularly monitored for compliance with

debt covenants.

Loan Facilities Refinancing On March 31, 2016 the Company refinanced the \$200.0 million loan facility in the Canadian Operations that originally matured December 31, 2018. The new, increased, committed, revolving loan facilities provides the Company with a \$300.0 million revolving loan facility for working capital and general corporate purposes. The new loan facilities mature April 29, 2021 and bear a floating rate of interest based on Bankers Acceptances rates plus a spread or the Canadian prime rate. These facilities are secured by certain assets of the Company and rank *pari passu* with the US\$70.0 million senior notes and the US\$52.0 million loan facilities.

The Company has also refinanced the US\$52.0 million loan facility in the International Operations that originally matured December 31, 2018. The new, committed, revolving loan facilities provides the Company with a US\$52.0 million revolving loan facility for working capital and general corporate purposes. The new loan facilities mature April 29, 2021 and bear a floating rate of interest based on LIBOR plus a spread. These facilities are secured by certain assets of the Company and rank *pari passu* with the US\$70.0 million senior notes and the \$200.0 million loan facilities.

Interest Costs and Coverage

	2015	2014	2013
Coverage ratio	17.3	14.6	12.8
EBIT (\$ in millions)	\$ 107.3	\$ 97.5	\$ 100.1
Interest (\$ in millions)	\$ 6.2	\$ 6.7	\$ 7.8

The coverage ratio of earnings from operations ("EBIT") to interest expense has improved to 17.3 times compared to 14.6 times in 2014 and 12.8 times in 2013 due to an increase in EBIT compared to last year and 2013 and lower interest expense largely related to the refinancing of the senior notes that matured on June 15, 2014. Additional information on interest expense is provided in Note 18 to the consolidated financial statements.

Contractual Obligations and Other Commitments

Contractual obligations of the Company are listed in the chart below:

(\$ in thousands)	Total	0-1 Year	2-3 Years	4-5 Years	6 Years+
Long-term debt (including capital lease obligations)	\$225,489	\$ —	\$119,193	\$ 7,946	\$ 98,350
Operating leases	164,661	30,121	48,180	29,737	56,623
Other liabilities ⁽¹⁾	22,539	10,067	12,472	—	—
Total	\$412,689	\$ 40,188	\$179,845	\$ 37,683	\$154,973

(1) At year-end, the Company had additional long-term liabilities of \$41.5 million which included other liabilities, defined benefit plan obligations and deferred income tax liabilities. These have not been included as the timing and amount of the future payments are uncertain.

Director and Officer Indemnification Agreements The Company has agreements with its current and former directors, trustees, and officers to indemnify them against charges, costs, expenses, amounts paid in settlement and damages incurred from any lawsuit or any judicial, administrative or investigative proceeding in which they are sued as a result of their service. Due to the nature of these agreements, the Company cannot make a reasonable estimate of the maximum amount it could be required to pay to counterparties. The Company has also purchased directors', trustees' and officers' liability insurance. No amount has been recorded in the financial statements regarding these indemnification agreements.

Other Indemnification Agreements The Company provides indemnification agreements to counterparties for events such as intellectual property right infringement, loss or damage to property, claims that may arise while providing services, violation of laws or regulations, or as a result of litigation that might be suffered by the counterparties. The terms and nature of these agreements are based on the specific contract. The Company cannot make a reasonable estimate of the maximum amount it could be required to pay to counterparties. No amount has been recorded in the financial statements regarding these agreements.

Giant Tiger Master Franchise Agreement In 2002, the Company signed a 30-year Master Franchise Agreement ("MFA") with Giant Tiger Stores Limited, based in Ottawa, Ontario, which granted the Company the exclusive right to open Giant Tiger stores in western Canada. Under the agreement, Giant Tiger Stores Limited provides product sourcing, merchandising, systems and administration support to the Company's Giant Tiger stores in return for a royalty based on sales. The Company is responsible for opening, owning, operating and providing food buying and distribution services to the stores. As a result of the closure of six stores during 2012, the Company fell below the minimum number of stores required to maintain its exclusive right to open Giant Tiger stores in western Canada. In 2015, the MFA was amended to extend the term to July 31, 2040 and re-establish the Company's exclusive rights to open and operate Giant Tiger stores, subject to meeting a minimum store opening commitment. At January 31, 2016, the Company is in compliance with the minimum store opening commitment. Additional information on commitments, contingencies and guarantees is provided in Note 22 to the consolidated financial statements.

Related Parties The Company has a 50% ownership interest in a Canadian Arctic shipping company, Transport Nanuk Inc. and purchases freight handling and shipping services from Transport Nanuk Inc. and its subsidiaries. The purchases are based on market rates for these types of services in an arm's length transaction. Additional information on the Company's transactions with Transport Nanuk Inc. is included in Note 23 to the consolidated financial statements.

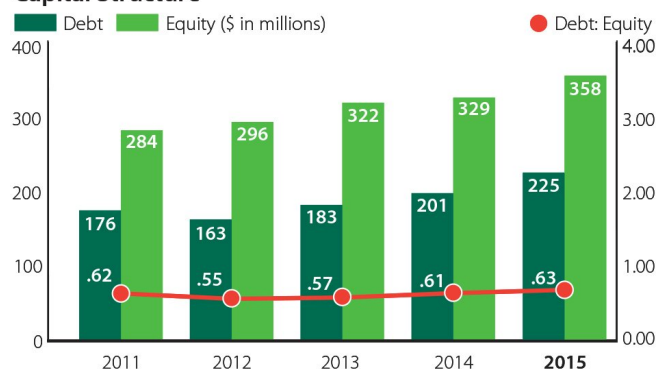
Letters of Credit In the normal course of business, the Company issues standby letters of credit in connection with defined benefit pension plans, purchase orders and performance guarantees. The aggregate potential liability related to letters of credit is approximately \$13 million (January 31, 2015 - \$12 million).

Capital Structure The Company's capital management objectives are to deploy capital to provide an appropriate total return to shareholders while maintaining a capital structure that provides the flexibility to take advantage of growth opportunities, maintain existing assets, meet obligations and financial covenants and enhance shareholder value. The capital structure of the Company consists of bank advances, long-term debt and shareholders' equity. The Company manages capital to optimize efficiency through an

appropriate balance of debt and equity. In order to maintain or adjust its capital structure, the Company may purchase shares for cancellation pursuant to normal course issuer bids, issue additional shares, borrow additional funds, adjust the amount of dividends paid or refinance debt at different terms and conditions.

On a consolidated basis, the Company had \$225.5 million in debt and \$357.6 million in equity at the end of the year and a debt-to-equity ratio of 0.63:1 compared to 0.61:1 last year.

Capital Structure



The capacity of the Company's capital structure is reflected in the preceding graph. Over the past five years, the Company's debt-to-equity ratio has ranged from .63:1 to .55:1. Equity has increased \$73.9 million or 26.0% to \$357.6 million over the past four years and interest-bearing debt has increased \$49.6 million or 28.2% to \$225.5 million compared to \$175.9 million in 2011. During this same time frame, the Company has made capital expenditures, including acquisitions, of \$269.0 million and has paid distributions and dividends of \$269.7 million. This reflects the Company's balanced approach of investing to sustain and grow the business while providing shareholders with an annual cash return.

Consolidated debt at the end of the year increased \$24.1 million or 12.0% to \$225.5 million compared to \$201.4 million in 2014, and was up \$42.6 million or 23.3% from \$182.9 million in 2013. As summarized in the table below, the increase in debt is due to higher amounts drawn on the Canadian Operations loan facilities and the impact of foreign exchange on the translation of U.S. denominated debt. The Company has US\$75.6 million in debt at January 31, 2016 (January 31, 2015 - US\$96.9 million, January 31, 2014 - US\$107.4 million) that is exposed to changes in foreign exchange rates when translated into Canadian dollars. The exchange rate used to translate U.S. denominated debt into Canadian dollars at January 31, 2016 was 1.4080 compared to 1.2717 at January 31, 2015 and 1.1119 at January 31, 2014. The change in the foreign exchange rate resulted in a \$10.3 million increase in debt compared to 2014 and a \$22.4 million increase compared to 2013. Average debt outstanding during the year excluding the foreign exchange impact increased \$6.0 million or 3.0% from 2014 and was up \$14.4 million or 7.5% compared to 2013. The debt outstanding at the end of the fiscal year is summarized as follows:

(\$ in thousands at the end of the fiscal year)	2015	2014	2013
Senior notes	\$ 98,350	\$ 88,779	\$ 77,576
Canadian revolving loan facilities	119,193	78,367	63,607
U.S. revolving loan facilities	7,946	34,121	41,330
Notes payable	—	72	210
Finance lease liabilities	—	57	139
Total	\$ 225,489	\$ 201,396	\$ 182,862

Shareholder Equity The Company has an unlimited number of authorized shares and had issued and outstanding shares at January 31, 2016 of 48,523,341 (48,497,199 as at January 31, 2015). The Company has a Share Option Plan that provides for the granting of options to certain officers and senior management. Each option is exercisable into one common share of the Company at a price specified in the option agreement. At January 31, 2016, there were 2,059,709 options outstanding representing approximately 4.2% of the issued and outstanding shares. Further information on share options is provided in Note 13 and additional information on the Company's share capital is provided in Note 15 to the consolidated financial statements.

Book value per share, on a diluted basis, at the end of the year increased to \$7.33 compared to \$6.76 per share in 2014. Shareholders' equity increased \$28.3 million or 8.6% compared to 2014 largely due to net earnings of \$69.8 million and higher accumulated other comprehensive income related to the foreign exchange impact on the translation of International Operations financial statements, partially offset by dividends to shareholders of \$58.2 million. Further information is provided in the consolidated statements of changes in shareholders' equity in the consolidated financial statements.

QUARTERLY FINANCIAL INFORMATION

The following is a summary of selected quarterly financial information:

(\$ thousands)	Q1	Q2	Q3	Q4	Total
Sales					
2015	\$ 414,038	\$ 448,736	\$ 458,049	\$ 475,212	\$ 1,796,035
2014	\$ 376,257	\$ 401,127	\$ 413,512	\$ 433,504	\$ 1,624,400
EBITDA					
2015	\$ 34,436	\$ 38,762	\$ 43,076	\$ 35,073	\$ 151,347
2014	\$ 30,220	\$ 36,393	\$ 37,804	\$ 33,421	\$ 137,838
Earnings from operations (EBIT)					
2015	\$ 23,678	\$ 28,196	\$ 32,014	\$ 23,433	\$ 107,321
2014	\$ 20,002	\$ 26,345	\$ 27,870	\$ 23,249	\$ 97,466
Net earnings					
2015	\$ 15,699	\$ 18,125	\$ 20,749	\$ 15,206	\$ 69,779
2014	\$ 12,679	\$ 16,850	\$ 18,401	\$ 14,953	\$ 62,883
Earnings per share-basic					
2015	\$ 0.32	\$ 0.38	\$ 0.43	\$ 0.31	\$ 1.44
2014	\$ 0.26	\$ 0.35	\$ 0.38	\$ 0.31	\$ 1.30
Earnings per share-diluted					
2015	\$ 0.32	\$ 0.37	\$ 0.43	\$ 0.31	\$ 1.43
2014	\$ 0.26	\$ 0.35	\$ 0.37	\$ 0.31	\$ 1.29

Historically, the Company's first quarter sales are the lowest and fourth quarter sales are the highest, reflecting consumer buying patterns. Due to the remote location of many of the Company's stores, weather conditions are often more extreme compared to other retailers and can affect sales in any quarter. Net earnings generally follow higher sales, but can be dependent on changes in merchandise sales blend, promotional activity in key sales periods, markdowns to reduce excess inventories and other factors which can affect net earnings.

Fourth Quarter Highlights Fourth quarter consolidated sales increased 9.6% to \$475.2 million driven by food same store sales gains and the impact of foreign exchange on the translation of International Operations sales. Excluding the foreign exchange impact, consolidated sales increased 3.0% and were up 2.3%¹ on a same store basis. Food sales¹ increased 3.8% and were up 3.2% on a same store basis with all banners contributing to the sales growth. General merchandise sales¹ increased 0.1% but were down 0.9% on a same store basis as sales growth from International Operations was more than offset by weaker sales performance in northern Canada.

Gross profit dollars were up 13.6% driven by food sales growth across all banners, the impact of foreign exchange and a 100 basis point increase in the gross profit rate compared to last year. The increase in the gross profit rate was due in part to the impact of the write-down and clearance of discontinued general merchandise inventory in the fourth quarter last year.

Selling, operating and administrative expenses ("Expenses") increased 16.6% and were up 144 basis points as a percentage of sales. This increase was largely due to the impact of foreign exchange on the translation of International Operations Expenses and higher incentive plan costs due in part to share-based compensation. The impact of new stores and an increase in store-based payroll were also factors.

Earnings from operations increased 0.8% to \$23.4 million compared to \$23.2 million in the fourth quarter last year as sales growth, an increase in the gross profit rate and the impact of foreign exchange were largely offset by higher Expenses. Excluding the impact of foreign exchange, earnings from operations decreased 8.2% to last year.

Earnings before interest, income taxes, depreciation and amortization (EBITDA²) increased 4.9% to \$35.1 million led by strong store-level EBITDA growth and the impact of foreign exchange but was down 2.8% compared to last year excluding the foreign exchange impact due to higher administration costs, short-term incentive plan expenses and share-based compensation costs in Canadian Operations. These factors were partially offset by the write-down of general merchandise inventory last year. EBITDA as a percentage to sales was 7.4% compared to 7.8% last year.

Income tax expense decreased \$0.4 million to \$6.5 million due to lower earnings in Canadian Operations. The consolidated effective tax rate was 29.9% compared to 31.4% last year primarily due to the blend of earnings in International Operations across the various tax jurisdictions partially offset by the impact of non-deductible share-based compensation expenses in Canadian Operations.

Net earnings increased 1.7% to \$15.2 million and diluted earnings per share were \$0.31 per share compared to \$0.31 per share last year as strong store performance and the impact of foreign exchange more than offset higher non-store expenses in Canadian Operations. Excluding the impact of foreign exchange, net earnings decreased 8.5% compared to last year due largely to the increase in expenses noted above.

(1) Excluding the foreign exchange impact.

(2) See Non-GAAP Financial Measures Section.

Working capital increased \$10.5 million or 6.2% compared to the fourth quarter last year due to an increase in cash, accounts receivable and inventories partially offset by an increase in accounts payable. The increase is largely related to the impact of foreign exchange on the translation of International Operations assets and liabilities. The exchange rate used to translate the International Operations assets and liabilities into Canadian dollars at January 31, 2016 was 1.4080 compared to 1.2717 at January 31, 2015. Other factors include higher cash on-hand and the timing of deposits, an increase in accounts receivable largely related to higher big-ticket sales and an increase in accounts payable and accrued liabilities related to share-based compensation costs and incentive plan expenses.

Cash flow from operating activities in the quarter decreased \$3.4 million to \$52.3 million compared to cash flow from operating activities of \$55.8 million last year. The decrease is due to the change in non-cash working capital largely due to the change in inventory compared to the prior year.

Cash used for investing activities in the quarter increased to \$31.0 million compared to \$18.0 million last year largely due to accelerated capital expenditures as part of the Company's Top Markets initiative and an increase in intangible asset additions related to the purchase of point-of-sale, workforce management and merchandise management software.

Cash used in financing activities in the quarter was \$18.5 million compared to \$42.2 million last year primarily due to the change in long-term debt related to amounts drawn on the Company's revolving loan facilities compared to last year.

Further information on the quarterly financial performance of the Company is provided in the interim MD&A available on the Company's website at www.northwest.ca or on SEDAR at www.sedar.com.

DISCLOSURE CONTROLS

Management is responsible for establishing and maintaining a system of disclosure controls and procedures to provide reasonable assurance that material information relating to the Company is reported to senior management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") on a timely basis so that decisions can be made regarding public disclosure. Based on an evaluation of the Company's disclosure controls and procedures, as required by National Instrument 52-109 (Certification of Disclosure in Issuers' Annual and Interim Filings), the Company's CEO and CFO have concluded that these controls and procedures were designed and operated effectively as of January 31, 2016.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can only provide reasonable assurance with respect to financial reporting and may not prevent or detect misstatements. Projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become ineffective because of changes in conditions or the degree of compliance with policies and procedures may deteriorate. Furthermore, management is required to use judgment in evaluating controls and procedures. Based on an evaluation of the Company's internal controls over financial reporting using the framework published by The Committee of Sponsoring Organizations of the Treadway Commission ("COSO Framework"), 2013 as required by National Instrument 52-109, the Company's CEO and CFO have concluded that the internal controls over financial reporting were designed and operated effectively as of January 31, 2016. There have been no changes in the internal controls over financial reporting during the quarter and for the year ended January 31, 2016 that have materially affected or are reasonably likely to materially affect the internal controls over financial reporting.

OUTLOOK

As noted under the strategy section, the Company's principal focus continues to be led by its Top Markets and Top Categories initiatives. The successful execution of this work is expected to enable North West to capture market share and sales at a higher rate than general consumer income growth, while focusing on lower-risk products and services.

By region and banner, the outlook is favourable for Cost-U-Less in both the Caribbean and Pacific regions spurred by tourism and lower energy costs. Our Alaskan markets will face more challenging economic conditions in 2016 due to an expected reduction in the Permanent Fund Dividend and other restraint measures taken by the state government as a result of a sharp reduction in oil-based revenues. The western Canada retail environment is important for our Giant Tiger business and we anticipate lower inflation within this region in 2016 compared to 2015 with modest growth in competitive selling space. In northern Canada, resource spending is expected to rebound slightly and the higher Universal Child Care Benefit ("UCCB") payments that started in July 2015 are expected to increase further under the new federal government combined Child Benefit which takes effect in July, 2016. Further economic stimulus announced in the March, 2016 Canadian Federal Budget is expected from education and infrastructure spending commitments for Canadian First Nations and northern regions. This stimulus is expected to be weighted towards 2017-18.

Net capital expenditures for 2016 are expected to be approximately \$90.0 million (2015 - \$75.8 million), reflecting major store replacements, store renovations and investments in fixtures, equipment, staff housing and store-based warehouse expansions as part of the Company's Top Markets initiative. The Company also plans to open four Giant Tiger stores as well as complete "New Store Experience" upgrades in eight stores. In 2016, the Company will begin the implementation of a new point-of-sale and merchandise management system. This system is expected to be fully installed within 24 months and is expected to deliver gains in pricing, more effective promotions, inventory management and store productivity, all aligned with the Company's "Top" strategies. Store-based capital expenditures can be impacted by the completion of landlord negotiations, shipment of construction materials to remote markets, and weather-related delays and therefore, their actual amount and timing can fluctuate.

