

Note 10. Provisions

All provisions are considered current. The carrying amounts are analyzed as follows:

(Amounts in \$000s)

January 3, 2015	\$	437
New provisions added		4,100
Provisions utilized		(1,491)
Reclassified to accounts payable and accrued liabilities		(2,027)
Unused amounts reversed		(756)
January 2, 2016	\$	263

The amounts recognized in provisions include the Company's coupon redemption costs, termination benefits (*Note 13*) and employee incentives. Employee incentives are included as other provisions in the first, second and third quarters of the year only, until the amounts can be estimated with certainty at the end of the fourth quarter. Provision amounts are usually settled within eleven months from initiation and are immaterial to the Company on an individual basis. Management does not expect the outcome of any of the recorded amounts will give rise to any significant expense beyond the amounts recognized at January 2, 2016. The Company is not eligible for any reimbursement by third parties for these amounts.

Note 11. Bank loans

(Amounts in \$000s)

	January 2, 2016	January 3, 2015
Bank loans, denominated in CAD (average variable rate 2.70% (January 3, 2015: 2.62%))	\$ 1,077	\$ 3,131
Bank loans, denominated in USD (average variable rate 1.88% (January 3, 2015: 1.64%))	16,551	62,720
	17,628	65,851
Less: deferred finance costs	(470)	(721)
	\$ 17,158	\$ 65,130

In April 2014, the Company amended its five year \$180.0 million working capital facility (the "Facility"), entered into with Royal Bank of Canada as Administrative and Collateral Agent, to extend the term from December 2016 to April 2019. The Facility is asset-based and collateralized by the Company's inventories and accounts receivable and other personal property in Canada and the U.S., subject to a first charge on brands and trade names and related intangibles under the long-term debt facility. A second charge over the Company's plant and equipment is also in place. As at January 2, 2016 and January 3, 2015, the Facility allowed the Company to borrow: Canadian Prime Rate revolving loans, Canadian Base Rate revolving loans and U.S. Prime Rate revolving loans at their respective rates plus 0.00% to 0.25%; BA Equivalent revolving loans and LIBOR revolving loans at their respective rates plus 1.25% to 1.75%; and letter of credit fees of 1.25% to 1.75%. Standby fees are 0.25% to 0.375% and are required to be paid on the un-utilized facility. As at January 2, 2016, the Company had \$148.9 million of un-drawn borrowing facility (2014: \$100.9 million).

Note 12. Long-term debt and finance lease obligations

Long-term debt
(Amounts in \$000s)

	January 2, 2016	January 3, 2015
Term loan at 3.25% plus LIBOR (floor at 1.00%)	\$ 294,750	\$ 297,750
Less: current portion	(11,816)	(3,000)
	282,934	294,750
Less: deferred finance costs	(1,917)	(2,717)
	\$ 281,017	\$ 292,033

In April 2014, the Company refinanced its term loan, which was concluded to be an extinguishment of the original debt placement. \$5.3 million in deferred finance costs and accelerated accretion of the bifurcated embedded interest rate derivative relating to the original placement was expensed in the first quarter of 2014. In addition, a \$4.4 million mark-to-market gain was included in income related to the change in fair market value of the embedded derivative recognized in other long-term financial liabilities. The combined impact of these items

was a \$0.9 million increase in finance costs in the first quarter of 2014. The principal amendments to the term loan included: a reduction in applicable interest rates resulting in a reduced interest rate for loans under the facility from 3.5% plus a 1.25% LIBOR floor to 3.25% plus a 1.00% LIBOR floor; a total leverage ratio financial covenant was removed; increased capacity for capital expenditures, distributions and repurchases was added; and increased flexibility and capacity for permitted investments and acquisitions by the Company was obtained. The principal amount increased from \$232.7 million to \$300.0 million and the maturity and amortization terms changed from December 19, 2017 to April 24, 2021.

The LIBOR floor of 1.25% represented the original embedded interest rate derivative that required bifurcation, where the bifurcated amount was carried at fair value. The new term loan executed in April 2014 also has an embedded derivative related to the 1.00% LIBOR floor, however, bifurcation is not required as it was concluded to be closely related to the host instrument.

The principal payments required on finance leases are as follows:

Long-term finance lease obligations (Amounts in \$000s)	Future minimum lease payments	Imputed interest	Finance lease liabilities
2016	\$ 1,074	\$ 59	\$ 1,015
2017	490	19	471
2018	234	5	229
2019	16	1	15
			1,730
Less: current portion			(1,015)
			\$ 715

Note 13. Future employee benefits

Pension and non-pension benefit plans

In Canada, the Company maintains a DCPP and two active DBPPs covering all Canadian employees. With respect to U.S. employees, the Company's subsidiary maintains a DCPP (401(k)) that covers substantially all U.S. employees.

In Canada, the Company also sponsors a non-pension benefit plan for employees hired before May 19, 1993. This benefit is a paid-up life insurance policy or a lump sum payment based on the employee's final earnings at retirement.

In both Canada and the U.S., the Company maintains a non-pension benefit plan for employees who retire after 25 years of service with the Company. At retirement, the benefit is a payment of \$1,000 to \$2,500 depending on the years of service.

Defined contribution pension plans

In Canada, the Company maintains a DCPP for all salaried employees including new NEOs.

In the U.S., the Company maintains a DCPP under the provisions of the Employment Retirement Income Security Act of 1974 (a 401(k) plan), which covers substantially all employees of the Company's U.S. subsidiary, including U.S. NEOs. The Company also makes a safe harbor matching contribution equal to 100% of salary deferrals (contributions to the plan) that do not exceed 3% of compensation plus 50% of salary deferrals between 3% and 5% of salary compensation.

In both Canada and the U.S., the Company maintains defined contribution Supplemental Executive Retirement Plans ("SERP") to extend the same pension plan benefits to NEOs which is provided to others in the DCPP who were not affected by income tax maximums.

Total expense and cash contributions for the Company's DCPP was \$2.2 million for the year ended January 2, 2016 (January 3, 2015: \$2.5 million).