

Note 14. Commitments

Operating lease commitments for the next five years are as follows:

(Amounts in \$000s)	Operating lease payments
2016	\$ 5,344
2017	4,795
2018	4,577
2019	4,484
2020	4,288
Thereafter	6,841

Operating lease commitments result principally from leases for cold storage facilities, office equipment, premises and production equipment. Operating lease payments recognized as an expense during the fifty-two weeks ended January 2, 2016 were \$5.5 million (January 3, 2015: \$5.3 million).

The Company's lease arrangements do not contain restrictions concerning dividends, additional debt, and further leasing imposed by the lessor, and on aggregate contain the option to renew the contract for at least one additional term.

The Company has letters of credit outstanding as at January 2, 2016, relating to the procurement of inventories and the security of certain contractual obligations of \$1.0 million (January 3, 2015: \$1.9 million). The Company also had a letter of credit outstanding as at January 2, 2016 relating to the securitization of the Company's SERP benefit plan (Note 13) in the amount of \$10.2 million (January 3, 2015: \$11.2 million).

Note 15. Share capital

The share capital of the Company is as follows:

	January 2, 2016	January 3, 2015
Authorized:		
Preference shares, par value of CAD\$25 each, issuable in series	5,999,994	5,999,994
Subordinated redeemable preference shares, par value of CAD\$1 each, redeemable at par	1,025,542	1,025,542
Non-voting equity shares	Unlimited	Unlimited
Common shares, without par value	Unlimited	Unlimited

Purchase of shares for cancellation

For the fifty-two weeks ended January 2, 2016, the Company purchased 13,300 common shares under its January 29, 2014 Normal Course Issuer Bid ("NCIB") at an average price of CAD\$21.75 per share for total cash consideration of CAD\$0.3 million. The excess of the purchase price over the book value of the shares in the amount of \$0.2 million was charged to retained earnings.

On January 28, 2015, the Company announced that the Toronto Stock Exchange approved the Company's renewal of its NCIB to repurchase for cancellation up to 150,000 common shares. For the fifty-two weeks ended January 2, 2016, the Company purchased 30,000 common shares under this plan at an average price of CAD\$17.62 per share for total cash consideration of CAD\$0.5 million. The excess of the purchase price over the book value of the shares in the amount of \$0.4 million was charged to retained earnings.

A summary of the Company's equity share transactions is as follows:

	Fifty-two weeks ended January 2, 2016		Fifty-three weeks ended January 3, 2015	
	Shares	(\$000s)	Shares	(\$000s)
Common shares				
Balance, beginning of period	30,706,290	\$ 82,658	30,571,420	\$ 80,260
Options exercised for shares	101,678	664	62,017	291
Options exercised via cashless for shares	109,496	—	91,753	—
Equity-settled reclass from contributed surplus or liability	—	2,049	—	2,147
Cancelled shares reclassified to retained earnings	(43,300)	(89)	(18,900)	(40)
Balance, end of period	30,874,164	\$ 85,282	30,706,290	\$ 82,658

During the fifty-two weeks ended January 2, 2016, the Company distributed dividends per share of CAD\$0.465 (fifty-three weeks ended January 3, 2015: CAD\$0.410).

On February 17, 2016, the Company's Board of Directors declared a quarterly dividend of CAD\$0.12 per share payable on March 15, 2016 to shareholders of record as of March 1, 2016.

Note 16. Earnings per share

Following is a reconciliation of the numerators and denominators used in the basic and diluted earnings per share computations:

	January 2, 2016			January 3, 2015		
	Net income (\$000s)	Weighted average shares (000s)	Per share (\$)	Net income (\$000s)	Weighted average shares (000s)	Per share (\$)
Basic earnings	\$ 29,581	30,819	\$ 0.96	\$ 30,300	30,665	\$ 0.99
Dilutive options and PSUs	—	446	—	—	652	—
Diluted earnings	\$ 29,581	31,265	\$ 0.95	\$ 30,300	31,317	\$ 0.97

All options and PSUs outstanding were dilutive for the fifty-two weeks ended January 2, 2016 and the fifty-three weeks ended January 3, 2015.

Note 17. Share-based compensation

The Company has a Share Option Plan for designated directors, officers and certain managers of the Company and of subsidiary companies, a Performance Share Unit ("PSU") Plan for eligible employees and a Deferred Share Unit ("DSU") Plan for directors of the Company.

During 2014, the Company moved from a trinomial option pricing model to a Black-Scholes option pricing model. As no options were granted in 2014 after the Company moved to the Black-Scholes option pricing model, the impact to the Company began in 2015 when options were granted. The effect of the change in the methodology was not material.

The carrying amount of the share-based compensation arrangements including options, PSUs and DSUs, recognized as total liabilities on the consolidated balance sheets was \$1.0 million as at January 2, 2016 (January 3, 2015: \$2.9 million).