RISK MANAGEMENT

The North West Company maintains an Enterprise Risk Management ("ERM") program which assists in identifying, evaluating and managing risks that may reasonably have an impact on the Company. An annual ERM assessment is completed to evaluate risks and the potential impact that the risks may have on the Company's ability to execute its strategies and achieve its objectives. The results of this annual assessment and regular updates are presented to the Board of Directors who are accountable for providing oversight of the ERM program.

The North West Company is exposed to a number of risks in its business. The descriptions of the risks below are not the only ones facing the Company. Additional risks and uncertainties not presently known to the Company, or that the Company deems immaterial, may also impair the operations of the Company. If any of such risks actually occur, the business, financial condition, liquidity and results of operations of the Company could be materially adversely affected. Readers of this MD&A are also encouraged to refer to the Key Performance Drivers and Capabilities Required to Deliver Results and Outlook sections of this MD&A, as well as North West's Annual Information Form, which provides further information on the risk factors facing the Company. While the Company employs strategies to

minimize these risks, these strategies do not guarantee that events or circumstances will not occur that could negatively impact the Company's financial condition and performance.

Careful consideration should be given to the risk factors which include, but are not limited to, the following:

Business Model The Company serves geographically diverse markets and sells a very wide range of products and services. Operational scale can be difficult to achieve and the complexity of the Company's business model is higher compared to more narrowly-focused or larger retailers. Management continuously assesses the strength of its customer value offer to ensure that specific markets, products and services are financially attractive. Considerable attention is also given to streamlining processes to simplify work across the Company. To the extent the Company is not successful in developing and executing its strategies, it could have an adverse effect on the financial condition and performance of the Company.

Employee Development and Retention Attracting, retaining and developing high caliber employees is essential to effectively managing our business, executing our strategies and meeting our objectives. Due to the vast geography and remoteness of the Company's markets, there is significant competition for talent and a limited number of qualified personnel, particularly at the store management level. The degree to which the Company is not successful in retaining and developing employees and establishing appropriate succession plans could lead to a lack of knowledge, skills and experience required to effectively run our operations and execute our strategies and could negatively affect financial performance. The Company's overall priority on building and sustaining store competency reflects the importance of mitigating against this risk. In addition to compensation programs and investments in staff housing that are designed to attract and retain qualified personnel, the Company also continues to implement and refine initiatives such as comprehensive store-based manager-in-training programs.

Competition The Company has a leading market position in a large percentage of the markets it serves. Sustaining and growing this position depends on our ability to continually improve customer satisfaction while identifying and pursuing new sales opportunities. We actively monitor competitive activity and we are proactive in enhancing our value offer elements, ranging from in-stock position to service and pricing. To the extent that the Company is not effective in responding to consumer trends or enhancing its value offer, it could have a negative impact on financial performance. Furthermore, the entrance of new competitors, an increase in competition, both local and outside the community, or the introduction of new products and services in the Company's markets could also negatively affect the Company's financial performance.

Community Relations A portion of the Company's sales are derived from communities and regions that restrict commercial land ownership and usage by non-indigenous or non-local owned businesses or which have enacted policies and regulations to support locally-owned businesses. We successfully operate within these environments through initiatives that promote positive community and customer relations. These include store lease arrangements with community-based development organizations and initiatives to recruit local residents into management positions and to incorporate community stakeholder advice into our business at all levels. To the extent the Company is not successful in maintaining these relations or is unable to renew lease agreements with community-based organizations, or is subject to punitive fees or operating restrictions, it could have an adverse effect on the Company's reputation and financial performance.

Logistics and Supply Chain The Company relies on a complex and elongated outbound supply chain due to the remoteness of the Company's stores. The delivery of merchandise to a substantial portion of the Company's stores involves multiple carriers and multiple modes of transportation including trucks, trains, airplanes, ships and barges through various ports and transportation hubs. The Company's reputation and financial performance can be negatively impacted by supply chain events or disruptions outside of the Company's control, including changes in foreign and domestic regulations which increase the cost of transportation; the quality of transportation infrastructure such as roads, ports and airports; labour disruptions at transportation companies; or the consolidation, financial difficulties or bankruptcy of transportation companies.

Economic Environment External factors which affect customer demand and personal disposable income, and over which the Company exercises no influence, include government fiscal health, general economic growth, changes in commodity prices, inflation, unemployment rates, personal debt levels, levels of personal disposable income, interest rates and foreign exchange rates. Changes in the inflation rate and foreign exchange rate are unpredictable and may impact the cost of merchandise and the prices charged to consumers which in turn could negatively impact sales and net earnings.

Our largest customer segments derive most of their income directly or indirectly from government infrastructure spending or direct payment to individuals in the form of social assistance, child care benefits and old age security. While these tend to be stable sources of income, independent of economic cycles, a decrease in government income transfer payments to individuals, a recession, or a significant and prolonged decline in consumer spending could have an adverse effect on the Company's operations and financial performance.

Furthermore, customers in many of the Company's markets benefit from product cost subsidies through programs such as Nutrition North Canada ("NNC"), the U.S. Supplemental Nutrition Assistance Program ("SNAP") and the by-pass mail system in Alaska which contribute to lower living costs for eligible customers. A change in government policy could result in a reduction in financial support for these programs which would have a significant impact on the price of merchandise and consumer demand.

A major source of employment income in the remote markets where the Company operates is generated from local government and spending on public infrastructure. This includes housing, schools, health care facilities, military facilities, roads and sewers. Local employment levels will fluctuate from year-to-year depending on the degree of infrastructure activity and a community's overall fiscal health. A similar fluctuating source of income is employment related to tourism and natural resource development. A significant or prolonged reduction in government transfers, spending on infrastructure

projects, natural resource development and tourism spending would have a negative impact on consumer income which in turn could result in a decrease in sales and gross profit, particularly for more discretionary general merchandise items.

Management regularly monitors economic conditions and considers factors which can affect customer demand in making operating decisions and the development of strategic initiatives and long-range plans.

Information Technology The Company relies on information technology ("IT") to support the current and future requirements of the business. A significant or prolonged disruption in the Company's current IT systems could negatively impact day-to-day operations of the business which could adversely affect the Company's financial performance and reputation.

In 2016, the Company will begin the implementation of a new point-of-sale and merchandise management system. The failure to successfully upgrade legacy systems or to migrate from legacy systems to the new IT systems could have an adverse effect on the Company's operations, reputation and financial performance. There is also a risk that the anticipated benefits, cost savings or operating efficiencies related to upgrading or implementing new IT systems may not be realized which could affect the Company's financial performance or reputation. To help mitigate these risks, the Company uses a combination of specialized internal and external IT resources as well as a strong governance structure and disciplined project management.

The Company relies on the integrity and continuous availability of its IT systems. IT systems are exposed to the risks of "cyber attack", including viruses that can paralyze IT systems or unauthorized access to confidential Company information or customer information. Any failure relating to IT system availability or security, or a significant loss of data or an impairment of data integrity, could adversely affect the financial performance and reputation of the Company.

Fuel and Utility Costs Compared to other retailers, the Company is more exposed to fluctuations in the price of energy, particularly oil. Due to the vast geography and remoteness of the store network, expenses related to aviation fuel, diesel-generated electricity, and heating fuel costs are a more significant component of the Company's and its customers' expenses. To the extent that escalating fuel and utility costs cannot be offset by alternative energy sources, energy conservation practices or offsetting productivity gains, this may result in higher retail prices or lower operating margins which may affect the Company's financial performance. In this scenario, consumer retail spending will also be affected by higher household energy-related expenses.

Income Taxes In the ordinary course of business, the Company is subject to audits by tax authorities. The Company regularly reviews its compliance with tax legislation, filing positions, the adequacy of its tax provisions and the potential for adverse outcomes. While the Company believes that its tax filing positions are appropriate and supportable, the possibility exists that certain matters may be reviewed and challenged by the tax authorities. If the final outcome differs materially from the tax provisions, the Company's income tax expense and its earnings could be affected positively or negatively in the period in which the outcome is determined.

Laws, Regulations and Standards The Company is subject to various laws, regulations and standards administered by federal, provincial and foreign regulatory authorities, including but not limited to income, commodity and other taxes, duties, currency repatriation, health and safety, employment standards, licensing requirements, product packaging and labeling regulations and zoning. New accounting standards and pronouncements or changes in accounting standards

may also impact the Company's financial results.

These laws, regulations and standards and their interpretation by various courts and agencies are subject to change. In the course of complying with such changes, the Company may incur significant costs. Failure by the Company to fully comply with applicable laws, regulations and standards could result in financial penalties, assessments, sanctions or legal action that could have an adverse effect on the reputation and the financial performance of the Company.

The Company is also subject to various privacy laws and regulations regarding the protection of personal information of its customers and employees. Any failure in the protection of this information or non-compliance with laws or regulations could negatively affect the Company's reputation and financial performance.

Environmental The Company owns a large number of facilities and real estate, particularly in remote locations, and is subject to environmental risks associated with the contamination of such facilities and properties. The Company operates retail fuel outlets in a number of locations and uses fuel to heat stores and housing. Contamination resulting from gasoline and heating fuel is possible. The Company employs operating, training, monitoring and testing procedures to minimize the risk of contamination. The Company also operates refrigeration equipment in its stores and distribution centres which, if the equipment fails, could release gases that may be harmful to the environment. The Company has monitoring and preventative maintenance procedures to reduce the risk of this contamination occurring. Even with these risk mitigation policies and procedures, the Company could incur increased or unexpected costs related to environmental incidents and remediation activities, including litigation and regulatory compliance costs, all of which could have an adverse effect on the reputation and financial performance of the Company.

Food and Product Safety The Company is exposed to risks associated with food safety, product handling and general merchandise product defects. Food sales represent approximately 79% of total Company sales. A significant outbreak of a food-borne illness or increased public concerns with certain food products could have an adverse effect on the reputation and financial performance of the Company. The Company has food preparation, handling and storage procedures which help mitigate these risks. The Company also has product recall procedures in place in the event of a food-borne illness outbreak or product defect. The existence of these procedures does not eliminate the underlying risks and the ability of these procedures to mitigate risk in the event of a food-borne illness or product recall is dependent on their successful execution.

Vendor and Third Party Service Partner Management The Company relies on a broad base of manufacturers, suppliers and operators of distribution facilities to provide goods and services. Events or disruptions affecting these suppliers outside of the Company's control could in turn result in delays in the delivery of merchandise to the stores and therefore negatively impact the Company's reputation and financial performance. A portion of the merchandise the Company sells is purchased offshore. Offshore sourcing could provide products that contain harmful or banned substances or do not meet the required standards. The Company uses offshore consolidators and sourcing agents to monitor product quality and reduce the risk of sub-standard products however, there is no certainty that these risks can be completely mitigated in all circumstances.

Management of Inventory Success in the retail industry depends on being able to select the right merchandise, in the correct quantities in proportion to the demand for such merchandise. A miscalculation of consumer demand for merchandise could result in having excess

inventory for some products and missed sales opportunities for others which could have an adverse effect on operations and financial performance. Excess inventory may also result in higher markdowns or inventory shrinkage all of which could have an adverse effect on the financial performance of the Company.

Litigation In the normal course of business, the Company is subject to a number of claims and legal actions that may be made by its customers, suppliers and others. The Company records a provision for litigation claims if management believes the Company has liability for such claim or legal action. If management's assessment of liability or the amount of any such claim is incorrect, or the Company is unsuccessful in defending its position, any difference between the judgment or penalty amount and the provision would become an expense or a recovery in the period such claim was resolved.

Post-Employment Benefits The Company engages professional investment advisors to manage the assets in the defined benefit pension plans. The performance of the Company's pension plans and the plan funding requirements are impacted by the returns on plan assets, changes in the discount rate and regulatory funding requirements. If capital market returns are below the level estimated by management, or if the discount rate used to value the liabilities of the plans decreases, the Company may be required to make contributions to its defined benefit pension plans in excess of those currently contemplated, which may have an adverse effect on the Company's financial performance.

The Company regularly monitors and assesses the performance of the pension plan assets and the impact of changes in capital markets, changes in plan member demographics, and other economic factors that may impact funding requirements, benefit plan expenses and actuarial assumptions. The Company makes cash contributions to the pension plan as required and also uses letters of credit to satisfy a portion of its funding obligations. Effective January 1, 2011, the Company entered into an amended and restated staff pension plan and added a defined contribution plan. Under the amended pension plan, all members who did not meet a qualifying threshold based on number of years in the pension plan and age were transitioned to the defined contribution pension plan effective January 1, 2011 and no longer accumulate years of service under the defined benefit pension plan. Further information on post-employment benefits is provided on page 16 and in Note 12 to the consolidated financial statements.

Insurance The Company manages its exposure to certain risks through an integrated insurance program which combines an appropriate level of self-insurance and the purchase of various insurance policies. The Company's insurance program is based on various lines and limits of coverage. Insurance is arranged with financially stable insurance companies as rated by professional rating agencies. There is no guarantee that any given risk will be mitigated in all circumstances or that the Company will be able to continue to purchase this insurance coverage at reasonable rates.

Climate The Company's operations are exposed to extreme weather conditions ranging from blizzards to hurricanes, typhoons, cyclones and tsunamis which can cause loss of life, damage to or destruction of key stores and facilities, or temporary business disruptions. The stores located in the South Pacific, Caribbean and coastal areas of Alaska are also at risk of earthquakes which can result in loss of life and destruction of assets. Such losses could have an adverse effect on the operations and financial performance of the Company. Global warming conditions would also have a more pronounced effect, both positive and negative, on the Company's most northern latitude stores.

Dependence on Key Facilities There are six major distribution centres which are located in Winnipeg, Manitoba; Anchorage, Alaska; San Leandro, California; Port of Tacoma, Washington; and third party managed facilities in Edmonton, Alberta and Miami, Florida. In addition, the Company's Canadian Operations support office is located in Winnipeg, Manitoba and the International Operations has support offices in Anchorage, Alaska and Bellevue, Washington. A significant or prolonged disruption at any of these facilities due to fire, inclement weather or otherwise could have a material adverse effect on the financial performance of the Company.

Geopolitical Changes in the domestic or international political environment may impact the Company's ability to source and provide products and services. Acts of terrorism, riots, and political instability, especially in less developed markets, could have an adverse effect on the financial performance of the Company.

Ethical Business Conduct The Company has a Code of Business Conduct and Ethics policy which governs both employees and Directors. The Business Ethics Committee monitors compliance with the Code of Business Conduct and Ethics. The Company also has a Whistleblower Policy that provides direct access to members of the Board of Directors. Unethical business conduct could negatively impact the Company's reputation and relationship with its customers, investors and employees, which in turn could have an adverse effect on the financial performance of the Company.

Financial Risks In the normal course of business, the Company is exposed to financial risks that have the potential to negatively impact its financial performance. The Company manages financial risk with oversight provided by the Board of Directors, who also approve specific financial transactions. The Company uses derivative financial instruments only to hedge exposures arising in respect of underlying business requirements and not for speculative purposes. These risks and the actions taken to minimize the risks are described below. Further information on the Company's financial instruments and associated risks are provided in Note 14 to the consolidated financial statements.

Credit Risk Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk primarily in relation to individual and commercial accounts receivable. The Company manages credit risk by performing regular credit assessments of its customers and provides allowances for potentially uncollectible accounts receivable. The Company does not have any individual customer accounts greater than 10% of total accounts receivable.

Liquidity Risk Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due or can do so only at excessive cost. The Company manages liquidity risk by maintaining adequate credit facilities to fund operating requirements and both planned sustaining and growth-related capital expenditures and regularly monitoring actual and forecasted cash flow and debt levels. At January 31, 2016, the Company had undrawn committed revolving loan facilities available of \$188.9 million (January 31, 2015 - \$180.5 million).

Currency Risk Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk, primarily the U.S. dollar, through its net investment in International Operations and its U.S. dollar denominated borrowings. The Company manages its exposure to currency risk by hedging the net investment in foreign operations with a portion of U.S. dollar denominated

borrowings as described in the Sources of Liquidity section on page 17. At January 31, 2016, the Company had US\$75.6 million in U.S. denominated debt compared to US\$96.9 million at January 31, 2015 and US\$107.4 million at January 31, 2014. Further information on the impact of foreign exchange rates on the translation of U.S. denominated debt is provided in the Capital Structure section on page 18.

The Company is also exposed to currency risk relating to the translation of International Operations earnings to Canadian dollars. In 2015, the average exchange rate used to translate U.S. denominated earnings from the International Operations was 1.2971 compared to 1.1148 last year. The Canadian dollar's depreciation in 2015 compared to the U.S. dollar in 2014 positively impacted consolidated net earnings by \$3.8 million. In 2014, the average exchange rate was 1.1148 compared to 1.0389 in 2013 which resulted in an increase in 2014 consolidated net earnings of \$1.1 million compared to 2013.

Interest Rate Risk Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk primarily through its long-term borrowings. The Company manages exposure to interest rate risk by using a combination of fixed and floating interest rate debt and may use interest rate swaps.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with IFRS requires management to make estimates, assumptions and judgments that affect the application of accounting policies and the reported amounts and disclosures made in the consolidated financial statements and accompanying notes. Judgment has been used in the application of accounting policy and to determine if a transaction should be recognized or disclosed in the financial statements while estimates and assumptions have been used to measure balances recognized or disclosed. These estimates, assumptions and judgments are based on management's historical experience, knowledge of current events, expectations of future outcomes and other factors that management considers reasonable under the circumstances. Certain of these estimates and assumptions require subjective or complex judgments by management about matters that are uncertain and changes in these estimates could materially impact the consolidated financial statements and disclosures. Management regularly evaluates the estimates and assumptions it uses and revisions are recognized in the period in which the estimates are reviewed and in any future periods affected. The areas that management believes involve a higher degree of judgment or complexity, or areas where the estimates and assumptions may have the most significant impact on the amounts recognized in the consolidated financial statements include the following:

Valuation of Accounts Receivable The Company records an allowance for doubtful accounts related to accounts receivable that may potentially be impaired. The allowance is based on the aging of the accounts receivable, our knowledge of our customers' financial condition, the current business environment and historical experience. A significant change in one or more of these factors could impact the estimated allowances for doubtful accounts recorded in the consolidated balance sheets and the provisions for debt loss recorded in the consolidated statement of earnings. Additional information on the valuation of accounts receivable is provided in Note 5 and the Credit Risk section in Note 14 to the consolidated financial statements.

Valuation of Inventories Retail inventories are stated at the lower of cost and net realizable value. Significant estimation is required in: (1) the determination of discount factors used to convert inventory to cost after a physical count at retail has been completed; (2) recognizing merchandise for which the customer's perception of value has declined and appropriately marking the retail value of the merchandise down to the perceived value; (3) estimating inventory losses, or shrinkage, occurring between the last physical count and the balance sheet date; and (4) the impact of vendor rebates on cost.

General Merchandise inventories counted at retail are converted to cost by applying average cost factors by merchandise category. These cost factors represent the average cost-to-retail ratio for each merchandise category based on beginning inventory and purchases made throughout the year.

Inventory shrinkage is estimated as a percentage of sales for the period from the date of the last physical inventory count to the balance sheet date. The estimate is based on historical experience and the most recent physical inventory results. To the extent that actual losses experienced vary from those estimated, both inventories and cost of sales may be impacted.

Changes or differences in these estimates may result in changes to inventories on the consolidated balance sheets and a charge or credit to cost of sales in the consolidated statements of earnings. Additional information regarding inventories is provided in Note 6 to the consolidated financial statements.

Post-Employment Benefits The defined benefit plan obligations are accrued based on actuarial valuations which are dependent on assumptions determined by management. These assumptions include the discount rate used to calculate benefit plan obligations, the rate of compensation increase, retirement ages, and mortality rates. These assumptions are reviewed by management and the Company's actuaries.

The discount rate used to calculate benefit plan obligations and the rate of compensation increase are the most significant assumptions. The discount rate used to calculate benefit plan obligations and plan asset returns is based on market interest rates, as at the Company's measurement date of January 31, 2016 on a portfolio of Corporate AA bonds with terms to maturity that, on average, matches the terms of the defined benefit plan obligations. The discount rates used to measure the benefit plan obligations for fiscal 2015 and 2014 were 4.0% and 3.5% respectively. Management assumed the rate of compensation increase for fiscal 2015 and 2014 at 4.0%.

These assumptions may change in the future and may result in material changes in the defined benefit plan obligation on the Company's consolidated balance sheets, the defined benefit plan expense on the consolidated statements of earnings and the net actuarial gains or losses recognized in comprehensive income and retained earnings. Changes in financial market returns and interest rates could also result in changes to the funding requirements of the Company's defined benefit pension plans. Additional information regarding the Company's post-employment benefits is provided in Note 12 to the consolidated financial statements.

Impairment of Long-lived Assets The Company assesses the recoverability of values assigned to long-lived assets after considering potential impairment indicated by such factors as business and market trends, future prospects, current market value and other economic factors. Judgment is used to determine if a triggering event has occurred requiring an impairment test to be completed. If there is an indication of impairment, the recoverable amount of the asset, which is the higher of its fair value less costs of disposal and its value in use, is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. For tangible and intangible assets excluding goodwill, judgment is required to determine the CGU based on the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. To the extent that the carrying value exceeds the estimated recoverable amount, an impairment charge is recognized in the consolidated statements of earnings in the period in which it occurs.

Various assumptions and estimates are used to determine the recoverable amount of a CGU. The Company determines fair value less costs of disposal using estimates such as market rental rates for comparable properties, property appraisals and capitalization rates. The Company determines value in use based on estimates and assumptions regarding future financial performance. The underlying estimates for cash flows include estimates for future sales, gross margin rates and store expenses, and are based upon the stores' past and expected future performance. Changes which may impact future cash flows include, but are not limited to, competition, general economic conditions and increases in operating costs that can not be offset by other productivity improvements. To the extent that management's estimates are not realized, future assessments could result in impairment charges that may have a significant impact on the Company's consolidated balance sheets and consolidated statements of earnings.

Goodwill Goodwill is not amortized but is subject to an impairment test annually or whenever indicators of impairment are detected. Judgment is required to determine the appropriate grouping of CGUs for the purpose of testing for impairment. Judgment is also required in evaluating indicators of impairment which would require an impairment test to be completed. Goodwill is allocated to CGUs that are expected to benefit from the synergies of the related business combination and represents the lowest level within the Company at which goodwill is monitored for internal management purposes, which is the Company's International Operations segment before aggregation.

The value of the goodwill was tested by means of comparing the recoverable amount of the operating segment to its carrying value. The recoverable amount is the greater of its value in use or its fair value less costs of disposal. The operating segment's recoverable amount was based on fair value less costs of disposal. A range of fair values was estimated by inferring enterprise values from the product of financial performance and comparable trading multiples. Values assigned to the key assumptions represent management's best estimates and have been based on data from both external and internal sources. Key assumptions used in the estimation of enterprise value include: budgeted financial performance, selection of market trading multiples and costs to sell. To the extent that management's estimates are not realized, future assessments could result in impairment charges that may have a significant impact on the Company's consolidated balance sheets and consolidated statements of earnings.

The Company performed the annual goodwill impairment test in 2015 and determined that the recoverable amount of the International Operations segment exceeded its carrying value. No goodwill impairment was identified and management considers any reasonably foreseeable changes in key assumptions unlikely to produce a goodwill impairment.

Income and Other Taxes Deferred tax assets and liabilities are recognized for the future income tax consequences attributable to temporary differences between the financial statement carrying values of assets and liabilities and their respective income tax bases. Deferred income tax assets or liabilities are measured using enacted or substantively enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The calculation of current and deferred income taxes requires management to use judgment regarding the interpretation and application of tax legislation in the various jurisdictions in which the Company operates. The calculation of deferred income tax assets and liabilities is also impacted by estimates of future financial results, expectations regarding the timing of reversal of temporary differences, and assessing the possible outcome of audits of tax filings by the regulatory agencies.

Changes or differences in these estimates or assumptions may result in changes to the current or deferred income tax balances on the consolidated balance sheet, a charge or credit to income tax expense in the consolidated statements of earnings and may result in cash payments or receipts. Additional information on income taxes is provided in Note 9 to the consolidated financial statements.

ACCOUNTING STANDARDS IMPLEMENTED IN 2015

There were no new IFRS accounting standards or amendments that the Company was required to adopt by the IASB for the year ended January 31, 2016.

FUTURE ACCOUNTING STANDARDS

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended January 31, 2016, and have not been applied in preparing these consolidated financial statements. The Company is currently assessing the potential impacts of changes to these standards.

Presentation of Financial Statements In December 2014, the IASB issued amendments to IAS 1, *Presentation of Financial Statements*. The amendments provide guidance on the application of judgment in the preparation of financial statements and disclosure and are effective for the Company's financial year ending January 31, 2017.

Financial Instruments The amended IFRS 9, *Financial Instruments* is a multi-phase project with the goal of improving and simplifying financial instrument reporting. IFRS 9 uses a single approach to determine measurement of a financial asset by both cash flow characteristics and how an entity manages financial impairment, replacing the multiple classification options in IAS 39 with three categories: amortized cost, fair value through other comprehensive income and fair value through profit or loss. Additional guidance was also issued on the classification and measurement of financial assets and liabilities, hedge accounting and a single forward-looking expected loss impairment model. These changes are effective for the Company's financial year ending January 31, 2019, will be applied retrospectively and are available for early adoption.

Revenue Recognition In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*. The IFRS 15 standard contains a comprehensive model which specifies the criteria and timing for recognizing revenue, and also requires additional disclosures in the notes to the financial statements. The core principle of the standard is that revenue is recognized at an amount that reflects the consideration to which the Company is entitled. It is effective for the Company's financial year ending January 31, 2019, will be applied retrospectively and is available for early adoption.

Leases IFRS 16, *Leases* replaces the current guidance in IAS 17 for operating and finance lease accounting. This standard requires lessees to recognize a lease liability representing the obligation for future lease payments and a right-of-use asset in the consolidated balance sheets for substantially all lease contracts, initially measured at the present value of unavoidable lease payments. These changes are effective for the Company's financial year ending January 31, 2020, with early adoption permitted provided IFRS 15, *Revenue from Contracts with Customers* is also applied.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

NON-GAAP FINANCIAL MEASURES

(1) Earnings Before Interest, Income Taxes, Depreciation and Amortization (EBITDA) is not a recognized measure under IFRS. Management believes that in addition to net earnings, EBITDA is a useful supplemental measure as it provides investors with an indication of the Company's operational performance before allocating the cost of interest, income taxes and capital investments. Investors should be cautioned however, that EBITDA should not be construed as an alternative to net earnings determined in accordance with IFRS as an indicator of the Company's performance. The Company's method of calculating EBITDA may differ from other companies and may not be comparable to measures used by other companies. A reconciliation of consolidated net earnings to EBITDA is provided below:

Reconciliation of Net Earnings to EBITDA

(\$ in thousands)	2015	2014	2013
Net earnings	\$ 69,779	\$ 62,883	\$ 64,263
Add:			
Amortization	44,026	40,372	38,276
Interest expense	6,210	6,673	7,784
Income taxes	31,332	27,910	28,013
EBITDA	\$ 151,347	\$ 137,838	\$ 138,336

For EBITDA information by business segment, see Note 4 to the consolidated financial statements.

(2) Return on Net Assets (RONA) is not a recognized measure under IFRS. Management believes that RONA is a useful measure to evaluate the financial return on the net assets used in the business. RONA is calculated as earnings from operations (EBIT) for the year divided by average monthly net assets. The following table reconciles net assets used in the RONA calculation to IFRS measures reported in the consolidated financial statements as at January 31 for the following fiscal years:

(\$ in millions)	2015	2014	2013
Total assets	\$ 793.8	\$ 724.3	\$ 670.5
Less: Total liabilities	(436.2)	(395.0)	(348.1)
Add: Total long-term debt	225.5	201.4	182.9
Net Assets Employed	\$ 583.1	\$ 530.7	\$ 505.3

(3) Return on Average Equity (ROE) is not a recognized measure under IFRS. Management believes that ROE is a useful measure to evaluate the financial return on the amount invested by shareholders. ROE is calculated by dividing net earnings for the year by average monthly total shareholders' equity. There is no directly comparable IFRS measure for return on equity.

GLOSSARY OF TERMS

Basic earnings per share Net earnings available to shareholders divided by the weighted-average number of shares outstanding during the period.

Basis point A unit of measure that is equal to 1/100th of one percent.

CGAAP (Canadian generally accepted accounting principles) The consolidated financial statements for the fiscal years 2009 and prior were prepared in accordance with Canadian generally accepted accounting principles as issued by the Canadian Institute of Chartered Accountants.

Compound Annual Growth Rate ("CAGR") The compound annual growth rate is the year-over-year percentage growth rate over a given period of time.

Control label or Private label A brand or related trademark that is owned by the Company for use in connection with its own products and services.

Debt covenants Restrictions written into banking facilities, senior notes and loan agreements that prohibit the Company from taking actions that may negatively impact the interests of the lenders.

Debt loss An expense resulting from the estimated loss on potentially uncollectible accounts receivable.

Debt-to-equity ratio Provides information on the proportion of debt and equity the Company is using to finance its operations and is calculated as total debt divided by shareholders' equity.

Diluted earnings per share The amount of net earnings for the period available to shareholders divided by the weighted-average number of shares outstanding during the period including the impact of all potential dilutive outstanding shares at the end of the period.

EBIT (Earnings From Operations) Net earnings before interest and income taxes provides an indication of the Company's performance prior to interest expense and income taxes.

EBIT margin EBIT divided by sales.

EBITDA Net earnings before interest, income taxes, depreciation and amortization provides an indication of the Company's operational performance before allocating the cost of interest, income taxes and capital investments. See Non-GAAP Financial Measures section.

EBITDA margin EBITDA divided by sales.

Fair value The amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

Gross profit Sales less cost of goods sold and inventory shrinkage.

Gross profit rate Gross profit divided by sales.

Hedge A risk management technique used to manage interest rate, foreign currency exchange or other exposures arising from business transactions.

Interest coverage Net earnings before interest and income taxes divided by interest expense.

IFRS (International Financial Reporting Standards) Effective for the 2011 fiscal year, the consolidated financial statements were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Comparative financial information for the year ended January 31, 2011 ("2010") previously reported in the consolidated financial statements prepared in accordance with CGAAP has been restated in accordance with the accounting policies and financial statement presentation adopted under IFRS.

Return on Average Equity ("ROE") Net earnings divided by average shareholders' equity. See Non-GAAP Financial Measures section.

Return on Net Assets ("RONA") Net earnings before interest and income taxes divided by average net assets employed (total assets less accounts payable and accrued liabilities, income taxes payable, defined benefit plan obligations, deferred tax liabilities, and other long-term liabilities). See Non-GAAP Financial Measures section.

Same store sales Retail food and general merchandise sales from stores that have been open more than 52 weeks in the periods being compared, excluding the impact of foreign exchange.

Working capital Total current assets less total current liabilities.

Year The fiscal year ends on January 31. The 2015 year which ended January 31, 2016 had 365 days of operations. The 2014 year which ended January 31, 2015 had 365 days of operations. The 2013 year which ended January 31, 2014 had 365 days of operations. The 2012 year which ended January 31, 2013 had 366 days of operations as a result of February 29th. The 2011 year which ended January 31, 2012 had 365 days of operations.

Eleven-Year Financial Summary

Fiscal Year ⁽¹⁾ (\$ in thousands)	IFRS ⁽²⁾ 2015	IFRS ⁽²⁾ 2014	IFRS ⁽²⁾ 2013	IFRS ⁽²⁾ 2012	IFRS ⁽²⁾ 2011
Consolidated Statements of Earnings					
Sales - Canadian Operations	\$ 1,089,898	\$ 1,042,168	\$1,022,985	\$1,043,050	\$1,028,396
Sales - International Operations	706,137	582,232	520,140	470,596	466,740
Sales - Total	1,796,035	1,624,400	1,543,125	1,513,646	1,495,136
EBITDA ⁽³⁾ - Canadian Operations	98,276	100,896	111,225	106,510	97,998
EBITDA ⁽³⁾ - International Operations	53,071	36,942	27,111	27,207	27,883
EBITDA ⁽³⁾ - Total Operations	151,347	137,838	138,336	133,717	125,881
Amortization - Canadian Operations	31,781	30,302	29,258	29,155	28,745
Amortization - International Operations	12,245	10,070	9,018	7,994	7,827
Amortization - Total	44,026	40,372	38,276	37,149	36,572
Interest	6,210	6,673	7,784	6,979	6,026
Income taxes	31,332	27,910	28,013	25,701	25,322
Net earnings	69,779	62,883	64,263	63,888	57,961
Cash flow from operating activities	132,987	115,086	79,473	128,992	115,469
Dividends/distributions paid during the year	58,210	56,180	54,229	50,320	50,797
Capital and intangible asset expenditures	75,983	52,329	43,207	51,133	46,376
Net change in cash	8,114	6,776	(16,322)	11,691	(4,247)
Consolidated Balance Sheets					
Current assets	\$ 335,581	\$ 315,840	\$ 299,071	\$ 303,896	\$ 295,836
Property and equipment	345,881	311,692	286,875	274,027	270,370
Other assets, intangible assets and goodwill	83,293	68,693	64,969	60,567	53,289
Deferred tax assets	29,040	28,074	19,597	12,904	7,422
Current liabilities	155,501	146,275	209,738	190,184	128,002
Long-term debt and other liabilities	280,682	248,741	138,334	164,960	215,206
Equity	357,612	329,283	322,440	296,250	283,709
Consolidated Dollar Per Share/Unit (\$) ⁽⁵⁾					
Net earnings - basic	\$ 1.44	\$ 1.30	\$ 1.33	\$ 1.32	\$ 1.20
Net earnings - diluted	1.43	1.29	1.32	1.32	1.19
EBITDA ^{(3),(4)}	3.12	2.85	2.86	2.76	2.60
Cash flow from operating activities ⁽⁴⁾	2.74	2.38	1.64	2.67	2.39
Dividends/distributions paid during the year ⁽⁴⁾	1.20	1.16	1.12	1.04	1.05
Equity (basic shares/units outstanding end of year)	7.37	6.80	6.66	6.12	5.86
Market price at January 31	30.53	26.56	25.42	23.14	19.40
Statistics at Year End					
Number of stores - Canadian	181	178	178	177	183
Number of stores - International	47	47	48	46	46
Selling square feet (000's) end of year - Canadian Stores	1,463	1,422	1,386	1,375	1,466
Selling square feet (000's) end of year - International Stores	676	676	696	660	655
Sales per average selling square foot - Canadian	\$ 756	\$ 742	\$ 741	\$ 734	\$ 702
Sales per average selling square foot - International	\$ 1,045	\$ 849	\$ 767	\$ 716	\$ 713
Number of employees - Canadian Operations	5,482	4,921	4,839	4,768	5,233
Number of employees - International Operations	1,896	1,726	1,853	1,568	1,668
Average shares/units outstanding (000's)	48,509	48,432	48,413	48,384	48,378
Shares/Units outstanding at end of fiscal year (000's)	48,523	48,497	48,426	48,389	48,378
Shares/Units traded during the year (000's)	35,631	24,080	17,623	17,831	22,418
Financial Ratios					
EBITDA ⁽³⁾ (%)	8.4	8.5	9.0	8.8	8.4
Earnings from operations (EBIT) (%)	6.0	6.0	6.5	6.4	6.0
Total return on net assets ⁽³⁾ (%)	19.5	18.4	20.0	20.6	18.5
Return on average equity ⁽³⁾ (%)	20.6	19.3	21.0	22.1	20.1
Debt-to-equity	.63:1	.61:1	.57:1	.55:1	.62:1
Dividends/distributions as % of cash flow from operating activities	43.8	48.8	68.2	39.0	44.0
Inventory turnover (times per year)	6.2	5.7	5.6	5.8	5.7

(1) The fiscal year changed from the last Saturday in January to January 31 effective January 31, 2007.

(2) The financial results for 2015 to 2011 are reported in accordance with IFRS. 2010 data has been restated to IFRS. All other financial information is presented in accordance with CGAAP and has not been restated to IFRS. Certain 2012 figures have been restated as required by the implementation of Employee Benefits IAS 19r. See 2013 Annual Report for further information.

IFRS ⁽²⁾						Fiscal Year ⁽¹⁾
2010	2009	2008	2007	2006	2005	(\$ in thousands)
Consolidated Statements of Earnings						
\$ 978,662	\$ 921,621	\$ 899,263	\$ 852,773	\$769,633	\$ 689,340	Sales - Canadian Operations
469,442	522,745	493,371	211,717	175,291	160,313	Sales - International Operations
1,448,104	1,444,366	1,392,634	1,064,490	944,924	849,653	Sales - Total
98,781	96,599	90,606	87,410	81,730	70,561	EBITDA ⁽³⁾ - Canadian Operations
26,983	33,675	31,651	19,147	14,639	14,941	EBITDA ⁽³⁾ - International Operations
125,764	130,274	122,257	106,557	96,369	85,502	EBITDA ⁽³⁾ - Total Operations
27,511	26,727	24,501	22,634	22,248	21,103	Amortization - Canadian Operations
7,981	8,423	7,553	4,316	3,924	3,910	Amortization - International Operations
35,492	35,150	32,054	26,950	26,172	25,013	Amortization - Total
6,077	5,470	8,307	7,465	6,844	6,120	Interest
14,539	7,841	6,518	9,151	9,693	11,479	Income taxes
69,656	81,813	75,378	62,991	53,660	42,890	Net earnings
114,564	107,973	90,178	93,591	81,486	75,289	Cash flow from operating activities
68,700	67,245	67,730	54,667	38,702	30,317	Dividends/distributions paid during the year
37,814	45,294	46,118	44,409	30,136	24,833	Capital and intangible asset expenditures
3,953	1,548	3,998	(368)	212	10,450	Net change in cash
Consolidated Balance Sheets						
\$ 284,789	\$ 285,843	\$ 285,088	\$ 254,061	\$226,164	\$ 218,742	Current assets
259,583	258,928	248,856	223,397	189,599	182,108	Property and equipment
55,199	73,177	68,632	50,492	19,690	17,306	Other assets, intangible assets and goodwill
17,017	5,852	6,597	1,720	6,416	5,693	Deferred tax assets
185,377	171,946	172,216	134,899	122,783	95,467	Current liabilities
144,736	161,928	162,547	138,470	67,056	85,809	Long-term debt and other liabilities
286,475	289,926	274,410	256,301	252,030	242,573	Equity
Consolidated Dollar Per Share/Unit (\$)⁽⁵⁾						
\$ 1.45	\$ 1.71	\$ 1.58	\$ 1.32	\$ 1.13	\$ 0.90	Net earnings - basic
1.44	1.69	1.56	1.31	1.12	0.89	Net earnings - diluted
2.61	2.73	2.56	2.24	2.03	1.79	EBITDA ^{(3),(4)}
2.38	2.26	1.89	1.96	1.71	1.58	Cash flow from operating activities ⁽⁴⁾
1.42	1.39	1.40	1.13	0.80	0.63	Dividends/distributions paid during the year ⁽⁴⁾
5.92	6.04	5.75	5.37	5.29	5.11	Equity (basic shares/units outstanding at end of year)
21.09	17.94	16.14	18.42	16.41	12.50	Market price at January 31
Statistics at Year End						
184	180	178	176	168	164	Number of stores - Canadian
46	46	43	44	32	27	Number of stores - International
1,445	1,423	1,396	1,368	1,226	1,157	Selling square feet (000's) end of year - Canadian Stores
654	653	617	639	311	272	Selling square feet (000's) end of year - International Stores
\$ 682	\$ 654	\$ 651	\$ 657	\$ 646	\$ 613	Sales per average selling square foot - Canadian
\$ 718	\$ 752	\$ 723	\$ 410	\$ 601	\$ 608	Sales per average selling square foot - International
5,301	5,358	5,408	5,359	5,833	5,175	Number of employees - Canadian Operations
1,601	1,545	1,339	1,502	806	732	Number of employees - International Operations
48,180	47,799	47,718	47,649	47,561	47,694	Average shares/units outstanding (000's)
48,378	48,017	47,722	47,701	47,625	47,463	Shares/Units outstanding at end of fiscal year (000's)
24,814	20,080	16,402	17,330	13,167	6,956	Shares/Units traded during the year (000's)
Financial Ratios						
8.7	9.0	8.8	10.0	10.2	10.1	EBITDA ⁽³⁾ (%)
6.2	6.6	6.5	7.5	7.4	7.1	Earnings from operations (EBIT) (%)
17.9	18.7	19.8	21.0	19.7	16.6	Total return on net assets ⁽³⁾ (%)
24.1	29.3	28.6	24.9	21.7	18.0	Return on average equity ⁽³⁾ (%)
67:1	72:1	78:1	62:1	43:1	46:1	Debt-to-equity
60.0	62.3	75.1	58.4	47.5	40.3	Dividends/distributions as % of cash flow from operating activities
5.6	5.6	5.8	5.3	5.1	4.6	Inventory turnover (times per year)

(3) See Non-GAAP financial measures on page 27.

(4) Based on average basic shares/units outstanding.

(5) Effective January 1, 2011, North West Company Fund converted to a share corporation called The North West Company Inc. The comparative information refers to units of the Fund. On September 20, 2006 the units were split on a three-for-one basis. All per unit information has been restated to reflect the three-for-one split except trading volume.

Management's Responsibility for Financial Statements

The management of The North West Company Inc. is responsible for the preparation, presentation and integrity of the accompanying consolidated financial statements and all other information in the annual report. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and include certain amounts that are based on the best estimates and judgment by management.

In order to meet its responsibility and ensure integrity of financial information, management has established a code of business ethics, and maintains appropriate internal controls and accounting systems. An internal audit function is maintained that is designed to provide reasonable assurance that assets are safeguarded, transactions are authorized and recorded and that the financial records are reliable.

Ultimate responsibility for financial reporting to shareholders rests with the Board of Directors. The Audit Committee of the Board of Directors, consisting of independent Directors, meets periodically with management and with the internal and external auditors to review the audit results, internal controls and accounting policies. Internal and external auditors have unlimited access to the Audit Committee. The Audit Committee meets separately with management and the external auditors to review the financial statements and other contents of the annual report and recommend approval by the Board of Directors. The Audit Committee also recommends the independent auditor for appointment by the shareholders.

PricewaterhouseCoopers LLP, an independent firm of auditors appointed by the shareholders, have completed their audit and submitted their report as follows.



Edward S. Kennedy
PRESIDENT & CEO
THE NORTH WEST COMPANY INC.



John D. King
EXECUTIVE VICE-PRESIDENT &
CHIEF FINANCIAL OFFICER
THE NORTH WEST COMPANY INC.

April 8, 2016

Independent Auditor's Report



To the Shareholders of The North West Company Inc.:

We have audited the accompanying consolidated financial statements of The North West Company Inc. and its subsidiaries, which comprise the consolidated balance sheets as at January 31, 2016 and January 31, 2015 and the consolidated statements of earnings, comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and the related notes, which comprise 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, 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

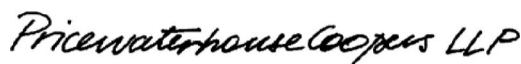
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits 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 The North West Company Inc. and its subsidiaries as at January 31, 2016 and January 31, 2015 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.



CHARTERED PROFESSIONAL ACCOUNTANTS
WINNIPEG, CANADA

April 8, 2016

Consolidated Balance Sheets

(\$ in thousands)	January 31, 2016	January 31, 2015
CURRENT ASSETS		
Cash	\$ 37,243	\$ 29,129
Accounts receivable (Note 5)	79,373	72,506
Inventories (Note 6)	211,736	204,812
Prepaid expenses	7,229	9,393
	335,581	315,840
NON-CURRENT ASSETS		
Property and equipment (Note 7)	345,881	311,692
Goodwill (Note 8)	37,260	33,653
Intangible assets (Note 8)	32,610	22,485
Deferred tax assets (Note 9)	29,040	28,074
Other assets (Note 10)	13,423	12,555
	458,214	408,459
TOTAL ASSETS	\$ 793,795	\$ 724,299
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 152,136	\$ 138,834
Current portion of long-term debt (Note 11)	—	6,271
Income tax payable	3,365	1,170
	155,501	146,275
NON-CURRENT LIABILITIES		
Long-term debt (Note 11)	225,489	195,125
Defined benefit plan obligation (Note 12)	33,853	36,556
Deferred tax liabilities (Note 9)	2,630	2,392
Other long-term liabilities	18,710	14,668
	280,682	248,741
TOTAL LIABILITIES	436,183	395,016
SHAREHOLDERS' EQUITY		
Share capital (Note 15)	167,910	167,460
Contributed surplus	2,620	2,831
Retained earnings	156,664	140,527
Accumulated other comprehensive income	30,418	18,465
TOTAL EQUITY	357,612	329,283
TOTAL LIABILITIES & EQUITY	\$ 793,795	\$ 724,299

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board of Directors

"Eric L. Stefanson, FCPA, FCA"

DIRECTOR

"H. Sanford Riley"

DIRECTOR

Consolidated Statements of Earnings

(\$ in thousands, except per share amounts)		
	Year Ended January 31, 2016	Year Ended January 31, 2015
SALES	\$ 1,796,035	\$ 1,624,400
Cost of sales	(1,273,421)	(1,160,182)
Gross profit	522,614	464,218
Selling, operating and administrative expenses (Notes 16, 17)	(415,293)	(366,752)
Earnings from operations	107,321	97,466
Interest expense (Note 18)	(6,210)	(6,673)
Earnings before income taxes	101,111	90,793
Income taxes (Note 9)	(31,332)	(27,910)
NET EARNINGS FOR THE YEAR	\$ 69,779	\$ 62,883
NET EARNINGS PER SHARE (Note 20)		
Basic	\$ 1.44	\$ 1.30
Diluted	\$ 1.43	\$ 1.29
WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING (000's)		
Basic	48,509	48,432
Diluted	48,783	48,709

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

(\$ in thousands)		
	Year Ended January 31, 2016	Year Ended January 31, 2015
NET EARNINGS FOR THE YEAR	\$ 69,779	\$ 62,883
Other comprehensive income/(expense), net of tax:		
Items that may be reclassified to net earnings:		
Exchange differences on translation of foreign controlled subsidiaries	11,953	11,384
Items that will not be subsequently reclassified to net earnings:		
Remeasurements of defined benefit plans (Note 12)	4,583	(11,968)
Remeasurements of defined benefit plan of equity investee	(15)	30
Total other comprehensive income, net of tax	16,521	(554)
COMPREHENSIVE INCOME FOR THE YEAR	\$ 86,300	\$ 62,329

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Shareholders' Equity

(\$ in thousands)	Share Capital	Contributed Surplus	Retained Earnings	AOCI ⁽¹⁾	Total
Balance at January 31, 2015	\$ 167,460	\$ 2,831	\$ 140,527	\$ 18,465	\$ 329,283
Net earnings for the year	—	—	69,779	—	69,779
Other comprehensive income (Note 12)	—	—	4,583	11,953	16,536
Other comprehensive income of equity investee	—	—	(15)	—	(15)
Comprehensive income	—	—	74,347	11,953	86,300
Equity settled share-based payments	—	124	—	—	124
Dividends (Note 19)	—	—	(58,210)	—	(58,210)
Issuance of common shares (Note 15)	450	(335)	—	—	115
	450	(211)	(58,210)	—	(57,971)
Balance at January 31, 2016	\$167,910	\$ 2,620	\$156,664	\$ 30,418	\$357,612
Balance at January 31, 2014	\$ 166,069	\$ 3,528	\$ 145,762	\$ 7,081	\$ 322,440
Net earnings for the year	—	—	62,883	—	62,883
Other comprehensive income (Note 12)	—	—	(11,968)	11,384	(584)
Other comprehensive income of equity investee	—	—	30	—	30
Comprehensive income	—	—	50,945	11,384	62,329
Equity settled share-based payments	—	373	—	—	373
Dividends (Note 19)	—	—	(56,180)	—	(56,180)
Issuance of common shares	1,391	(1,070)	—	—	321
	1,391	(697)	(56,180)	—	(55,486)
Balance at January 31, 2015	\$ 167,460	\$ 2,831	\$ 140,527	\$ 18,465	\$ 329,283

(1) Accumulated Other Comprehensive Income

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

	Year Ended January 31, 2016	Year Ended January 31, 2015
(\$ in thousands)		
CASH PROVIDED BY (USED IN)		
Operating activities		
Net earnings for the year	\$ 69,779	\$ 62,883
Adjustments for:		
Amortization (Note 7, 8)	44,026	40,372
Provision for income taxes (Note 9)	31,332	27,910
Interest expense (Note 18)	6,210	6,673
Equity settled share option expense (Note 13)	386	373
Taxes paid	(30,659)	(32,881)
Loss / (Gain) on disposal of property and equipment	350	(294)
	121,424	105,036
Change in non-cash working capital	5,904	9,225
Change in other non-cash items	5,659	825
Cash from operating activities	132,987	115,086
Investing activities		
Purchase of property and equipment (Note 7)	(63,179)	(49,101)
Intangible asset additions (Note 8)	(12,804)	(3,228)
Proceeds from disposal of property and equipment	170	2,017
Cash used in investing activities	(75,813)	(50,312)
Financing activities		
Increase in long-term debt (Note 11)	13,081	78,572
Repayments of long-term debt (Note 11)	—	(75,950)
Dividends (Note 19)	(58,210)	(56,180)
Interest paid	(5,160)	(5,713)
Issuance of common shares	115	321
Cash used in financing activities	(50,174)	(58,950)
Effect of changes in foreign exchange rates on cash	1,114	952
NET CHANGE IN CASH	8,114	6,776
Cash, beginning of year	29,129	22,353
CASH, END OF YEAR	\$ 37,243	\$ 29,129

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

(\$ IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)
JANUARY 31, 2016 AND 2015

1. ORGANIZATION

The North West Company Inc. (NWC or the Company) is a corporation amalgamated under the Canada Business Corporations Act (CBCA) and governed by the laws of Canada. The Company, through its subsidiaries, is a leading retailer of food and everyday products and services. The address of its registered office is 77 Main Street, Winnipeg, Manitoba.

These consolidated financial statements have been approved for issue by the Board of Directors of the Company on April 8, 2016.

2. BASIS OF PREPARATION

(A) Statement of Compliance These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

(B) Basis of Measurement The consolidated financial statements have been prepared on a going concern basis, under the historical cost convention, except for the following which are measured at fair value, as applicable:

- Liabilities for share-based payment plans (Note 13)
- Defined benefit pension plan (Note 12)
- Assets and liabilities acquired in a business combination

The methods used to measure fair values are discussed further in the notes to these financial statements.

(C) Functional and Presentation Currency The presentation currency of the consolidated financial statements is Canadian dollars, which is the Company's functional currency. All financial information is presented in Canadian dollars, unless otherwise stated, and has been rounded to the nearest thousand.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied to all years presented in these consolidated financial statements, and have been applied consistently by both the Company and its subsidiaries using uniform accounting policies for like transactions and other events in similar circumstances.

(A) Basis of Consolidation Subsidiaries are entities controlled, either directly or indirectly, by the Company. Control is established when the Company has rights to an entity's variable returns, and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date that control ceases. The Company assesses control on an ongoing basis.

A joint arrangement can take the form of a joint operation or a joint venture. Joint ventures are those entities over which the Company has joint control of the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Company's 50% interest in the jointly controlled entity Transport Nanuk Inc. has been classified as a joint venture. Its results are included in the consolidated statements of earnings using the equity method of accounting. The consolidated financial statements include the Company's share of both earnings and other comprehensive income from the date that significant influence or joint control commences until the date that it ceases. Joint ventures are carried in the consolidated balance sheets at cost plus post-acquisition changes in the Company's share of net assets of the entity, less any impairment in value.

All significant inter-company amounts and transactions have been eliminated.

(B) Business Combinations Business combinations are accounted for using the acquisition method of accounting. The consideration transferred is measured at the fair value of the assets given, equity instruments issued and liabilities assumed at the date of exchange. Acquisition costs incurred are expensed and included in selling, operating and administrative expenses. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with International Accounting Standard (IAS) 39 either in net earnings or as a change to other comprehensive income (OCI). If the contingent consideration is classified as equity, it will not be remeasured and settlement is accounted for within equity.

Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination, are measured initially at their fair values at the acquisition date irrespective of the extent of any non-controlling interest. The excess of the cost of the acquisition over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statement of earnings.

(C) Revenue Recognition Revenue on the sale of goods is recorded at the time the sale is made to the customer, being when the significant risks and rewards of ownership have transferred to the customer, recovery of the consideration is probable, and the amount of revenue can be measured reliably. Sales are presented net of tax, returns and discounts and are measured at the fair value of the consideration received or receivable from the customer for the products sold or services supplied. Service charges on customer account receivables are accrued each month on balances outstanding at each account's billing date.

(D) Inventories Inventories are valued at the lower of cost and net realizable value. The cost of warehouse inventories is determined using the weighted-average cost method. The cost of retail inventories is determined primarily using the retail method of accounting for general merchandise inventories and the cost method of accounting for food inventories on a first-in, first-out basis. Cost includes the cost to purchase goods net of vendor allowances plus other costs incurred in bringing inventories to their present location and condition. Net realizable value is estimated based on the amount at which inventories are expected to be sold, taking into consideration fluctuations in retail prices due to obsolescence, damage or seasonality.

Inventories are written down to net realizable value if net realizable value declines below carrying amount. When circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in selling price, the amount of the write-down previously recorded is reversed.

(E) Vendor Rebates Consideration received from vendors related to the purchase of merchandise is recorded on an accrual basis as a reduction in the cost of the vendor's products and reflected as a reduction of cost of sales and related inventory when it is probable they will be received and the amount can be reliably estimated.

(F) Property and Equipment Property and equipment are stated at cost less accumulated amortization and any impairment losses. Cost includes any directly attributable costs, borrowing costs on qualifying construction projects, and the costs of dismantling and removing the items and restoring the site on which they are located. When major components of an item of property and equipment have different useful lives, they are accounted for as separate items. Amortization is calculated from the dates assets are available for use using the straight-line method to allocate the cost of assets less their residual values over their estimated useful lives as follows:

Buildings	3% – 8%
Leasehold improvements	5% – 20%
Fixtures and equipment	8% – 20%
Computer equipment	12% – 33%

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Assets under construction and land are not amortized.

(G) Impairment

Impairment of non-financial assets Tangible assets and definite life intangible assets are reviewed at each balance sheet date to determine whether events or conditions indicate that their carrying amount may not be recoverable. If any such indication exists, the recoverable amount of the asset, which is the higher of its fair value less costs of disposal and its value in use, is estimated

in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. For tangible and intangible assets excluding goodwill, the CGU is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

Goodwill and indefinite life intangible assets are not amortized but are subject to an impairment test annually and whenever indicators of impairment are detected. Goodwill is allocated to CGUs that are expected to benefit from the synergies of the related business combination and represents the lowest level within the Company at which goodwill is monitored for internal management purposes. The goodwill asset balance relates to the Company's acquired subsidiary, Cost-U-Less, and is allocated to the International Operations operating segment.

Any impairment charge is recognized in the consolidated statement of earnings in the period in which it occurs, to the extent that the carrying value exceeds its recoverable amount. Where an impairment loss other than an impairment loss on goodwill subsequently reverses due to a change in the original estimate, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. Impairment charges on goodwill are not reversed.

Impairment of financial assets Financial assets are assessed at each reporting date to determine whether there is any objective evidence that they are impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at their original effective interest rate.

All impairment losses are recognized in the consolidated statement of earnings. An impairment loss, except an impairment loss related to goodwill, is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

(H) Leases Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are accounted for as operating leases. Assets leased under operating leases are not recorded on the consolidated balance sheets. Rental payments are recorded in selling, operating and administrative expenses in the consolidated statements of earnings. Lease incentives received are recognized as part of the total lease expense, over the term of the lease.

Leases in which the Company has substantially all of the risks and rewards of ownership are accounted for as finance leases. At commencement, finance leases are capitalized at the lower of the fair value of the leased property and the present value of minimum lease payments, and are recorded in property and equipment on the consolidated balance sheets. Finance lease liabilities are recorded in long-term debt and are reduced by the amount of the lease payment net of imputed interest (finance charges).

(I) Borrowing Costs Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of the respective asset until it is ready for its intended use. Qualifying assets are those assets that necessarily take a substantial period of time to prepare for their intended use. Borrowing costs are capitalized based on the Company's weighted-average cost of borrowing. All other borrowing costs are expensed as incurred.

(J) Goodwill Goodwill represents the excess of the consideration transferred over the fair value of the identifiable assets, including intangible assets, and liabilities of the acquiree at the date of acquisition. Goodwill is not amortized but is subject to an impairment test annually and whenever indicators of impairment are detected. Goodwill is carried at cost less accumulated impairment losses.

(K) Intangible Assets Intangible assets with finite lives are carried at cost less accumulated amortization and any impairment loss. Amortization is recorded on a straight-line basis over the term of the estimated useful life of the asset as follows:

Software	3 – 7 years
Non-compete agreements	3 – 5 years

Intangible assets with indefinite lives comprise the Cost-U-Less banner. This asset is not amortized but instead is tested for impairment annually or more frequently if indicators of impairment are identified.

(L) Share-based Payment Transactions

Equity settled plans Certain stock options settled in common shares are equity settled share-based payment plans. The fair value of these plans is determined using an option pricing model. The grant date fair values of this benefit is recognized as an employee expense over the vesting period, with corresponding increases in equity.

Cash settled plans Certain stock options, Performance Share Units, Employee Share Purchase Plan, Executive Deferred Share Unit Plan and the Director Deferred Share Unit Plan are cash settled share-based payments. These plans are measured at fair value at each balance sheet date and a charge or recovery recognized through the consolidated statement of earnings over the vesting period. A corresponding adjustment is reflected in accounts payable and accrued liabilities or other long-term liabilities.

The value of the charges under both cash settled and equity settled plans are adjusted in the consolidated statement of earnings to reflect expected and actual levels of benefits vesting.

(M) Foreign Currency Translation The accounts of foreign operations have been translated into the presentation currency, Canadian dollars. Assets and liabilities are translated at the period-end exchange rate, and revenues and expenses at the average rate for the period. Foreign exchange gains or losses arising from the translation of the net investment in foreign operations and the portion of the U.S. denominated borrowings designated as a hedge against this investment are recorded in equity as other comprehensive income. Foreign exchange gains or losses recorded in accumulated other comprehensive income (AOCI) are recognized in net earnings when there is a reduction in the net investment in foreign operations.

Items included in the financial statements of the Company and its subsidiaries are measured using the currency of the

primary economic environment in which the entity operates (functional currency). Transactions in foreign currencies are translated to the respective functional currencies at exchange rates approximating the rates in effect at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate ruling at that date.

(N) Income Taxes Income tax expense includes taxes payable on current earnings and changes in deferred tax balances. Current income tax expense is the expected tax payable on taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

The Company accounts for deferred income taxes using the liability method of tax allocation. Under the liability method, deferred income tax assets and liabilities are determined based on the temporary differences between the financial statement carrying values and tax bases of assets and liabilities, and are measured using substantively enacted tax rates and laws that are expected to be in effect in the periods in which the deferred income tax assets or liabilities are expected to be realized or settled. The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects to settle the carrying amount of its assets and liabilities. A deferred tax asset is recognized to the extent that it is probable that future taxable earnings will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and there is a legally enforceable right to offset the amounts.

Income tax expense is recognized in the consolidated statement of earnings, except to the extent that it relates to items recognized directly in other comprehensive income or in equity, in which case the related income tax expense is also recognized in other comprehensive income or in equity respectively.

(O) Employee Benefits The Company maintains either a defined benefit or defined contribution pension plan for the majority of its Canadian employees, and an employee savings plan for its U.S. employees. Other benefits include employee bonuses, employee share purchase plans and termination benefits.

Defined Benefit Pension Plan The actuarial determination of the defined benefit obligations for pension benefits uses the projected unit credit method prorated on services which incorporates management's best estimate of the discount rate, salary escalation, retirement rates, termination rates and retirement ages of employees. The discount rate used to value the defined benefit obligation is derived from a portfolio of high quality Corporate AA bonds denominated in the same currency in which the benefits are expected to be paid and with terms to maturity that, on average, match the terms of the defined benefit plan obligations. Bonds included in the curve are denominated in the currency in which the benefits will be paid that have terms to maturity approximating the terms of the related pension liability.

The amount recognized in the consolidated balance sheet at each reporting date represents the present value of the defined benefit obligation, and is reduced by the fair value of plan assets. Any recognized asset or surplus is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions. To the extent that

there is uncertainty regarding entitlement to the surplus, no asset is recorded. The Company's funding policy is in compliance with statutory regulations and amounts funded are deductible for income tax purposes.

The actuarially determined expense for current service is recognized annually in the consolidated statement of earnings. The actuarially determined net interest costs on the net defined benefit plan obligation are recognized in interest expense.

All actuarial remeasurements arising from defined benefit plans are recognized in full in the period in which they arise in the consolidated statement of other comprehensive income, and are immediately recognized in retained earnings. The effect of the asset ceiling is also recognized in other comprehensive income.

Defined Contribution Pension Plans The Company sponsors defined contribution pension plans for eligible employees where fixed contributions are paid into a registered plan. There is no obligation for the Company to pay any additional amount into these plans. Contributions to the defined contribution pension plans are expensed as incurred.

Short-term Benefits An undiscounted liability is recognized for the amount expected to be paid under short-term incentive plans or employee share purchase plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination Benefits Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring. If the effect is significant, benefits are discounted to present value.

(P) Provisions A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(Q) Financial Instruments Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to receive cash flows and benefits related from the financial asset expire, or the Company transfers the control or substantially all the risks and rewards of ownership of the financial asset to another party. Financial liabilities are derecognized when obligations under the contract expire, are discharged or cancelled. On initial recognition, all financial instruments are classified into one of the following categories: financial assets or liabilities at fair value through profit or loss (FVTPL), loans and receivables, held-to-maturity investments, available-for-sale financial assets, or financial liabilities at amortized cost.

Financial instruments have been classified as follows:

- Cash is designated as loans and receivables
- Accounts receivable and financial assets included in other assets are classified as loans and receivables
- Long-term debt, accounts payable and accrued liabilities, and certain other liabilities are classified as financial liabilities at amortized cost

Financial instruments are initially recognized at fair value plus transaction costs; subsequent measurement and recognition of

changes in value depends on their initial classification. Financial instruments classified as FVTPL are subsequently measured at fair value, with changes in fair value recorded in net earnings. Loans and receivables are subsequently carried at amortized cost less impairment losses. Interest revenue, consisting primarily of service charge income on customer accounts receivable, is included in sales in the consolidated statement of earnings. Financial liabilities at amortized cost are subsequently held at amortized cost. Interest expense relating to long-term debt is recorded using the effective interest rate method and included in the consolidated statement of earnings as interest expense.

The Company is exposed to financial risks associated with movements in interest rates and exchange rates. The Company may use derivative financial instruments to hedge these exposures. Qualifying hedge relationships are classified as either fair value hedges, cash flow hedges or as a hedge of a net investment in a foreign operation. Fair value hedges are those where the derivative financial instrument hedges a change in the fair value of the financial asset or liability due to movements in interest rates. The Company does not have any cash flow hedges. Net investment hedges use financial liabilities to counterbalance gains and losses arising on the retranslation of foreign operations.

To qualify for hedge accounting, the Company documents its risk management strategy, the relationship between the hedging instrument and the hedged item or transaction and the nature of the risks being hedged. The Company also documents the assessment of the effectiveness of the hedging relationship, to show that the hedge has been and will likely be highly effective on an ongoing basis.

To the extent that a fair value hedging relationship is effective, a gain or loss arising from the hedged item adjusts its carrying value and is reflected in earnings, offset by a change in fair value of the underlying derivative. Any changes in fair value of derivatives that do not qualify for hedge accounting are reported in earnings. Changes in fair value relating to interest rate swaps are included in interest expense.

The Company has designated the U.S. denominated senior notes as a hedge of its net investment in U.S. operations. To the extent that the hedging relationship is effective, the foreign exchange gains and losses arising from translation of this debt are included in other comprehensive income. These gains and losses are subsequently recognized in earnings when the hedged item affects earnings.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognized in other comprehensive income is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in other comprehensive income is transferred to the income statement for the period.

Embedded derivatives are components of hybrid instruments that include non-derivative host contracts. These are separated from their host contracts and recorded on the consolidated balance sheets at fair value when certain conditions are met. Changes in the fair value of embedded derivatives are recognized in earnings.

(R) Cash Cash comprises cash on hand and balances with banks.

(S) Net Earnings Per Share Basic net earnings per share are calculated by dividing the net earnings by the weighted-average number of common shares outstanding during the period. Diluted net earnings per share is determined by adjusting net earnings and the weighted-average number of common shares outstanding for the effects of all potentially dilutive shares, which comprise shares issued under the Share Option Plan and Director Deferred Share Unit Plan.

(T) Use of Estimates, Assumptions & Judgment The preparation of financial statements in conformity with IFRS requires management to make estimates, assumptions and judgments that affect the application of accounting policies, the reported amounts of revenues and expenses during the reporting period and disclosure of contingent assets and liabilities in the consolidated financial statements and notes. Judgment has been used in the application of accounting policy and to determine if a transaction should be recognized or disclosed in these financial statements while estimates and assumptions have been used to measure balances recognized or disclosed.

Estimates, assumptions and judgments are based on management's historical experience, best knowledge of current events, conditions and actions that the Company may undertake in the future and other factors that management believes are reasonable under the circumstances. Estimates and underlying assumptions are reviewed on an ongoing basis. Certain of these estimates require subjective or complex judgments by management about matters that are uncertain and changes in these estimates could materially impact the consolidated financial statements and notes. Revisions to accounting estimates are recognized in the period in which the estimates are reviewed and in any future periods affected.

The areas that management believes involve a higher degree of judgment or complexity, or areas where the estimates and assumptions may have the most significant impact on the amounts recognized in the consolidated financial statements include the following:

- Allowance for doubtful accounts is estimated based on expected customer payment experience, and influenced by specific customer behavior and regional economic factors (Notes 5, 14)
- Inventories are remeasured based on the lower of cost and net realizable value (Note 6)
- Impairment of long-lived assets is influenced by judgment in determining indicators of impairment and estimates used to measure impairment losses, if any (Note 7)
- Goodwill and indefinite life intangible asset impairment is dependent on judgment used to identify indicators of impairment and estimates used to measure impairment losses, if any (Note 8)
- Income taxes have judgment applied to determine when tax losses, credits and provisions are recognized based on tax rules in various jurisdictions (Note 9)
- Defined benefit pension plan obligation and expense depends on assumptions used in the actuarial valuation (Note 12)

(U) Share capital Common shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

(V) New Standards Implemented There were no new IFRS accounting standards or amendments that the Company was required to adopt by the IASB for the year ended January 31, 2016.

(W) Future Standards and Amendments A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended January 31, 2016, and have not been applied in preparing these consolidated financial statements. The Company is currently assessing the potential impacts of changes to these standards.

Presentation of Financial Statements In December 2014, the IASB issued amendments to IAS 1, *Presentation of Financial Statements*. The amendments provide guidance on the application of judgment in the preparation of financial statements and disclosure and are effective for the Company's financial year ending January 31, 2017.

Financial Instruments The amended IFRS 9, *Financial Instruments* is a multi-phase project with the goal of improving and simplifying financial instrument reporting. IFRS 9 uses a single approach to determine measurement of a financial asset by both cash flow characteristics and how an entity manages financial impairment, replacing the multiple classification options in IAS 39 with three categories: amortized cost, fair value through other comprehensive income and fair value through profit or loss. Additional guidance was also issued on the classification and measurement of financial assets and liabilities, hedge accounting and a single forward-looking expected loss impairment model. These changes are effective for the Company's financial year ending January 31, 2019, will be applied retrospectively and are available for early adoption.

Revenue Recognition In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*. The IFRS 15 standard contains a comprehensive model which specifies the criteria and timing for recognizing revenue, and also requires additional disclosures in the notes to the financial statements. The core principle of the standard is that revenue is recognized at an amount that reflects the consideration to which the Company is entitled. It is effective for the Company's financial year ending January 31, 2019, will be applied retrospectively and is available for early adoption.

Leases IFRS 16, *Leases* replaces the current guidance in IAS 17 for operating and finance lease accounting. This standard requires lessees to recognize a lease liability representing the obligation for future lease payments and a right-of-use asset in the consolidated balance sheets for substantially all lease contracts, initially measured at the present value of unavoidable lease payments. These changes are effective for the Company's financial year ending January 31, 2020, with early adoption permitted provided IFRS 15, *Revenue from Contracts with Customers* is also applied.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

4. SEGMENTED INFORMATION

The Company is a retailer of food and everyday products and services in two geographical segments, Canada and International. The International segment consists of wholly owned subsidiaries operating in the continental United States, Caribbean and South Pacific. Financial information for these business segments is regularly reviewed by the Company's President and Chief Executive Officer to assess performance and make decisions about the allocation of resources.

The following key information is presented by geographic segment:

Consolidated Statements of Earnings		
Year Ended	January 31, 2016	January 31, 2015
Sales		
Canada	\$ 1,089,898	\$ 1,042,168
International	706,137	582,232
Consolidated	\$ 1,796,035	\$ 1,624,400
Earnings before amortization, interest and income taxes		
Canada	\$ 98,276	\$ 100,896
International	53,071	36,942
Consolidated	\$ 151,347	\$ 137,838
Earnings from operations		
Canada	\$ 66,495	\$ 70,594
International	40,826	26,872
Consolidated	\$ 107,321	\$ 97,466

	January 31, 2016	January 31, 2015
Assets		
Canada	\$ 501,268	\$ 455,032
International	292,527	269,267
Consolidated	\$ 793,795	\$ 724,299

International total assets includes goodwill of \$37,260 (January 31, 2015 - \$33,653).

Supplemental information				
Year Ended	January 31, 2016		January 31, 2015	
	Canada	Int'l	Canada	Int'l
Purchase of property and equipment	\$ 55,503	\$ 7,676	\$ 36,455	\$ 12,646
Amortization	\$ 31,781	\$ 12,245	\$ 30,302	\$ 10,070

5. ACCOUNTS RECEIVABLE

	January 31, 2016	January 31, 2015
Trade accounts receivable	\$ 78,190	\$ 72,167
Corporate and other accounts receivable	13,566	11,764
Less: allowance for doubtful accounts	(12,383)	(11,425)
	\$ 79,373	\$ 72,506

The carrying values of accounts receivable are a reasonable approximation of their fair values. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. Credit risk for trade accounts receivable is discussed in Note 14. Corporate and other accounts receivable have a lower risk profile relative to trade accounts receivable because they are largely due from government or corporate entities.

Movements in the allowance for doubtful accounts for customer and commercial accounts receivables are as follows:

	January 31, 2016	January 31, 2015
Balance, beginning of year	\$ (11,425)	\$ (11,424)
Net charge	(7,312)	(6,120)
Written off	6,354	6,119
Balance, end of year	\$ (12,383)	\$ (11,425)

6. INVENTORIES

Retail inventories are valued at the lower of cost and net realizable value. Valuing retail inventories requires the Company to use estimates related to: adjusting to cost inventories valued at retail; future retail sales prices and reductions; and inventory losses during periods between the last physical count and the balance sheet date. Included in cost of sales for the year ended January 31, 2016, the Company recorded \$1,392 (January 31, 2015 - \$4,223) for the write-down of inventories as a result of net realizable value being lower than cost. The decrease in the write-down of inventories is due to the clearance of discontinued under-performing general merchandise inventory in the northern Canada stores last year. There was no reversal of inventories written down previously that are no longer estimated to sell below cost during the year ended January 31, 2016 or 2015.

7. PROPERTY & EQUIPMENT

January 31, 2016	Land	Buildings	Leasehold improvements	Fixtures & equipment	Computer equipment	Construction in process	Total
Cost							
Balance, beginning of year	\$ 16,041	\$ 377,061	\$ 51,845	\$ 265,706	\$ 73,151	\$ 16,459	\$ 800,263
Additions	—	28,613	10,863	20,422	2,715	566	63,179
Disposals	—	(365)	(747)	(367)	(13)	—	(1,492)
Effect of movements in foreign exchange	894	11,873	2,094	9,161	1,289	50	25,361
Total January 31, 2016	\$ 16,935	\$ 417,182	\$ 64,055	\$ 294,922	\$ 77,142	\$ 17,075	\$ 887,311
Accumulated amortization							
Balance, beginning of year	\$ —	\$ 209,584	\$ 30,296	\$ 186,617	\$ 62,074	\$ —	\$ 488,571
Amortization expense	—	17,593	3,806	14,591	4,226	—	40,216
Disposals	—	(206)	(509)	(251)	(7)	—	(973)
Effect of movements in foreign exchange	—	5,231	1,218	6,047	1,120	—	13,616
Total January 31, 2016	\$ —	\$ 232,202	\$ 34,811	\$ 207,004	\$ 67,413	\$ —	\$ 541,430
Net book value January 31, 2016	\$ 16,935	\$ 184,980	\$ 29,244	\$ 87,918	\$ 9,729	\$ 17,075	\$ 345,881

January 31, 2015	Land	Buildings	Leasehold improvements	Fixtures & equipment	Computer equipment	Construction in process	Total
Cost							
Balance, beginning of year	\$ 15,692	\$ 350,924	\$ 45,576	\$ 245,863	\$ 65,327	\$ 9,120	\$ 732,502
Additions	—	16,917	4,001	14,363	6,540	7,280	49,101
Disposals	(700)	(4,402)	(148)	(4,858)	(200)	—	(10,308)
Effect of movements in foreign exchange	1,049	13,622	2,416	10,338	1,484	59	28,968
Total January 31, 2015	\$ 16,041	\$ 377,061	\$ 51,845	\$ 265,706	\$ 73,151	\$ 16,459	\$ 800,263
Accumulated amortization							
Balance, beginning of year	\$ —	\$ 191,439	\$ 25,798	\$ 171,321	\$ 57,069	\$ —	\$ 445,627
Amortization expense	—	16,565	3,275	13,034	3,903	—	36,777
Disposals	—	(4,047)	(82)	(4,321)	(135)	—	(8,585)
Effect of movements in foreign exchange	—	5,627	1,305	6,583	1,237	—	14,752
Total January 31, 2015	\$ —	\$ 209,584	\$ 30,296	\$ 186,617	\$ 62,074	\$ —	\$ 488,571
Net book value January 31, 2015	\$ 16,041	\$ 167,477	\$ 21,549	\$ 79,089	\$ 11,077	\$ 16,459	\$ 311,692

The Company reviewed its property and equipment for indicators of impairment. No assets were identified as impaired.

Interest capitalized

Interest attributable to the construction of qualifying assets was capitalized using an average rate of 2.86% and 3.66% for the years ended January 31, 2016 and 2015 respectively. Interest capitalized in additions amounted to \$275 (January 31, 2015 - \$274). Accumulated interest capitalized in the cost total above amounted to \$1,438 (January 31, 2015 - \$1,163).

8. GOODWILL & INTANGIBLE ASSETS

Goodwill

	January 31, 2016	January 31, 2015
Balance, beginning of year	\$ 33,653	\$ 29,424
Effect of movements in foreign exchange	3,607	4,229
Balance, end of year	\$ 37,260	\$ 33,653

Goodwill Impairment Testing

The goodwill asset balance relates to the Company's acquired subsidiary, Cost-U-Less, and is allocated to the International Operations operating segment. The value of goodwill was tested by means of comparing the recoverable amount of the operating segment to its carrying value. The recoverable amount is the greater of its value in use or its fair value less costs of disposal. Recoverable amount was estimated from the product of financial performance and trading multiples observed for comparable public companies. Values assigned to the key assumptions represent management's best estimates and have been based on data from both external and internal sources. The fair value measurement was categorized as a Level 3 fair value based on the inputs in the valuation technique used. Key assumptions used in the estimation of enterprise value are as follows:

- Financial performance was measured with actual and budgeted earnings based on sales and expense growth specific to each store and the Company's administrative offices. Financial budgets and forecasts are approved by senior management and consider historical sales volume and price growth;
- The ratio of enterprise value to financial performance was determined using a range of market trading multiples from comparable companies;
- Costs to sell have been estimated as a fixed percentage of enterprise value. This is consistent with the approach of an independent market participant.

No impairment has been identified on goodwill, and management considers reasonably foreseeable changes in key assumptions are unlikely to produce a goodwill impairment.

Intangible assets

January 31, 2016	Software	Cost-U-Less banner	Other	Total
Cost				
Balance, beginning of year	\$ 28,376	\$ 8,902	\$ 7,989	\$ 45,267
Additions	12,654	—	150	12,804
Effect of movements in foreign exchange	—	954	225	1,179
Total January 31, 2016	\$ 41,030	\$ 9,856	\$ 8,364	\$ 59,250
Accumulated Amortization				
Balance, beginning of year	\$ 17,032	\$ —	\$ 5,750	\$ 22,782
Amortization expense	3,558	—	252	3,810
Effect of movements in foreign exchange	—	—	48	48
Total January 31, 2016	\$ 20,590	\$ —	\$ 6,050	\$ 26,640
Net book value January 31, 2016	\$ 20,440	\$ 9,856	\$ 2,314	\$ 32,610

Intangible assets

January 31, 2015	Software	Cost-U-Less banner	Other	Total
Cost				
Balance, beginning of year	\$ 25,218	\$ 7,783	\$ 7,987	\$ 40,988
Additions	3,158	—	70	3,228
Write off of fully amortized assets	—	—	(731)	(731)
Effect of movements in foreign exchange	—	1,119	663	1,782
Total January 31, 2015	\$ 28,376	\$ 8,902	\$ 7,989	\$ 45,267
Accumulated Amortization				
Balance, beginning of year	\$ 14,272	\$ —	\$ 5,202	\$ 19,474
Amortization expense	2,760	—	835	3,595
Write off of fully amortized assets	—	—	(731)	(731)
Effect of movements in foreign exchange	—	—	444	444
Total January 31, 2015	\$ 17,032	\$ —	\$ 5,750	\$ 22,782
Net book value January 31, 2015	\$ 11,344	\$ 8,902	\$ 2,239	\$ 22,485

Work in process

As at January 31, 2016, the Company had incurred \$6,037 (January 31, 2015 - \$468) for intangible assets that were not yet available for use, and therefore not subject to amortization.

Intangible Asset Impairment Testing

The Company determines the fair value of the Cost-U-Less banner using the Relief from Royalty approach. This method requires management to make long-term assumptions about future sales, terminal growth rates, royalty rates and discount rates. Sales forecasts for the following financial year together with medium and terminal growth rates ranging from 2% to 5% are used to estimate future sales, to which a royalty rate of 0.5% is applied. The present value of this royalty stream is compared to the carrying value of the asset. No impairment has been identified on intangible assets and management considers reasonably foreseeable changes in key assumptions are unlikely to produce an intangible asset impairment.

9. INCOME TAXES

The following are the major components of income tax expense:

Year Ended	January 31, 2016	January 31, 2015
Current tax expense:		
Current tax on earnings for the year	\$ 34,656	\$ 31,998
Withholding taxes	149	263
Over provision in prior years	(1,774)	(1,697)
	\$ 33,031	\$ 30,564
Deferred tax expense:		
Origination and reversal of temporary differences	\$ (3,900)	\$ (4,572)
Impact of change in tax rates	(39)	—
Under provision in prior years	2,240	1,918
	(1,699)	(2,654)
Income taxes	\$ 31,332	\$ 27,910

Income tax expense varies from the amounts that would be computed by applying the statutory income tax rate to earnings before taxes for the following reasons:

Year Ended	January 31, 2016	January 31, 2015
Net earnings before income taxes	\$101,111	\$ 90,793
Combined statutory income tax rate	29.3%	29.1%
Expected income tax expense	\$ 29,646	\$ 26,421
Increase (decrease) in income taxes resulting from:		
Non-deductible expenses/ non-taxable income	\$ 650	\$ (141)
Unrecognized income tax losses	327	1,090
Withholding taxes	149	263
Impact of change in tax rates	(39)	—
Under provision in prior years	466	221
Other	133	56
Provision for income taxes	\$ 31,332	\$ 27,910
Income tax rate	31.0%	30.7%

Deferred tax assets of \$4,700 arising from certain foreign income tax losses were not recognized on the consolidated balance sheet. The income tax losses expire from 2022 - 2036.

Deferred income tax charged (credited) to other comprehensive income during the year is as follows:

Year Ended	January 31, 2016	January 31, 2015
Net investment hedge:		
Origination and reversal of temporary difference	\$ —	\$ (185)
Impact of change in tax rates	—	—
	\$ —	\$ (185)
Defined benefit plan actuarial gain / (loss):		
Origination and reversal of temporary difference	\$ 1,679	\$ (4,379)
Impact of change in tax rates	(25)	—
	\$ 1,654	\$ (4,379)
Investments:		
Origination and reversal of temporary difference	\$ —	\$ 5
	\$ —	\$ 5
	\$ 1,654	\$ (4,559)

Income tax effects of temporary differences that give rise to significant portions of deferred income tax assets and liabilities are as follows:

January 31, 2016	February 1, 2015	Taxes (charged) credited to net earnings	Taxes (charged) credited to OCI	Foreign exchange differences recognized in OCI	January 31, 2016
Deferred tax assets:					
Goodwill & intangible assets	\$ 773	\$ (52)	\$ —	\$ —	\$ 721
Property & equipment	12,665	976	—	101	13,742
Inventory	2,847	(862)	—	161	2,146
Share-based compensation and long-term incentive plans	2,872	918	—	61	3,851
Defined benefit plan obligation	9,803	959	(1,656)	—	9,106
Accrued expenses not deductible for tax	4,801	(241)	—	329	4,889
Other	1,508	(1,414)	—	8	102
	\$ 35,269	\$ 284	\$ (1,656)	\$ 660	\$ 34,557
Deferred tax liabilities:					
Goodwill & intangible assets	\$ (648)	\$ (236)	\$ —	\$ (89)	\$ (973)
Net investment hedge	\$ (34)	\$ (19)	\$ —	\$ —	\$ (53)
Investment in jointly controlled entity	(1,269)	(124)	2	—	(1,391)
Deferred limited partnership earnings	(7,570)	1,923	—	—	(5,647)
Other	(66)	(17)	—	—	(83)
	\$ (9,587)	\$ 1,527	\$ 2	\$ (89)	\$ (8,147)
	\$ 25,682	\$ 1,811	\$ (1,654)	\$ 571	\$ 26,410

Recorded on the consolidated balance sheet as follows:

Year Ended	January 31, 2016	January 31, 2015
Deferred tax assets	\$ 29,040	\$ 28,074
Deferred tax liabilities	(2,630)	(2,392)
	\$ 26,410	\$ 25,682

January 31, 2015	February 1, 2014	Taxes (charged) credited to net earnings	Taxes (charged) credited to OCI	Foreign exchange differences recognized in OCI	January 31, 2015
Deferred tax assets:					
Goodwill & intangible assets	\$ 831	\$ (58)	\$ —	\$ —	\$ 773
Property & equipment	12,225	304	—	136	12,665
Inventory	1,886	779	—	182	2,847
Share-based compensation and long-term incentive plans	3,463	(652)	—	61	2,872
Defined benefit plan obligation	4,941	483	4,379	—	9,803
Accrued expenses not deductible for tax	4,590	(235)	—	446	4,801
Other	1,599	(231)	—	140	1,508
	\$ 29,535	\$ 390	\$ 4,379	\$ 965	\$ 35,269
Deferred tax liabilities:					
Goodwill & intangible assets	\$ (375)	\$ (192)	\$ —	\$ (81)	\$ (648)
Net investment hedge	\$ (185)	\$ (34)	\$ 185	\$ —	\$ (34)
Investment in jointly controlled entity	(1,100)	(164)	(5)	—	(1,269)
Deferred limited partnership earnings	(10,139)	2,569	—	—	(7,570)
Other	(151)	85	—	—	(66)
	\$ (11,950)	\$ 2,264	\$ 180	\$ (81)	\$ (9,587)
	\$ 17,585	\$ 2,654	\$ 4,559	\$ 884	\$ 25,682

In assessing the recovery of deferred income tax assets, management considers whether it is probable that the deferred income tax assets will be realized. The recognition and measurement of the current and deferred tax assets and liabilities involves dealing with uncertainties in the application of complex tax regulations and in the assessment of the recoverability of deferred tax assets. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences are deductible.

Actual income taxes could vary from these estimates as a result of future events, including changes in income tax laws or the outcome of tax reviews by tax authorities and related appeals. To the extent the final outcome is different from the amounts initially recorded, such differences, which could be significant, will impact the tax provision in the period in which the outcome is determined.

No deferred tax has been recognized in respect of temporary differences between the carrying value and tax value of investments in subsidiaries. The Company is in a position to control the timing and reversal of these differences and believes it is probable that they will not reverse in the foreseeable future. The temporary differences associated with the Company's foreign subsidiaries are approximately \$96,731 at January 31, 2016 (January 31, 2015 – \$73,285).

10. OTHER ASSETS

	January 31, 2016	January 31, 2015
Investment in jointly controlled entity (Note 23)	\$ 10,356	\$ 9,482
Other	3,067	3,073
	\$ 13,423	\$ 12,555

11. LONG-TERM DEBT

	January 31, 2016	January 31, 2015
Current:		
Notes payable	\$ —	\$ 72
Finance lease liabilities	—	55
Revolving loan facilities ⁽¹⁾	—	6,144
	\$ —	\$ 6,271
Non-current		
Revolving loan facilities ⁽¹⁾	\$ 7,946	\$ —
Revolving loan facilities ⁽²⁾	—	27,977
Revolving loan facilities ⁽³⁾	119,193	78,367
Senior notes ⁽⁴⁾	98,350	88,779
Finance lease liabilities	—	2
	\$ 225,489	\$ 195,125
Total	\$ 225,489	\$ 201,396

(1) In July 2015, the Company completed the refinancing of the US \$30,000 loan facility maturing October 31, 2015. The new increased, committed, revolving U.S. loan facility provides the International Operations with up to US\$40,000 for working capital requirements and general business purposes. This facility matures October 31, 2020, bears a floating rate of interest based on U.S. LIBOR plus a spread and is secured by certain accounts receivable and inventories of the International Operations. At January 31, 2016, the International Operations had drawn US\$5,643 (January 31, 2015 – US\$4,831) on this facility.

(2) The US\$52,000 committed, revolving loan facilities in the International Operations mature December 31, 2018 and bear interest at LIBOR plus a spread. These loan facilities are secured by certain assets of the Company and rank *pari passu* with the US\$70,000 senior notes and the \$200,000 Canadian Operations loan facilities. At January 31, 2016, the Company had drawn US\$NIL (January 31, 2015 – US\$22,000) on these facilities. See Note 25, Subsequent Event.

(3) These committed, revolving loan facilities provide the Company's Canadian Operations with up to \$200,000 for working capital requirements and general business purposes. The facilities mature December 31, 2018 and are secured by certain assets of the Company and rank *pari passu* with the US\$70,000 senior notes and the US\$52,000 loan facilities in International Operations. These facilities bear a floating interest rate based on Bankers Acceptances rates plus stamping fees or the Canadian prime interest rate. See Note 25, Subsequent Event.

(4) The Company refinanced the US\$70,000 senior notes that matured on June 15, 2014. The maturing senior notes had a fixed interest rate of 6.55% on US\$42,000 and a floating interest rate based on US LIBOR plus a spread on US\$28,000. The new US\$70,000 senior notes, which mature on June 16, 2021, have a fixed interest rate of 3.27% on US \$55,000 and a floating interest rate on US\$15,000 based on US LIBOR plus a spread. The new senior notes are secured by certain assets of the Company and rank *pari passu* with the \$200,000 Canadian Operations loan facilities and the US\$52,000 loan facilities in the International Operations.

12. POST-EMPLOYMENT BENEFITS

The Company sponsors defined benefit and defined contribution pension plans covering the majority of Canadian employees. Effective January 1, 2011, the Company entered into an amended and restated staff pension plan, which incorporated legislated changes, administrative practice, and added a defined contribution provision (the "Amended Plan"). Under the Amended Plan, all members as of December 31, 2011 who did not meet a qualifying threshold based on number of years in the pension plan and age were transitioned to the defined contribution pension plan effective January 1, 2011 and no longer accumulate years of service under the defined benefit pension plan. The defined benefit pension previously earned by members transitioned to the defined contribution plan, will continue to accrue in accordance with the terms of the plan based on the member's current pensionable earnings. Members who met the qualifying threshold on January 1, 2011, elected between accruing a defined contribution benefit and continuing to accrue a defined benefit pension in accordance with the provisions of the Amended Plan.

The defined benefit pension plans are based on years of service and final average salary. The Company uses actuarial reports prepared by independent actuaries for accounting purposes as at January 31, 2016 and January 31, 2015. The accrued pension benefits and funding requirements were last determined by actuarial valuation as at December 31, 2013. The next actuarial valuation is required as at December 31, 2016. The Company also sponsors an employee savings plan covering all U.S. employees with at least six months of service. Under the terms of the plan, the Company is obligated to make a 50% matching contribution up to 6% of eligible compensation.

During the year ended January 31, 2016, the Company contributed \$1,601 to its defined benefit pension plans (January 31, 2015 - \$2,132). During the year ended January 31, 2016, the Company contributed \$2,594 to its defined contribution pension plans (January 31, 2015 - \$2,562). The current best estimate of the Company's funding obligation for the defined benefit pension plans for the year commencing February 1, 2016 is \$3,181 of which approximately \$1,500 may be settled by the issuance of a letter of credit in accordance with pension legislation. The actual amount paid may vary from the estimate based on actuarial valuations being completed, investment performance, volatility in discount rates, regulatory requirements and other factors.

Movement in plan assets and defined benefit obligation

Information on the Company's defined benefit plans, in aggregate, is as follows:

	January 31, 2016	January 31, 2015
Plan assets:		
Fair value, beginning of year	\$ 82,298	\$ 75,427
Accrued interest on assets	2,811	3,334
Benefits paid	(5,578)	(4,823)
Plan administration costs	(387)	(413)
Employer contributions	1,601	2,132
Employee contributions	9	14
Return on assets greater than / (less than) discount rate	(4,325)	6,627
Fair value, end of year	\$ 76,429	\$ 82,298
Plan obligations:		
Defined benefit obligation, beginning of year	\$ (118,854)	\$ (93,844)
Current service costs	(3,498)	(2,730)
Employee contributions	(9)	(14)
Interest on plan liabilities	(4,061)	(4,115)
Benefits paid	5,578	4,823
Actuarial remeasurement due to:		
Plan experience	163	(2,688)
Financial assumptions	10,399	(19,324)
Mortality assumptions	—	(962)
Defined benefit obligation, end of year	\$ (110,282)	\$ (118,854)
Plan deficit	\$ (33,853)	\$ (36,556)

The defined benefit obligation exceeds the fair value of plan assets as noted in the table. The decrease in the plan deficit is primarily due to an increase in the discount rate used to measure plan liabilities, partially offset by a decrease in plan assets due to asset returns.

Defined benefit obligation

The following actuarial assumptions were employed to measure the plan:

	January 31, 2016	January 31, 2015
Discount rate on plan liabilities	4.0%	3.5%
Rate of compensation increase	4.0%	4.0%
Discount rate on plan expense	3.5%	4.5%
Inflation assumption	2.0%	2.0%

The assumptions used are the best estimates chosen from a range of possible actuarial assumptions, which may not necessarily be borne out in practice. The weighted-average duration of the defined benefit obligation at the end of the reporting period is 17.9 years (January 31, 2015 - 18.8 years).

The average life expectancy in years of a member who reaches normal retirement age of 65 is as follows:

	January 31, 2016	January 31, 2015
Average life expectancies at age 65 for current pensioners:		
Male	21.1	21.1
Female	23.6	23.5
Average life expectancies at age 65 for current members aged 45:		
Male	22.3	22.2
Female	24.6	24.5

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience. For the year ended January 31, 2016 and 2015, mortality assumptions have been estimated at 106% of the base mortality rates in the CPM2014PRIV table based on pension size and industry classification.

Sensitivity of key assumption

The following table outlines the sensitivity of a 1% change in the discount rate used to measure the defined benefit plan obligation and cost for the defined benefit pension plans. The table reflects the impact on both the current service and interest cost expense components.

The sensitivity analysis provided in the key assumption table is hypothetical and should be used with caution. The sensitivities have been calculated independently of any changes in other assumptions. Actual experience may result in changes in a number of key assumptions simultaneously. Changes in one factor may result in changes in another, which could amplify or reduce the impact of such assumptions.

	Defined benefit plan obligation	Benefit plan cost
Discount rate: 4.0%		
Impact of: 1% increase	\$ (17,271)	\$ (1,059)
1% decrease	\$ 22,273	\$ 1,011

Plan assets

The major categories of plan assets as a percentage of total plan assets are listed below. The pension plans have no direct investment in the shares of the Company.

	January 31, 2016	January 31, 2015
Plan assets:		
Canadian equities (pooled)	39%	42%
Global equities (pooled)	24%	21%
Debt securities	37%	37%
Total	100%	100%

Governance and plan management

The Company's Pension Committees oversee the pension plans. These committees are responsible for assisting the Board of Directors to fulfill its governance responsibilities for the plans. The committees assist with plan administration, regulatory compliance, pension investment and monitoring responsibilities.

Plan assets are subject to the risk that changes in market prices, such as interest rates, foreign exchange and equity prices will affect their value. A Statement of Investment Policy and Procedures ("SIPP") guides the investing activity of the defined benefit pension plans to mitigate market risk. Assets are expected to achieve, over moving three to four-year periods, a return at least equal to a composite benchmark made up of passive investments in appropriate market indices. These indices are consistent with the policy allocation in the SIPP.

Periodically, an Asset-Liability Modeling study is done to update the policy allocation between liability hedging assets and return seeking assets. This is consistent with managing both the funded status of the defined benefit pension plans and the Company's long-term costs. It assists with adequately securing benefits and mitigating year-to-year fluctuations in the Company's cash contributions and pension expense. The defined benefit plans are subject to, and actively manage, the following specific market risks:

Interest rate risk: is managed by allocating a portion of plan investments to liability hedging assets, comprised of a passive universe bond fund.

Currency risk: is managed through asset allocation. A significant portion of plan assets are denominated in the same currency as plan obligations.

Equity price risk: The defined benefit pension plans are directly exposed to equity price risk on return seeking assets. Fair value or future cash flows will fluctuate due to changes in market prices because they may not be offset by changes in obligations. Investment management of plan assets is outsourced to independent managers.

Statement of earnings and comprehensive income

The following pension expenses have been charged to the consolidated statement of earnings:

	January 31, 2016	January 31, 2015
Employee costs (Note 17)		
Defined benefit pension plan, current service costs included in post-employment benefits	\$ 3,498	\$ 2,730
Plan administration costs	387	413
Defined contribution pension plan	2,594	2,562
Savings plan for U.S. employees	605	464
	\$ 7,084	\$ 6,169
Interest expense (Note 18)		
Accrued interest on assets	\$ (2,811)	\$ (3,334)
Interest on plan liabilities	4,061	4,115
	\$ 1,250	\$ 781

The following amounts have been included in Other Comprehensive Income:

	January 31, 2016	January 31, 2015
Current Year:		
Return on assets (less than)/greater than discount rate	\$ (4,325)	\$ 6,627
Actuarial remeasurement due to:		
Plan experience	163	(2,688)
Financial assumptions	10,399	(19,324)
Mortality assumptions	—	(962)
Taxes on actuarial remeasurement in OCI	(1,654)	4,379
Net actuarial remeasurement recognized in OCI	\$ 4,583	\$ (11,968)
Cumulative gains/losses recognized in OCI:		
Cumulative gross actuarial remeasurement in OCI	\$ (20,703)	\$ (26,940)
Taxes on cumulative actuarial remeasurement in OCI	3,475	5,129
Total actuarial remeasurement recognized in OCI, net	\$ (17,228)	\$ (21,811)

The actual return on the plans assets is summarized as follows:

	January 31, 2016	January 31, 2015
Accrued interest on assets	\$ 2,811	\$ 3,334
Return on assets (less than)/greater than discount rate	(4,325)	6,627
Actual return on plan assets	\$ (1,514)	\$ 9,961

13. SHARE-BASED COMPENSATION

The Company offers the following share-based payment plans: Performance Share Units (PSUs); Share Options; Director Deferred Share Units (DDSU); Executive Deferred Share Units (EDSU) and an Employee Share Purchase Plan. The purpose of these plans is to directly align the interests of the participants and the shareholders of the Company by providing compensation that is dependent on the performance of the Company's common shares.

The total expense relating to share-based payment plans for the year ended January 31, 2016 was \$13,750 (January 31, 2015 - \$5,948). The carrying amount of the Company's share-based compensation arrangements including PSU, share option, DDSU and EDSU plans are recorded on the consolidated balance sheets as follows:

	January 31, 2016	January 31, 2015
Accounts payable and accrued liabilities	\$ 10,067	\$ 5,572
Other long-term liabilities	12,472	8,439
Contributed surplus	1,052	1,262
Total	\$ 23,591	\$ 15,273

Performance Share Units

The Company has granted Performance Share Units to officers and senior management. Each PSU entitles the participant to receive a cash payment equal to the market value of the number of notional units granted at the end of the vesting period based on the achievement of specific performance based criteria. The PSU account for each participant includes the value of dividends from the Company as if reinvested in additional PSUs. PSU awards vest with the employee on the third fiscal year following the date of the grant to which the award relates. Compensation expense is measured initially based on the fair market value of the Company's shares at the grant date and subsequently adjusted for additional shares granted based on the reinvestment of notional dividends and the market value of the shares at the end of each reporting period. The associated compensation expense is recognized over the vesting period based on the estimated total compensation to be paid out at the end of the vesting period factoring in the probability of the performance criteria being met during that period. Compensation costs related to the PSUs for the year ended January 31, 2016 are \$6,027 (January 31, 2015 - \$2,138).

Director Deferred Share Unit Plan

This Plan is available for independent Directors. Participants are credited with deferred share units based on the portion of fees each participant elects to allocate to the DDSU plan. Each deferred share unit entitles the holder to receive a share of the Company. The DDSUs are exercisable by the holder at any time but no later than December 31 of the first calendar year commencing after the holder ceases to be a Director. A participant may elect at the time of exercise of any DDSUs, subject to the consent of the Company, to have the Company pay an amount in cash equal to the aggregate current market value of the shares, determined based on the closing price of the shares on the TSX on the trading day preceding the exercise date, in consideration for the surrender by the participant to the Company the right to receive shares from exercising the DDSUs.

Compensation expense is measured at the time of the grant. Subsequent changes in the fair value of the DDSUs based on changes in the market value of the Company's shares are recognized at each reporting date. The DDSU plan compensation recorded for the year ended January 31, 2016 is an expense of \$1,587 (January 31, 2015 - \$930). The total number of deferred share units outstanding at January 31, 2016 is 180,152 (January 31, 2015 - 171,443). There were 22,895 DDSUs exercised during the year ended January 31, 2016 (January 31, 2015 - 3,500) of which 4,595 units were settled in shares and 18,300 units were settled in cash. The DDSUs exercised during the year ended January 31, 2015 were settled in cash.

Executive Deferred Share Unit Plan

The EDSU plan was implemented to assist executive management to meet the Company's minimum share ownership guidelines. This plan provides for the granting of deferred share units to those executives who elect to receive a portion of their annual short-term incentive payment in EDSUs, subject to plan limits. Effective April 2016, participants will be credited with EDSUs based on the amount of their annual short-term incentive payment allocated to the plan and the fair market value of the Company's shares. The EDSUs are exercisable at any time after the executive ceases to be an employee of the Company, but no later than December 31 of the first calendar year commencing after the holder ceased to be an employee. Each EDSU entitles the holder to a cash payment equal to the market value of the equivalent number of the Company's shares, determined based on their closing price on the TSX on the trading day preceding the exercise date.

Total compensation expense is measured at the time of the grant. Subsequent changes in the fair value of the EDSUs based on changes

in the market value of the Company's shares are recognized at each reporting date. There have been no EDSUs issued under this plan.

Share Option Plan

The Company has a Share Option Plan that provides for the granting of options to certain officers and senior management. Options are granted at fair market value based on the volume weighted-average closing price of the Company's shares for the five trading days preceding the grant date. Effective June 14, 2011, the Share Option Plan was amended and restated. The amendments afford the Board of Directors the discretion to award options giving the holder the choice, upon exercise, to either deduct a portion of all dividends declared after the grant date from the options exercise price or to exercise the option at the strike price specified at the grant date ("Declining Strike Price Options"). Options issued prior to June 14, 2011 and certain options issued subsequently are standard options ("Standard Options"). Each option is exercisable into one share of the Company at the price specified in the terms of the option. Declining Strike Price options allow the employee to acquire shares or receive a cash payment based on the excess of the fair market value of the Company's shares over the exercise price.

The fair value of the Declining Strike Price Options is remeasured at the reporting date and recognized both in net earnings and as a liability over the vesting period. The grant date fair value of the Standard Options is recognized in net earnings and contributed surplus over the vesting period.

The maximum number of shares available for issuance is a fixed number set at 4,354,020, representing 9% of the Company's issued and outstanding shares at January 31, 2016. Fair value of the Company's options is determined using an option pricing model. Share options granted vest on a graduated basis over five years and are exercisable over a period of seven to ten years. The share option compensation cost recorded for the year ended January 31, 2016 is \$5,408 (January 31, 2015 - \$2,119).

The fair values for options issued during the year were calculated based on the following assumptions:

	2015	2014
Fair value of options granted	\$ 2.17 to 3.42	\$ 3.14 to 4.43
Exercise price	\$ 25.63	\$ 24.79
Dividend yield	4.6%	4.6%
Annual risk-free interest rate	0.4% to 0.7%	1.1% to 1.6%
Expected share price volatility	19.9%	23.7%

The assumptions used to measure options at the balance sheet dates were as follows:

	2015	2014
Dividend yield	4.1%	4.4%
Annual risk-free interest rate	0.4% to 0.7%	0.4% to 0.6%
Expected share price volatility	18.8% to 24.7%	16.7% to 19.6%

The expected dividend yield is estimated based on the quarterly dividend rate and the closing share price on the date the options are granted. The expected share price volatility is estimated based on the Company's historical volatility over a period consistent with the expected life of the options. The risk-free interest rate is estimated based on the Government of Canada bond yield for a term to maturity equal to the expected life of the options.

The following continuity schedules reconcile the movement in outstanding options during the year:

Number of options outstanding	Declining Strike Price Options		Standard Options	
	2015	2014	2015	2014
Outstanding options, beginning of year	1,207,995	896,694	391,876	526,380
Granted	491,096	355,795	81,461	36,631
Exercised	(39,427)	(21,028)	(43,137)	(169,035)
Forfeited or cancelled	—	(23,466)	(30,155)	(2,100)
Outstanding options, end of year	1,659,664	1,207,995	400,045	391,876
Exercisable at end of year	223,575	73,675	176,867	121,333

The weighted average share price on the dates options were exercised during 2015 was \$27.46 (January 31, 2015 - \$26.24).

Weighted-average exercise price	Declining Strike Price Options		Standard Options	
	2015	2014	2015	2014
Outstanding options, beginning of year	\$ 22.79	\$ 21.86	\$ 20.88	\$ 19.10
Granted	25.63	24.79	25.63	24.79
Exercised	21.14	20.62	19.44	16.22
Forfeited or cancelled	—	22.88	22.52	19.11
Outstanding options, end of year	\$ 23.67	\$ 22.79	\$ 21.86	\$ 20.88
Exercisable at end of year	\$ 18.30	\$ 18.73	\$ 19.32	\$ 18.92

Summary of options outstanding by grant year

Grant year	Range of exercise price	Outstanding			Exercisable	
		Number outstanding	Weighted-average remaining contractual years	Weighted-average exercise price	Options exercisable	Weighted-average exercise price
2009	\$ 15.25-15.25	12,867	3.4	\$ 15.25	12,867	\$ 15.25
2010	\$ 19.11-19.11	119,800	4.2	\$ 19.11	119,800	\$ 19.11
2011	\$ 17.70-20.62	281,241	2.5	\$ 18.16	171,952	\$ 18.16
2012	\$ 19.38-21.86	326,231	3.2	\$ 19.78	95,823	\$ 19.78
2013	\$ 21.36-23.21	369,770	4.2	\$ 21.66	NIL	N/A
2014	\$ 23.59-24.79	377,243	5.2	\$ 23.68	NIL	N/A
2015	\$ 25.10-25.63	572,557	6.2	\$ 25.18	NIL	N/A

Employee Share Purchase Plan

The Employee Share Purchase Plan provides participants with the opportunity to acquire an ownership interest in the Company. The Company contributes an additional 33% of the amount invested, subject to a maximum annual contribution of 2% of the participants' base salary. The plan is administered by a trustee who uses the funds received to purchase shares on the TSX on behalf of the participating employees. These shares are registered in the name of the plan trustee on behalf of the participants.

The Company's contribution to the plan is recorded as compensation expense. The employee share purchase plan compensation recorded for the year ended January 31, 2016 is \$728 (January 31, 2015 - \$761).

14. FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks including liquidity risk, credit risk and market risk. The Company's overall risk management program focuses on minimizing potential adverse effects on financial performance.

The Company manages funding and financial risk management with oversight provided by the Board of Directors, who also approve specific financial transactions. The Company uses derivative financial instruments only to hedge exposures arising in respect of underlying business requirements and not for speculative purposes.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due or can do so only at excessive cost. The Company's operational cash flow is reasonably stable and predictable. This reflects the business risk profile of the majority of markets in which the Company operates and its product mix. Cash flow forecasts are produced regularly and reviewed against the Company's debt portfolio capacity and maturity profile to assist management in identifying future liquidity requirements. The Company's funding strategy is to ensure a mix of funding sources offering flexibility and cost effectiveness to match the business requirements.

The Company is financed by a combination of cash flow from operating activities, bank advances, senior notes and committed revolving loan facilities. At January 31, 2016, the Company had undrawn committed revolving loan facilities available of \$189,083 (January 31, 2015 - \$180,495) which mature in 2018, 2020 and 2021 (Note 11).

The following table analyzes the Company's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows or an estimation in respect of floating interest rate liabilities, and as a result may not agree to the amounts disclosed on the balance sheet.

	2016	2017	2018	2019	2020	2021+	Total
Accounts payable and accrued liabilities	\$ 152,136	—	—	—	—	—	\$ 152,136
Long-term debt (Note 11)	5,356	5,356	124,829	2,997	10,912	99,757	249,207
Operating leases (Note 21)	30,121	26,279	21,901	17,649	12,088	56,623	164,661
Total	\$ 187,613	31,635	146,730	20,646	23,000	156,380	\$ 566,004

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposures to credit risk arise primarily from holdings of cash and its customer and commercial accounts receivable.

To mitigate credit risk, the Company maintains deposits with financial institutions with minimum equivalent short-term credit ratings of "A1." The maximum exposure on cash is equal to the carrying amount of these instruments.

It is the Company's policy that customers who wish to trade on credit terms are subject to credit verification procedures including policies governing: credit approvals, limits, collections and fraud prevention. The Company provides impairment allowances for potentially uncollectible accounts receivable. Receivable balances are comprised of approximately forty thousand customers spread across a wide geography, substantially reducing the Company's risk through the diversity of its customer base. Further, receivables are centrally monitored on an ongoing basis with the result that the Company's exposure to individual customers is generally not significant. The maximum exposure net of impairment allowances is \$79,373 (January 31, 2015 - \$72,506). The Company does not have any individual customers greater than 10% of total accounts receivable. At January 31, 2016, the Company's gross maximum credit risk exposure is \$91,756 (January 31, 2015 - \$83,931). Of this amount, \$14,318 (January 31, 2015 - \$13,223) is more than 60 days past due.

The Company has recorded an allowance against its maximum exposure to credit risk of \$12,383 (January 31, 2015 - \$11,425) which is based on historical payment records for similar financial assets.

As at January 31, 2016 and 2015, the Company has no significant credit risk related to derivative financial instruments.

Market risk

(a) *Currency risk* The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the U.S. dollar. Foreign exchange risk arises from U.S. dollar denominated borrowings and net investments in foreign operations.

Management is responsible for managing foreign currency risk. The Company's U.S. dollar net investment is exposed to foreign currency translation risk. A significant portion of this risk has been hedged with U.S. dollar denominated borrowings.

In respect of recognized foreign currency assets and liabilities, the Company has limited exposure. Procurement and related borrowing activity are generally conducted in currencies matching cash flows generated by underlying operations, providing an economic hedge without sophisticated treasury management. Short-term imbalances in foreign currency holdings are rectified by buying or selling at spot rates when necessary.

Management considers a 10% variation in the Canadian dollar relative to the U.S. dollar reasonably possible. Considering all major exposures to the U.S. dollar as described above, a 10% appreciation of the Canadian dollar against the U.S. dollar in the year-end rate would cause net income to decrease by approximately \$100. A 10% depreciation of the Canadian dollar against the U.S. dollar year-end rate would cause net income to increase by approximately \$100.

(b) *Interest rate risk* Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk primarily through its long-term borrowings.

The Company manages exposure to interest rate risk by monitoring its blend of fixed and floating interest rates, and may modify this blend using interest rate swaps. The goal of management is to manage the trade-off between obtaining the most beneficial effective rates of interest, while minimizing the impact of interest rate volatility on earnings.

Management considers a 100 basis point change in interest rates reasonably possible. Considering all major exposures to interest rates as described above, a 100 basis point increase in the risk-free rate would cause net income to decrease by approximately \$1,075. A 100 basis point decrease would cause net income to increase by approximately \$1,075.

(c) *Accounting classifications and fair value estimation* The following table comprises the carrying amounts of the Company's financial instruments. Financial instruments are either carried at amortized cost using the effective interest rate method or fair value.

The Company uses a three-level hierarchy to categorize financial instruments carried at fair value as follows:

- Level 1 – Fair values measured using quoted prices (unadjusted) in active markets for identical instruments
- Level 2 – Fair values measured using directly or indirectly observable inputs, other than those included in Level 1
- Level 3 – Fair values measured using inputs that are not based on observable market data

These amounts represent point-in-time estimates and may not reflect fair value in the future. These calculations are subjective in nature, involve uncertainties and are a matter of significant judgment.

January 31, 2016	Assets (Liabilities) carried at amortized cost			Assets (Liabilities) carried at fair value
	Maturity	Carrying amount	Fair value	Carrying amount
Cash	Short-term	\$ 37,243	\$ 37,243	\$ —
Accounts receivable	Short-term	79,373	79,373	—
Other financial assets	Long-term	1,525	1,525	—
Accounts payable and accrued liabilities	Short-term	(152,136)	(152,136)	—
Long-term debt	Long-term	(225,489)	(228,377)	—

January 31, 2015	Assets (Liabilities) carried at amortized cost			Assets (Liabilities) carried at fair value
	Maturity	Carrying amount	Fair value	Carrying amount
Cash	Short-term	\$ 29,129	\$ 29,129	\$ —
Accounts receivable	Short-term	72,506	72,506	—
Other financial assets	Long-term	1,321	1,321	—
Accounts payable and accrued liabilities	Short-term	(138,834)	(138,834)	—
Current portion of long-term debt	Short-term	(6,271)	(6,271)	—
Long-term debt	Long-term	(195,125)	(197,654)	—

The methods and assumptions used in estimating the fair value of the Company's financial instruments are as follows:

- The fair value of short-term financial instruments approximates their carrying values due to their immediate or short-term period to maturity. Any differences between fair value and book values of short-term financial instruments are considered to be insignificant.
- The fair value of long-term debt with fixed interest rates is estimated by discounting the expected future cash flows using the current risk-free interest rate on an instrument with similar terms adjusted for an appropriate risk premium for the Company's credit profile.

Capital management

The Company's objectives in managing capital are to deploy capital to provide an appropriate total return to shareholders while maintaining a capital structure that provides the flexibility to take advantage of the growth opportunities of the business, maintain existing assets, meet obligations and financial covenants and enhance shareholder value. The capital structure of the Company consists of bank advances, long-term debt and shareholders' equity. The Company manages capital to optimize efficiency through an appropriate balance of debt and equity. In order to maintain or adjust its capital structure, the Company may purchase shares for cancellation pursuant to normal course issuer bids, issue additional shares, borrow additional funds, adjust the amount of dividends paid or refinance debt at different terms and conditions.

The Company's process and policies for managing capital are monitored by management and are reflected in the following measures:

- (a) *Debt-to-equity ratio* At January 31, 2016, the debt-to-equity ratio was 0.63 compared to 0.61 last year. The debt-to-equity ratio is within the Company's objectives. The debt-to-equity ratio is calculated as follows:

	January 31, 2016	January 31, 2015
Current portion of long-term debt	\$ —	\$ 6,271
Long-term debt	225,489	195,125
Total debt	\$ 225,489	\$ 201,396
Total equity	\$ 357,612	\$ 329,283
Debt-to-equity ratio	0.63	0.61

- (b) *Financial covenants* As a result of borrowing agreements entered into by the Company, there are certain financial covenants that must be maintained. Financial covenants include a fixed charge coverage ratio, minimum current ratio, a leverage test and a minimum net worth test. Compliance with financial covenants is reported quarterly to the Board of Directors. During the years ended January 31, 2016 and 2015, the Company is in compliance with all financial covenants. Other than the requirements imposed by these borrowing agreements and solvency tests imposed by the CBCA, the Company is not subject to any externally imposed capital requirements.

Capital management objectives are reviewed on an annual basis. The capital management objectives were substantially unchanged for the year ended January 31, 2016.

15. SHARE CAPITAL

Authorized – The Company has an unlimited number of shares.

	Shares	Consideration
Balance at January 31, 2015	48,497,199	\$ 167,460
Issued under option plans (Note 13)	26,142	450
Balance at January 31, 2016	48,523,341	\$ 167,910

16. EXPENSES BY NATURE

Year Ended	January 31, 2016	January 31, 2015
Employee costs (Note 17)	\$ 260,600	\$ 229,405
Amortization	44,026	40,372
Operating lease rentals	29,494	26,581

17. EMPLOYEE COSTS

Year Ended	January 31, 2016	January 31, 2015
Wages, salaries and benefits including bonus	\$ 239,766	\$ 217,288
Post-employment benefits (Note 12)	7,084	6,169
Share-based compensation (Note 13)	13,750	5,948

Included in the above are the following amounts in respect of key management compensation:

Wages, salaries and benefits including bonus	\$ 5,055	\$ 3,479
Post-employment benefit expense	1,155	999
Share-based compensation	8,580	3,466

Key management personnel are those individuals who have the authority and responsibility for planning, directing and controlling the activities of the Company. The Company's key management personnel are comprised of the Board of Directors, Chief Executive Officer, and the four senior officers.

18. INTEREST EXPENSE

Year Ended	January 31, 2016	January 31, 2015
Interest on long-term debt	\$ 5,355	\$ 6,143
Fair value movement of derivative financial instruments in effective fair value hedging relationships	—	173
Net interest on defined benefit plan obligation	1,250	781
Interest income	(120)	(150)
Less: interest capitalized	(275)	(274)
Interest expense	\$ 6,210	\$ 6,673

19. DIVIDENDS

The following is a summary of the dividends recorded in retained earnings and paid in cash:

Year Ended	January 31, 2016	January 31, 2015
Dividends recorded in retained earnings and paid in cash	\$ 58,210	\$ 56,180
Dividends per share	\$ 1.20	\$ 1.16

The payment of dividends on the Company's common shares is subject to the approval of the Board of Directors and is based upon, among other factors, the financial performance of the Company, its current and anticipated future business needs, and the satisfaction of solvency tests imposed by the CBCA for the declaration of dividends. Dividends are recognized as a liability in the consolidated financial statements in the year in which the dividends are approved by the Board of Directors.

On March 15, 2016, the Board of Directors declared a dividend of \$0.31 per common share to be paid on April 15, 2016 to shareholders of record as of the close of business on March 31, 2016.

20. NET EARNINGS PER SHARE

Basic net earnings per share is calculated based on the weighted-average shares outstanding during the year. The diluted net earnings per share takes into account the dilutive effect of all potential ordinary shares. The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period that the options were outstanding.

(\$ and shares in thousands, except earnings per share)

Year Ended	January 31, 2016	January 31, 2015
Diluted earnings per share calculation:		
Net earnings for the year (numerator for diluted earnings per share)	\$ 69,779	\$ 62,883
Weighted-average shares outstanding (denominator for basic earnings per share)	48,509	48,432
Dilutive effect of share-based compensation	274	277
Denominator for diluted earnings per share	48,783	48,709
Basic earnings per share	\$ 1.44	\$ 1.30
Diluted earnings per share	\$ 1.43	\$ 1.29

21. OPERATING LEASE COMMITMENTS

The Company leases various retail stores, offices, warehouses and equipment under non-cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights. The future minimum lease payments are as follows:

Year Ended	January 31, 2016		January 31, 2015	
	Land and buildings	Other leases	Land and buildings	Other leases
Due within 1 year	\$ 29,488	\$ 633	\$ 25,142	\$ 708
Within 2 to 5 years inclusive	77,306	611	70,156	626
After 5 years	56,623	—	54,716	—

22. COMMITMENTS, CONTINGENCIES AND GUARANTEES

Commitments

In 2002, the Company signed a 30-year Master Franchise Agreement ("MFA") with Giant Tiger Stores Limited, based in Ottawa, Ontario which grants the Company the exclusive right to open Giant Tiger stores in western Canada. Under the agreement, Giant Tiger Stores Limited provides product sourcing, merchandising, systems and administration support to the Company's Giant Tiger stores in return for a royalty based on sales. The Company is responsible for opening, owning, operating and providing distribution services to the stores. As at January 31, 2016, the Company owns 34 Giant Tiger stores.

As a result of store closures during the year ended January 31, 2013, the Company fell below the minimum number of stores required to maintain its exclusive right to open Giant Tiger stores in western Canada. In 2015, the MFA was amended to extend the term to July 31, 2040 and re-establish the Company's exclusive rights to open and operate Giant Tiger stores, subject to meeting a minimum store opening commitment. At January 31, 2016, the Company is in compliance with the minimum store opening commitment.

Guarantees

The Company has provided the following significant guarantees to third parties:

The Company has entered into indemnification agreements with its current and former directors and officers to indemnify them, to the extent permitted by law, against any and all charges, costs, expenses, amounts paid in settlement and damages incurred by the directors and officers as a result of any lawsuit or any judicial, administrative or investigative proceeding in which the directors and officers are sued as a result of their service. These indemnification claims will be subject to any statutory or other legal limitation period. The nature of the indemnification agreements prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay to counterparties. The Company has purchased director and officer liability insurance. No amount has been recorded in the financial statements with respect to these indemnification agreements.

In the normal course of operations, the Company provides indemnification agreements to counterparties for various events such as intellectual property right infringement, loss or damages to property, claims that may arise while providing services, violation of laws or regulations, or as a result of litigation that might be suffered by the counterparties. The terms and nature of these indemnification agreements prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay to counterparties. No amount has been recorded in the financial statements with respect to these indemnification agreements.

Contingencies

In the ordinary course of business, the Company is subject to audits by taxation authorities. While the Company believes that its filing positions are appropriate and supportable, the possibility exists that certain matters may be reviewed and challenged by the taxation authorities. The Company regularly reviews the potential for adverse outcomes and the adequacy of its tax provisions. The Company believes that it has adequately provided for these matters. If the final outcome differs materially from the provisions, the Company's income tax expense and its earnings could be affected positively or negatively in the period in which the matters are resolved.

The Company is involved in various legal matters arising in the normal course of business. The occurrence of the confirming future events is not determinable or it is not possible to determine the amounts that may ultimately be assessed against the Company. The resolution of these matters is not expected to have a material adverse effect on the Company's financial position, results of operations or cash flows.

23. SUBSIDIARIES AND JOINTLY CONTROLLED ENTITIES

The Company's principal operating subsidiaries are set out below:

				Proportion of voting rights held by:	
	Activity	Country of Organization	Company	Subsidiary	
NWC GP Inc.	General Partner	Canada	100%		
North West Company Holdings Inc.	Holding Company	Canada	100%		
The North West Company LP	Retailing	Canada	100%	(less one unit)	
NWC (U.S.) Holdings Inc.	Holding Company	United States		100%	
The North West Company (International) Inc.	Retailing	United States		100%	
The North West Finance Company Cooperatie U.A.	Finance Company	Netherlands	99%	1%	

The investment in jointly controlled entities comprises a 50% interest in a Canadian Arctic shipping company, Transport Nanuk Inc. At January 31, 2016, the Company's share of the net assets of its jointly controlled entity amount to \$10,119 (January 31, 2015 - \$9,244), comprised assets of \$11,277 (January 31, 2015 - \$10,462) and liabilities of \$1,158 (January 31, 2015 - \$1,218). During the year ended January 31, 2016 the Company purchased freight handling and shipping services from Transport Nanuk Inc. and its subsidiaries of \$7,274 (January 31, 2015 - \$7,462). The contract terms are based on market rates for these types of services on similar arm's length transactions.

24. COMPARATIVE FIGURES

Certain of the prior year figures have been reclassified to conform with the presentation adopted in the current year. Other long-term liabilities increased to \$14,668 on the consolidated balance sheets for the year-ended January 31, 2015 compared to \$10,714 previously reported. A corresponding adjustment has been made in accounts payable and accrued liabilities.

25. SUBSEQUENT EVENT

On March 31, 2016 the Company refinanced the \$200.0 million loan facility in the Canadian Operations that originally matured December 31, 2018. The new, increased, committed, revolving loan facilities provides the Company with a \$300.0 million revolving loan facility for working capital and general corporate purposes. The new loan facilities mature April 29, 2021 and bear a floating rate of interest based on Bankers Acceptances rates plus a spread or the Canadian prime rate. These facilities are secured by certain assets of the Company and rank *pari passu* with the US\$70.0 million senior notes and the US\$52.0 million loan facilities.

The Company also refinanced the US\$52.0 million loan facility in the International Operations that originally matured December 31, 2018. The new, committed, revolving loan facilities provides the Company with a US\$52.0 million revolving loan facility for working capital and general corporate purposes. The new loan facilities mature April 29, 2021 and bear a floating rate of interest based on LIBOR plus a spread. These facilities are secured by certain assets of the Company and rank *pari passu* with the US\$70.0 million senior notes and the \$200.0 million loan facilities.

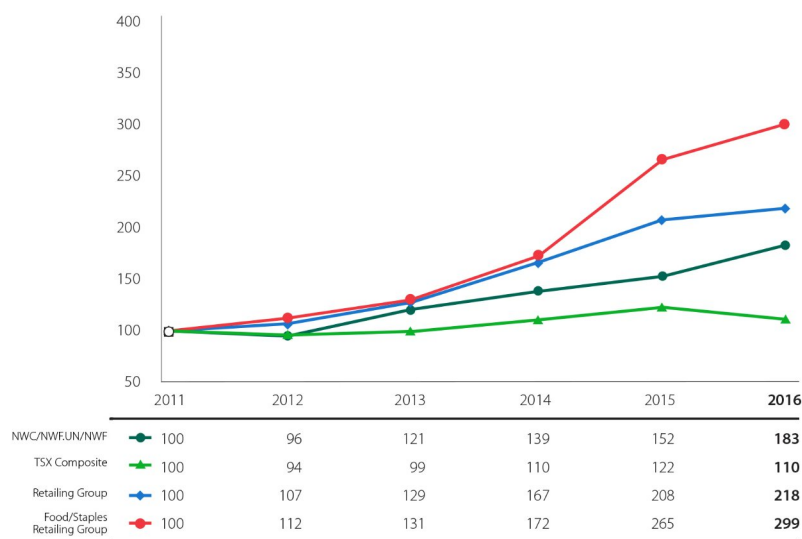
Shareholder Information

Fiscal Year Quarter Ended	Share Price High	Share Price Low	Share Price Close	Volume	EPS ¹
2015	\$30.53	\$23.41	\$30.53	35,630,567	\$1.43
April 30, 2015	26.80	24.27	24.76	7,604,165	0.32
July 31, 2015	27.98	23.41	27.51	11,004,187	0.37
October 31, 2015	29.90	26.15	29.00	8,843,138	0.43
January 31, 2016	30.53	26.20	30.53	8,179,077	0.31
2014	\$26.74	\$21.93	\$26.56	24,079,962	\$1.29
April 30, 2014	26.24	23.55	24.24	4,342,208	0.26
July 31, 2014	25.82	23.23	24.00	5,492,597	0.35
October 31, 2014	25.27	21.93	23.30	7,712,485	0.37
January 31, 2015	26.74	22.54	26.56	6,532,672	0.31
2013	\$29.00	\$22.34	\$25.42	17,622,920	\$1.32
April 30, 2013	25.50	22.35	25.42	4,618,033	0.27
July 31, 2013	26.45	22.79	23.84	4,994,964	0.37
October 31, 2013	26.81	22.34	25.93	4,567,237	0.36
January 31, 2014	29.00	24.87	25.42	3,442,686	0.32

¹ Net earnings per share are on a diluted basis.

Total Return Performance (% at January 31)

This chart illustrates the relative performance of shares/units of The North West Company Inc. and its predecessor, North West Company Fund, over the past five years. Effective January 1, 2011, North West Company Fund converted to a share corporation called The North West Company Inc. The index incorporates the reinvestment of dividends and income distributions.



The North West Company Inc.

Anticipated Dividend Dates*

Record Date: March 31, 2016
Payment Date: April 15, 2016

Record Date: June 30, 2016
Payment Date: July 15, 2016

Record Date: September 30, 2016
Payment Date: October 17, 2016

Record Date: December 30, 2015
Payment Date: January 16, 2017

*Dividends are subject to approval by the Board of Directors

The 2016 Annual General Meeting of Shareholders of The North West Company Inc. will be held on Wednesday, June 8, 2016 at 11:30 a.m. in the Muriel Richardson Auditorium, Winnipeg Art Gallery, 300 Memorial Boulevard, Winnipeg, Manitoba

Transfer Agent and Registrar

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2001 University Street
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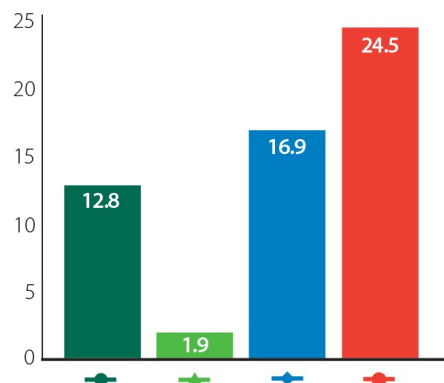
Stock Exchange Listing
The Toronto Stock Exchange

Stock Symbol NWC
ISIN #: CA6632781093
CUSIP #: 663278109

Number of shares issued and outstanding at January 31, 2016: 48,523,341

Auditors
PricewaterhouseCoopers LLP

Five Year Compound Annual Growth (%)



Corporate Governance

Complete disclosure of The North West Company Inc.'s corporate governance is provided in the Company's Management Information Circular, which is available on the Canadian Securities Administrators' website at www.sedar.com or in the investor section of the Company's website at www.northwest.ca.

EXECUTIVES	EXECUTIVES	BOARD OF DIRECTORS
Edward S. Kennedy President and Chief Executive Officer	Craig A. Foster Vice-President, Human Resources	H. Sanford Riley Chairman
Christie Frazier-Coleman Executive Vice-President and Chief Merchandising Officer	Paulina Hiebert Vice-President, Legal and Corporate Secretary	Frank J. Coleman ^{1,2} Wendy F. Evans ^{1,3}
Craig T. Gilpin Executive Vice-President and Chief Operating Officer	Matt D. Johnson Vice-President, Fresh/Food Service Procurement and Marketing	Stewart Glendinning ^{2,3} Edward S. Kennedy
John D. King Executive Vice-President and Chief Financial Officer	Laurie J. Kaminsky Vice-President, NWC Health Products and Services	Robert J. Kennedy ^{1,3} Annalisa King ^{2,3}
Daniel G. McConnell Executive Vice-President and Chief Development Officer	Brett D. Marchand Vice-President, Logistics & Distribution, Canada	Violet (Vi) A. M. Konkle ^{2,3} Gary Merasty ^{1,3}
Denise S. Allen Vice-President, Business Lead Merchandise & Store Systems IT Project	Scott A. McKay Vice-President, General Merchandise Procurement and Marketing	Eric L. Stefanson, FCPA, FCA ^{1,2} Victor Tootoo, CGA ^{2,3}
Michael T. Beaulieu Vice-President, NWC Services	Walter E. Pickett Vice-President and General Manager, Alaska Commercial Company	BOARD COMMITTEES 1 Governance & Nominating 2 Audit 3 Human Resources, Compensation, and Pension
Steven J. Boily Vice-President, Information Services	Christine D. Reimer Vice-President, Canadian Sales and Operations	For additional copies of this report or for general information about the Company, contact the Corporate Secretary:
J. Robert Cain Vice-President, Logistics and Distribution (International Operations)	Glenn R. Revet Vice-President, Sales and Operations, Giant Tiger	The North West Company Inc. Gibraltar House, 77 Main Street Winnipeg, Manitoba Canada R3C 2R1 T 204 934 1756 F 204 934 1317 board@northwest.ca Company Website: www.northwest.ca
David M. Chatyrbok Vice-President, Grocery, Procurement and Marketing	James W. Walker Vice-President and General Manager, Wholesale Operations (International Operations)	
Leanne G. Flewitt Vice-President, Merchandise Performance Services	Rex A. Wilhelm Vice-Chairman, NWCI (International Operations)	

*as at April 8, 2016





Nor'Westers are associated with the vision, perseverance, and enterprising spirit of the original North West Company and Canada's early fur trade. We trace our roots to 1668, and the establishment of one of North America's early trading posts at Waskaganish on James Bay. Today, we continue to embrace this pioneering culture as true "frontier merchants."



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